



**RIDGEWOOD CANADIAN
INVESTMENT GRADE
BOND FUND**

**NOTICE AND INFORMATION CIRCULAR
FOR
SPECIAL MEETING OF UNITHOLDERS**

**TO BE HELD ON
MARCH 20, 2024**



RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

55 University Avenue, Suite 1020
Toronto, Ontario
M5J 2H7

LETTER TO UNITHOLDERS

February 20, 2024

Dear Unitholders:

You are invited to attend a special meeting (the “**Meeting**”) of the holders (the “**Unitholders**”) of trust units (the “**Units**”) of Ridgewood Canadian Investment Grade Bond Fund (the “**Fund**”) to be held on March 20, 2024 at 10:00 a.m. (Toronto time) at the offices of Fasken Martineau DuMoulin LLP, located at 333 Bay Street, Suite 2400, Bay Adelaide Centre, Toronto, Ontario.

The purpose of the Meeting is to consider and vote upon a resolution to approve the restructuring of the Fund from a non-redeemable investment fund into an open-end alternative mutual fund (the “**Restructuring**”). At the Meeting, Unitholders will be asked to consider and approve an extraordinary resolution (the “**Resolution**”) to authorize and approve: (i) the Restructuring, (ii) the associated change in investment objective of the Fund (the “**Investment Objective Change**”); (iii) the de-listing of the Units from the Toronto Stock Exchange (the “**De-listing**”), and (iv) amendments to the declaration of trust governing the Fund (the “**Declaration of Trust**”) including as required in connection with the Restructuring, Investment Objective Change and the De-listing. In order to become effective, the Resolution must be approved by 66 2/3% of the votes cast at the Meeting, provided that certain insiders of the Fund who have an interest that differs from other securityholders will not be permitted to vote based on the rules of the Toronto Stock Exchange.

The Restructuring is intended to improve liquidity for Unitholders by allowing for daily redemptions for proceeds equal to the net asset value per Unit of the Fund. In addition, the Restructuring will allow the Fund to offer its Units on a continuous basis pursuant to a simplified prospectus at the applicable net asset value per Unit, allowing the Manager to grow the net assets of the Fund through new sales. The Restructuring will not result in a disposition of the Units of the Fund or its assets for income tax purposes and Unitholders are not expected to have any adverse income tax consequences as a result of the Restructuring, and all expenses of the Restructuring and the Meeting will be borne by the Manager (as defined below) and not the Fund.

If you wish to support the Restructuring and associated changes, you should submit the enclosed voting instruction form or proxy prior to 10:00 a.m. (Toronto time) on March 18, 2024 (or 48 hours prior to the Meeting, if it is postponed or adjourned), voting in favour of the Resolution. You should also contact your broker or other intermediary through which your Units are held who may have earlier deadlines.

Attached are a Notice of Special Meeting of Unitholders and an Information Circular which contain important information relating to the proposed changes to the Fund and which you are urged to read carefully. If you are in doubt as to how to deal with the matters described in the Information Circular, you should consult your advisors.

The independent review committee of the Fund has reviewed the potential conflict of interest matters related to the Restructuring and associated changes and, after reasonable inquiry, concluded

that such matters would achieve a fair and reasonable result for the Fund. The board of directors of the Fund's manager, Ridgewood Capital Asset Management Inc. (the "Manager"), has determined that the Restructuring, Investment Objective Change, De-listing and proposed amendments to the Declaration of Trust, are in the best interests of the Fund. Accordingly, the board of directors of the Manager recommends that the Unitholders vote FOR and in favour of approving the Resolution.

Sincerely

"John H. Simpson"

John H. Simpson, CFA
Managing Director
Ridgewood Capital Asset Management
Inc.

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

NOTICE OF SPECIAL MEETING OF UNITHOLDERS TO BE HELD ON MARCH 20, 2024

RECONVENED MEETING, IF REQUIRED, TO BE HELD ON APRIL 3, 2024

NOTICE IS HEREBY GIVEN that a special meeting (the “**Meeting**”) of the holders (the “**Unitholders**”) of trust units (the “**Units**”) of Ridgewood Canadian Investment Grade Bond Fund (the “**Fund**”) will be held on March 20, 2024, at the offices of Fasken Martineau DuMoulin LLP, located at 333 Bay Street, Suite 2400, Bay Adelaide Centre, Toronto, Ontario, M5H 2T6, for the purposes set out below. The Meeting will commence at 10:00 a.m. (Toronto time) and, if the requisite quorum for the Meeting is not achieved, the Meeting will be adjourned and reconvened to the same place on April 3, 2024 commencing at 10:00 a.m. (Toronto time).

Ridgewood Capital Asset Management Inc. (the “**Manager**”), the manager and trustee of the Fund, is holding the Meeting to seek Unitholder approval to authorize, among other things, the restructuring of the Fund from a non-redeemable investment fund into an open-ended alternative mutual fund and all matters ancillary thereto.

At the Meeting, Unitholders will be asked to:

1. consider and, if thought advisable, approve, with or without variation, an extraordinary resolution (the “**Resolution**”), the full text of which is attached as Appendix “A” to the accompanying information circular (the “**Circular**”), authorizing and approving: (i) the restructuring of the Fund from a non-redeemable investment fund into an open-end alternative mutual fund (the “**Restructuring**”), (ii) a change in the investment objective of the Fund (the “**Investment Objective Change**”); (iii) the delisting of the Units from the Toronto Stock Exchange (the “**De-listing**”), and (iv) amendments to the declaration of trust governing the Fund (the “**Declaration of Trust**”) including as required in connection with the Restructuring, the Investment Objective Change and the De-listing, substantially on the terms set out in the draft proposed amended and restated Declaration of Trust attached as Appendix “B” to the Circular; and
2. consider such other business as may properly come before the Meeting.

The Resolution will also authorize the Manager to make further amendments to the Declaration of Trust in order to implement the matters addressed thereby or as required by applicable regulatory authorities. The implementation or revocation of any such resolution, in whole or part, for any reason whatsoever, is in the sole discretion of the Manager, without further approval of or notice to the Unitholders.

If the Meeting is adjourned or postponed, no mailed notice will be provided in respect of the reconvening of the adjourned or postponed Meeting. However, the Fund will issue a press release announcing the reconvening of the adjourned or postponed Meeting and will post the announcement on the Ridgewood Capital Asset Management website at www.ridgewoodcapital.ca.

Independent Review Committee - Conclusion

The Manager has determined that the Restructuring and related matters may constitute a “conflict of interest matter” for purposes of National Instrument 81-107 *Independent Review Committee for Investment Funds*. The independent review committee of the Fund has reviewed such matters and, after reasonable inquiry, concluded that such matters would achieve a fair and reasonable result for the Fund.

DATED at Toronto, Ontario on the 20th day of February, 2024.

BY ORDER OF THE BOARD OF DIRECTORS OF
RIDGEWOOD CAPITAL ASSET MANAGEMENT
INC., AS MANAGER OF RIDGEWOOD CANADIAN
INVESTMENT GRADE BOND FUND

By: “John H. Simpson”

John H. Simpson

Director

UNITHOLDERS WHO ARE UNABLE TO ATTEND THE MEETING IN PERSON ARE REQUESTED TO COMPLETE, DATE AND SIGN THE ENCLOSED FORM OF PROXY AND TO MAIL IT TO, OR DEPOSIT IT WITH, TSX TRUST COMPANY (A) BY MAIL TO 301 – 100 ADELAIDE STREET WEST, TORONTO, ONTARIO, M5H 4H1, (B) BY FACSIMILE TO 416-595-9593, OR (C) BY EMAIL TO proxyvote@tmx.com. REGISTERED UNITHOLDERS MAY ALSO RETURN THE FORM OF PROXY BY INTERNET AT www.meeting-vote.com USING THE CONTROL NUMBER LOCATED ON THE FORM OF PROXY. IN ORDER TO BE VALID AND ACTED UPON AT THE MEETING, A FORM OF PROXY FOR USE AT THE MEETING MUST BE RETURNED BY 10:00 A.M. (TORONTO TIME) ON MARCH 18, 2024.

TABLE OF CONTENTS

SUMMARY.....	1
NOTE REGARDING FORWARD-LOOKING STATEMENTS.....	3
BACKGROUND.....	4
INFORMATION CONCERNING THE FUND.....	4
PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING.....	4
EXPENSES OF THE RESTRUCTURING.....	8
PROXY INFORMATION.....	8
PRINCIPAL HOLDERS OF SECURITIES.....	10
QUORUM AND RESOLUTION.....	10
INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS.....	11
INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON.....	11
MANAGEMENT CONTRACTS.....	11
AUDITORS, TRANSFER AGENT AND CUSTODIAN.....	12
LEGAL PROCEEDINGS.....	12
ADDITIONAL INFORMATION.....	12
INDEPENDENT REVIEW COMMITTEE - CONCLUSION.....	12
APPROVAL OF THE MANAGER AND CERTIFICATE.....	14
APPENDIX “A” – EXTRAORDINARY RESOLUTION OF THE UNITHOLDERS OF RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND	
APPENDIX “B” – DRAFT AMENDED AND RESTATED DECLARATION OF TRUST	

SUMMARY

The following is a summary of certain information contained elsewhere in this information circular, including the appendices hereto (the “**Information Circular**”). Certain capitalized terms used in this summary are defined in the Information Circular. This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Information Circular.

Summary of Key Dates

Proxy Due Date & Time.....10:00 a.m. (Toronto time) March 18, 2024⁽¹⁾
Meeting Date & Time.....10:00 a.m. (Toronto time) March 20, 2024

-
- (1) Unitholders (as defined below) should contact their broker or other intermediary through which their Units (as defined below) are held well in advance of the Meeting (as defined below), as brokers and other intermediaries may set deadlines earlier than 10:00 a.m. (Toronto time) on March 18, 2024 for the receipt of voting instruction forms or proxies.

Date, Time and Place of Meeting

A special meeting (the “**Meeting**”) of the holders (the “**Unitholders**”) of trust units (the “**Units**”) of Ridgewood Canadian Investment Grade Bond Fund (the “**Fund**”) will be held on March 20, 2024 at 10:00 a.m. (Toronto time) at the offices of Fasken Martineau DuMoulin LLP, located at 333 Bay Street, Suite 2400, Bay Adelaide Centre, Toronto, Ontario.

Purpose of Meeting

The purpose of the Meeting is to consider and vote upon a resolution relating to restructuring the Fund from a non-redeemable investment fund into an open-end alternative mutual fund (the “**Restructuring**”). At the Meeting, Unitholders will be asked to consider an extraordinary resolution (the “**Resolution**”) to authorize and approve: (i) the Restructuring, (ii) a change in the investment objective of the Fund (the “**Investment Objective Change**”), (iii) the de-listing (the “**De-listing**”) of the Units from the Toronto Stock Exchange (the “**TSX**”), and (iv) amendments to the declaration of trust governing the Fund (the “**Declaration of Trust**”) including as required in connection with the Restructuring, Investment Objective Change and the De-listing. In order to become effective, the Resolution must be approved by 66 2/3% of the votes cast at the Meeting, provided that certain insiders of the Fund who have an interest that differs from other securityholders will not be permitted to vote based on the rules of the TSX.

Benefits of the Proposed Restructuring for Unitholders

In proposing the Restructuring, the board of directors of Ridgewood Capital Asset Management Inc., the Manager of the Fund, considered, among other things, the following factors and their benefits to the Fund:

- (a) the Manager believes the Restructuring would make the Fund more attractive to investors as Units will be redeemable daily at the net asset value (the “**Net Asset Value**”) per Unit, permitting investors to redeem at a value which approximates the intrinsic value of the Units;
- (b) if the Restructuring is implemented, the Fund will become an open-ended alternative mutual fund which will be able to distribute its Units on a continuous basis pursuant to a simplified prospectus at the applicable Net Asset Value per Unit, allowing the Manager to grow the net assets of the Fund through new sales. The ability to raise new capital will permit the Fund to take advantage of economies of scale with the possibility of lower annual expenses for the Fund (and thereby lower the management expense ratio borne by Unitholders);

- (c) the Restructuring will not result in a disposition of the Units of the Fund or its assets for income tax purposes and Unitholders are not expected to have any adverse income tax consequences as a result of the Restructuring;
- (d) the Investment Objective Change will permit the Manager to continue to utilize the same amount of leverage it does at this time;
- (e) the Fund will no longer bear the ongoing expenses associated with the listing of the Units on the Toronto Stock Exchange; and
- (f) the expenses associated with the Restructuring are being borne by the Manager and not the Fund.

Unitholder Action

If you wish to support the Restructuring, you should submit a voting instruction form or proxy approving all matters prior to 10:00 a.m. (Toronto time) on March 18, 2024 (or at least 48 hours prior to the Meeting, if it is postponed or adjourned).

Unitholders should contact their broker or other intermediary through which their Units are held well in advance of the Meeting, as brokers and other intermediaries may set deadlines earlier than 10:00 a.m. (Toronto time) on March 18, 2024 (or 48 hours prior to the Meeting, if it is postponed or adjourned) for the receipt of voting instruction forms or proxies.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Information Circular includes certain statements that are “forward-looking statements”. All statements, other than statements of historical fact, included in this Information Circular that address activities, events or developments that management and the directors of the Manager expect or anticipate will or may occur in the future are forward-looking statements, including such things as: anticipated financial performance; information regarding future distributions; the possibility of the approval of Unitholders and the Toronto Stock Exchange, the offering of Units by simplified prospectus and potential growth in assets of the Fund and the expected benefits to be derived from the Restructuring and De-Listing. These forward-looking statements are subject to various risks and uncertainties that could cause actual performance and expectations to differ materially from the anticipated performance or other expectations expressed. Factors that could cause actual results to differ from those anticipated include, among others: uncertainties regarding future performance of the portfolio of the Fund and of each issuer the securities of which are included in the portfolio of the Fund, approval by Unitholders and regulatory authorities and general economic and stock market conditions. The forward-looking statements contained in this Information Circular in relation to the Fund constitute the current estimates of the Manager, as of the date of this Information Circular, with respect to the matters covered hereby. Readers and others should not assume that any forward-looking statement contained in this Information Circular represents an estimate as of any date other than the date of this Information Circular. Readers are cautioned not to place undue reliance on these forward-looking statements.

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

BACKGROUND

This information circular (the “**Information Circular**”) is furnished in connection with the solicitation by Ridgewood Capital Asset Management Inc. (the “**Manager**”), the manager and trustee of Ridgewood Canadian Investment Grade Bond Fund (the “**Fund**”), of proxies to be used at the special meeting (the “**Meeting**”) of the holders (the “**Unitholders**”) of the Fund’s trust units (the “**Units**”), which Meeting is to be held at the time and place set out in the Notice of Special Meeting accompanying this Information Circular.

The purpose of the Meeting is to consider and vote upon a resolution relating to restructuring the Fund from a non-redeemable investment fund into an open-ended alternative mutual fund (the “**Restructuring**”). At the Meeting, Unitholders will be asked to consider an extraordinary resolution (the “**Resolution**”) to authorize and approve: (i) the Restructuring, (ii) a change to the investment objective of the Fund (the “**Investment Objective Change**”): (iii) the de-listing of the Units from the Toronto Stock Exchange (the “**TSX**”) (the “**De-listing**”), and (iv) amendments to the declaration of trust governing the Fund (the “**Declaration of Trust**”) including as required in connection with the Restructuring, the Investment Objective Change and the De-listing. In order to become effective, the Resolution must be approved by 66 2/3% of the votes cast at the Meeting, provided that certain insiders of the Fund who have an interest that differs from other securityholders will not be permitted to vote based on the rules of the TSX. Unitholders also will be asked to consider such other business as may properly come before the Meeting. See “Particulars of Matters to be Acted Upon” and “Quorum and Resolution”.

It is expected that the solicitation of proxies will be primarily by mail, but proxies may be solicited personally by directors, officers, employees or agents of the Manager.

INFORMATION CONCERNING THE FUND

The Fund is a non-redeemable investment fund governed by the laws of the Province of Ontario. It was formed pursuant to the Declaration of Trust dated November 27, 2009, as amended and restated as of January 15, 2015, and as previously amended as of September 24, 2019. Ridgewood Capital Asset Management Inc. is the manager of the Fund and the advisor to the Fund’s investment portfolio. As of February 16, 2024, 18,575,820 Units were issued and outstanding. The Units are currently listed on the Toronto Stock Exchange under the stock symbol “RIB.UN”.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

Extraordinary Resolution

At the Meeting, Unitholders will be asked to consider and, if thought advisable, approve, with or without variation, an extraordinary resolution authorizing: (i) the Restructuring, (ii) the Investment Objective Change; (iii) the De-listing, and (iv) amendments to the Declaration of Trust including as required to effect the Restructuring, Investment Objective Change and the De-listing. Further details of such matters are provided below.

The board of directors of the Manager has determined that the Restructuring is in the best interests of the Fund. **Accordingly, the board of directors of the Manager recommends that the Unitholders vote FOR and in favour of approving the Resolution.** See “*Benefits of the Proposed Restructuring for Unitholders*”.

1. *Restructuring of the Fund*

Currently, the Fund is structured as a non-redeemable investment fund, and the Units listed for trading on the TSX. Redemptions of Units are permitted on a monthly basis at a discount to the Units' trading price on the TSX, but only once annually for proceeds equal to Net Asset Value per Trust Unit. The Fund is not in continuous distribution, meaning that Units can only be issued on a private placement basis unless the Fund prepares and files a prospectus with the Canadian securities regulatory authorities.

Pursuant to the Restructuring, the Fund will become an "alternative mutual fund". An alternative mutual funds is a mutual fund that has adopted fundamental investment objectives that permit it to invest in physical commodities or specified derivatives, to borrow cash or engage in short selling in a manner not permitted for other mutual funds under National Instrument 81-102 – *Investment Funds* ("NI 81-102"). Pursuant to the Restructuring, the Fund will adopt fundamental investment objectives that permit the borrowing of cash in a manner not permitted for other mutual funds. See "*Changes to Investment Objectives*".

In addition, as an alternative mutual fund the Fund will now be subject to section 2.4(1) through (3) of NI 81-102, which will generally prohibit the Fund from holding more than 10% of its Net Asset Value in illiquid assets, as compared to the 20% limits to which the Fund is currently subject as a non-redeemable investment fund.

As an alternative mutual fund, the Units will no longer be listed for trading on the TSX, but the Units will be redeemable on a daily basis for proceeds equal to the Net Asset Value per Unit. In addition, the Fund has filed a preliminary simplified prospectus to qualify the distribution of Units on a continuous basis, meaning that upon receiving a receipt for the final simplified prospectus, additional Units will be permitted to be issued on a daily basis without any further regulatory steps being taken.

Following the Restructuring, the Units will continue to be qualified investments for registered plans, such as RRSPs and TFSAs, provided that the Fund maintains its status as a mutual fund trust for income tax purposes.

2. *Change to Investment Objective*

In connection with the Restructuring, it is proposed that the investment objectives of the Fund will be changed from:

"The Trust will seek to achieve the following investment objectives:

- (i) to provide Unitholders with monthly cash distributions, initially targeted to be 5.25% per annum on the original issue price of \$12.00 per Trust Unit; and
 - (ii) to maximize total returns for Unitholders while preserving capital in the long term."
- to

"The Fund will seek to achieve the following investment objectives:

- (i) to provide Unitholders with monthly cash distributions; and
- (ii) to maximize total returns for Unitholders while preserving capital in the long term.

through an investment portfolio comprised primarily of Investment Grade Bonds issued by Canadian issuers.

The Fund will use leverage through the use of cash borrowings. The aggregate gross exposure of the Fund shall not exceed the limits on the use of leverage permitted under applicable securities legislation. The investment objectives of the Fund may only be changed with the approval of a majority of the votes cast at a meeting of Unitholders called for that purpose.”

This change to the investment objective of the Fund will permit the Fund to be characterized as an alternative mutual fund and be subject to the rules applicable to such funds in NI 81-102.

3. *De-listing of Units*

In connection with the Restructuring, the Fund has applied to the TSX to voluntarily de-list the Units on or about the effective date of the Restructuring. As a result, after the De-Listing, holders of Units will no longer be able to trade their Units on the TSX. However, after the Restructuring, the Units will be redeemable on a daily basis for proceeds equal to the Net Asset Value per Unit in accordance with the terms of the Declaration of Trust.

4. *Declaration of Trust Amendment*

Concurrently with the completion of the Restructuring, the Declaration of Trust will be amended and restated substantially on the terms set out in the draft proposed amended and restated Declaration of Trust attached as Appendix “B” hereto (the “**Amendment**”), including the following changes:

Investment Objective – See “Change to Investment Objective” above.

Investment Restrictions – Following the Restructuring, the Fund will be subject to the investment restrictions and practices applicable to open-end alternative mutual funds contained in NI 81-102. The Fund will be managed in accordance with these restrictions and practices, except as otherwise permitted by exemption provided by applicable Canadian securities regulatory authorities. Certain of the investment restrictions currently contained in the Declaration of Trust will be removed pursuant to the Amendment as the Fund will instead require with the restrictions prescribed by NI 81-102.

Purchases and Redemptions – Following the Restructuring, the Fund’s Units will be sold on a continuous basis pursuant to a simplified prospectus. In addition, the Units of the Fund will be redeemable daily on demand at the Net Asset Value per Unit, as opposed to daily trading through the facilities of the TSX as is currently the case. The Amendment will provide for the process for purchases and redemptions that is in compliance with the requirements of alternative mutual funds set out in NI 81-102 and will remove references to the Units trading on the TSX.

Unitholder Approval Requirements – Following the Restructuring, the Fund will be subject to the Unitholder approval requirements applicable to open-end alternative mutual funds contained in NI 81-102. Certain of the Unitholder approval requirements currently contained in the Declaration of Trust will be removed pursuant to the Amendment as the Fund will instead comply with the requirements prescribed by NI 81-102.

The foregoing is a summary only. Unitholders should review the Amendment, a copy of which is appended as Appendix “B” hereto.

If the Resolution is approved at the Meeting, the Manager intends to effect the Restructuring and the Fund will be converted to an open-end alternative mutual fund on or about March 27, 2024 or such other date that the Manager determines. Notwithstanding the foregoing, the Manager may, at any time before or after the holding of the Meeting, determine not to proceed with the Restructuring and associated matters without further notice to, or action on the part of, Unitholders if it determines, in its sole judgment, that it would be inadvisable for the Fund to proceed.

If the Resolution is not approved at the Meeting, the Fund will continue to exist as a closed-end non-redeemable investment fund with its Units listed on the TSX and no amendments will be made to the Declaration of Trust. Unitholders will only be able to redeem their Units at Net Asset Value on an annual basis.

Recommendation of the Board of Directors of the Manager

The board of directors of the Manager has determined that the Restructuring is in the best interests of the Fund. **Accordingly, the board of directors of the Manager recommends that the Unitholders vote FOR and in favour of approving the Resolution.** Pursuant to the Declaration of Trust, the Resolution requires the approval of at least 66 2/3% of the votes cast by the Unitholders present in person or by proxy at the Meeting, provided that certain insiders of the Fund who have an interest that differs from other securityholders will not be permitted to vote based on the rules of the TSX.

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such proxy, to vote such proxy FOR and in favour of approving the Resolution.

Benefits of the Proposed Restructuring for Unitholders

The Manager has undertaken a review of the Fund to determine whether changes are required to its operation. As a result of lower market activity of the Fund, daily trading volume of the Units on the TSX has been low and the premium at which the Units trade to their Net Asset Value has decreased from 7.8% to 4.4% discount to the Net Asset Value per Unit over the period from December 31, 2021 to December 31, 2023. Unitholders are able to redeem their Units from the Fund on a monthly basis with a discount applied, but only once per year without a discount applied. As a result of the review, the Manager concluded that it was in the best interest of the Fund to convert it to an open-end alternative mutual fund that would allow unitholders to redeem daily on at Net Asset Value.

In proposing the Restructuring, the board of directors of the Manager of the Fund considered, among other things, the following factors and their benefits to Unitholders:

- (a) the Manager believes the Restructuring would make the Fund more attractive to investors as Units will be redeemable daily at the net asset value (the “**Net Asset Value**”) per Unit, permitting investors to redeem at a value which approximates the intrinsic value of the Units;
- (b) if the Restructuring is implemented, the Fund will become an open-ended alternative mutual fund which will be able to distribute its Units on a continuous basis pursuant to a simplified prospectus at the applicable Net Asset Value per Unit, allowing the Manager to grow the net assets of the Fund through new sales. The ability to raise new capital will permit the Fund to take advantage of economies of scale with the possibility of lower annual expenses for the Fund (and thereby lower the management expense ratio borne by Unitholders);
- (c) the Restructuring will not result in a disposition of the Units of the Fund or its assets for income tax purposes and Unitholders are not expected to have any adverse income tax consequences as a result of the Restructuring;
- (d) the Investment Objective Change will permit the Manager to continue to utilize the same amount of leverage it does at this time;
- (e) the Fund will no longer bear the ongoing expenses associated with the listing of the Units on the Toronto Stock Exchange; and

- (f) the expenses associated with the Restructuring are being borne by the Manager and not the Fund.

EXPENSES OF THE RESTRUCTURING

All costs of the Restructuring, consisting primarily of legal fees, will be borne by the Manager. If the Restructuring does not proceed, these costs will similarly be borne by the Manager. No financial advisory or solicitation fees have been incurred by the Fund in connection with soliciting proxies for the Meeting.

PROXY INFORMATION

Units, Proxies and Voting Thereof

The number of issued and outstanding Units of the Fund as at February 16, 2024 is set out above under “Information Concerning the Fund”. At the Meeting and at any adjournment or postponement thereof, Unitholders as at 5:00 p.m. (Toronto time) on February 16, 2024 (the “**Record Date**”) are entitled to one vote for each Unit held.

Unitholders that are unable to attend the Meeting in person are requested to complete and sign the enclosed form of proxy. To be valid, proxies must be completed and received by TSX Trust Company (“**TSX Trust**”), the registrar and transfer agent for the Fund, (A) at 301 – 100 Adelaide Street West, Toronto, Ontario, M5H 4H1, (B) by facsimile to 416-595-9593, (C) by email to proxyvote@tmx.com, or (D) by internet at www.meeting-vote.com using the unique control number located on the form of proxy, not later than 10:00 a.m. (Toronto time) on March 18, 2024 or, in the case of any adjournment or postponement of the Meeting, no later than 10:00 a.m. (Toronto time) on the second last business day prior thereto.

Any Unitholder has the right to appoint any person, who need not be a Unitholder, to attend and to vote and to act for and on behalf of such Unitholder at the Meeting. In order to do so, the Unitholder should insert the name of the person he, she or it is appointing in the blank space provided on the proxy delivered with this Information Circular, or on a facsimile thereof, and deliver the completed proxy to TSX Trust at the address specified in the paragraph above.

The Units represented by a proxy which is hereby solicited, if properly executed and deposited, will be voted in accordance with the instructions of the Unitholder. **Where a Unitholder fails to specify a choice with respect to the Resolution referred to in the Notice of Special Meeting in a proxy appointing a nominee of the Manager (being the nominees specified in the form of proxy delivered with this Information Circular) as proxyholder, the Units represented by such proxy will be voted FOR and in favour of the Resolution.**

The proxy confers discretionary authority with respect to any amendments or variations to the matter referred to in the Notice of Special Meeting and any other matters which may properly come before the Meeting.

If you have any questions about the information contained in this Information Circular or require assistance in completing the form of proxy, please contact TSX Trust by telephone at 1-800-387-0825 (Toll-Free) or 416-682-3800 (outside of North America).

Revocability of Proxy

A Unitholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. In addition to the revocation of a proxy in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Unitholder or his, her or its attorney or duly authorized agent and deposited either at the registered office of TSX Trust at any time up to and including

10:00 a.m. (Toronto time) on the second last business day preceding the date of the Meeting, or any adjournment or postponement thereof, and upon such deposit, the proxy is revoked.

A non-registered Unitholder may revoke a voting instruction form given to an intermediary at any time by written notice to the intermediary. However, in order for such revocation to be effective, it must be delivered in accordance with the requirements of such intermediary. See “Advice to Beneficial Holders”.

Advice to Beneficial Holders

The information set forth in this section is of significant importance to you if you do not hold your Units in your own name. Unitholders who do not hold their Units in their own name (“**Beneficial Securityholders**”) should note that only proxies deposited by Unitholders whose names appear on the records of TSX Trust as the registered holders of Units can be recognized and acted upon at the Meeting. If your Units are listed in an account statement provided to you by a broker, then in almost every case these Units will not be registered in your name on the records of the Fund. Your Units will more likely be registered under the name of your broker or an agent of that broker. In Canada, the majority of such Units are registered in the name of CDS & Co. (“**CDS**”) (the registration name of CDS Clearing and Depository Services Inc.) which acts as nominee for many Canadian brokers. Units held by brokers or their nominees through CDS can only be voted upon the instructions of the Beneficial Securityholder. Without specific instructions, CDS and brokers/nominees are prohibited from voting Units for their client(s). The Fund does not know for whose benefit the Units registered in the names of CDS are held. Therefore, Beneficial Securityholders cannot be recognized at the Meeting or any adjournment or postponement thereof for purposes of voting their Units in person or by way of proxy unless they comply with the procedure designated below.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Securityholders in advance of the Meeting. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Securityholders in order to ensure that their Units are voted at the Meeting. Often, the voting instruction form supplied to a Beneficial Securityholder by its broker is identical to the form of proxy provided to registered Unitholders. However, its purpose is limited to instructing the registered Unitholder how to vote on behalf of the Beneficial Securityholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically prepares a voting instruction form which it mails to the Beneficial Securityholders and asks the Beneficial Securityholders to complete and return it directly to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Units to be represented at the Meeting. **A Beneficial Securityholder receiving a voting instruction form cannot use that form to vote Units directly at the Meeting; the voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the Units voted.**

Beneficial Securityholders fall into two categories – those who object to their identity being made known to the issuers of securities which they own (“**Objecting Beneficial Owners**” or “**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**” or “**NOBOs**”). Subject to the provisions of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) issuers may request and obtain a list of their NOBOs from intermediaries via their transfer agents. Pursuant to NI 54-101, issuers may obtain and use the NOBO list for distribution of proxy-related materials directly to such NOBOs.

Proxy materials are being sent to intermediaries to be forwarded to all Beneficial Securityholders. The Manager will pay the reasonable costs of intermediaries to deliver copies of the proxy-related materials to Beneficial Securityholders.

Beneficial Securityholders can expect to receive their materials related to the Meeting from Broadridge or their brokers or their broker’s agents. If a reporting issuer does not intend to pay for an

intermediary to deliver materials to OBOs, OBOs will not receive the materials unless their intermediary assumes the cost of delivery. The Fund intends to pay for intermediaries to deliver the materials related to the Meeting to OBOs. Please complete and return the voting instruction form or form of proxy based on the instructions set out therein, by facsimile or by internet at www.proxyvote.com by using the unique control number located on the voting instruction or proxy form.

Although a Beneficial Securityholder may not be recognized directly at the Meeting for the purposes of voting Units registered in the name of his or her intermediary/broker, a Beneficial Securityholder may attend the Meeting as proxyholder for the registered Unitholder and vote such Units in that capacity. Beneficial Securityholders who wish to attend the Meeting and indirectly vote their Units as proxyholder for the registered Unitholder should, well in advance of the Meeting, provide written instructions to TSX Trust or Broadridge, as applicable, requesting that the Beneficial Securityholder or a nominee of the Beneficial Securityholder be appointed as proxyholder for the Meeting. In order to ensure that a Beneficial Securityholder or its nominee is properly appointed as proxyholder to attend and vote at the Meeting in respect of his/her/its Units, the Beneficial Securityholder should complete, sign and return in accordance with the instructions provided the voting instruction form or form of proxy included with these Meeting materials. Your written instructions must be received in sufficient time to allow your voting instruction form or form of proxy to be received by TSX Trust by 10:00 a.m. (Toronto time) on March 18, 2024 (or at least 48 hours prior to the Meeting, if it is postponed or adjourned). Please contact your intermediary for instructions in this regard.

General

The information contained herein is given as of the date hereof, except for those matters disclosed that occurred subsequent to such date or except as otherwise indicated herein. The Manager knows of no matter to come before the Meeting other than the Resolution referred to in the Notice of Special Meeting. If any matters which are not known should properly come before the Meeting, the accompanying proxy relating to the Meeting will be voted on such matters in accordance with the best judgement of the person voting it.

PRINCIPAL HOLDERS OF SECURITIES

Other than as set out below, to the knowledge of the directors and officers of the Manager, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over Units carrying more than 10% of the votes attached to all of the issued and outstanding Units.

As of January 31, 2024, the Manager is the registered holder of 15,156,529 Units, representing approximately 81.6% of the issued and outstanding Units. The Manager holds such Units on behalf of Beneficial Securityholders. The Manager will seek voting instructions from such Beneficial Securityholders on the matters to be voted upon at the Meeting. In the absence of valid and duly submitted voting instructions from any such Beneficial Securityholders, the Manager will not cast any votes attaching to such Beneficial Securityholder's Units in respect of the matters considered at the Meeting.

QUORUM AND RESOLUTION

Pursuant to the terms of the Declaration of Trust, Unitholders of record as at the Record Date are entitled to notice of and to attend the Meeting, in person or by proxy, and to one vote per Unit held on any ballot at the Meeting or any adjournment or postponement thereof. A quorum of Unitholders for the purpose of considering the Resolution is present at the Meeting if at least two persons are present in person or by proxy and who are authorized to cast in the aggregate not less than 5% of the total number of votes attaching to the Units. If the requisite quorum is not present at the Meeting within one-half hour after the time fixed for the Meeting, the Meeting will be adjourned and reconvened on April 3, 2024, at the same location as the Meeting commencing at 10:00 a.m. (Toronto time). If the Meeting is adjourned, no mailed notice will be provided in respect of the reconvening of the adjourned Meeting. However, the Fund will issue a press release announcing the reconvened Meeting and will post the announcement on the Ridgewood Capital Asset Management

website at www.ridgewoodcapital.ca. At the reconvened Meeting, the Unitholders present either in person or by proxy will constitute a quorum.

In order to be effective, the Resolution must be approved by the affirmative vote of the holders of at least 66 2/3% of the votes cast by the Unitholders present in person or by proxy at the Meeting, provided that certain insiders of the Fund who have an interest that differs from other securityholders will not be permitted to vote based on the rules of the TSX. Section 720 of the TSX Company Manual requires that the securityholder approval obtained in respect of the De-Listing excludes the votes of any Unitholder who has an interest in the De-Listing that materially differs from other Unitholders. Accordingly, the John H. Simpson, Paul Meyer, and Mark Carpani, being the executive officers and directors of the Manager, will not vote the Units held directly or indirectly by them at the Meeting.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, neither the Manager nor any director or executive officer of the Manager, nor any other insider of the Fund or the Manager, nor any associate or affiliate of any one of them, has or has had, at any time since the commencement of the Fund's most recently completed financial year, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Fund.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed herein, neither the Manager nor any person who has been a director or executive officer of the Manager since the beginning of the Fund's last financial year, nor the associate or affiliate of any of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

MANAGEMENT CONTRACTS

Pursuant to the Declaration of Trust, the Manager has exclusive authority to manage the business and affairs of the Fund. Under the terms of the Declaration of Trust, the Manager is responsible for providing, or causing to be provided, management, portfolio management and administrative services and facilities to the Fund, including, without limitation: (a) portfolio management; (b) authorizing and paying expenses incurred on behalf of the Fund; (c) appointing the custodian, registrar and transfer agent, auditors, legal counsel and other organizations or professionals serving the Fund; (d) providing office space and facilities; (e) preparing accounting, management and other reports, including such interim and annual reports to Unitholders, financial statements, tax reporting to Unitholders and income tax returns as may be required by applicable law; (f) monitoring the ability of the Fund to pay distributions; (g) communicating with Unitholders; (h) ensuring that the net asset value per Unit is calculated and published; (i) ensuring that the Fund complies with all regulatory requirements and applicable stock exchange listing requirements; (j) calling meetings of Unitholders as required; and (k) providing such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Fund.

Pursuant to the Declaration of Trust, the Manager is paid an annual management fee by the Fund equal to 0.5% of the Fund's net asset value. During 2023, the Fund paid to the Manager \$1,290,240 in satisfaction of the annual management fee. Unless the Manager resigns or is removed pursuant to the Declaration of Trust, the Manager will continue as manager until the termination of the Fund.

The name, municipality of residence and office with the Manager of each of the directors and executive officers of the Manager is set out below.

<u>Name and Municipality of Residence</u>	<u>Office with the Manager</u>
John H. Simpson Creemore, Ontario	Managing Director, Chairman, Chief Executive Officer, Secretary, Ultimate Designated Person, Chief Compliance Officer and Director
Paul W. Meyer Oakville, Ontario	Managing Director, President, Chief Financial Officer, Chief Investment Officer and Director
Mark J. Carpani Oakville, Ontario	Senior Vice President and Director

AUDITORS, TRANSFER AGENT AND CUSTODIAN

The auditor of the Fund is Deloitte LLP, Suite 200, 8 Adelaide Street West, Toronto, Ontario, M5H 0A9. The auditor was appointed as auditor of the Fund on November 27, 2009.

TSX Trust has been appointed the registrar and transfer agent for the Fund. Upon the De-Listing, TSX Trust will cease to be the registrar and transfer agent.

CIBC Mellon Trust Company has been appointed the custodian of the assets of the Fund.

LEGAL PROCEEDINGS

Neither the Fund nor the Manager is a party to, nor are any of their respective properties the subject matter of, any legal proceedings material to the Fund, nor are either of the Fund or the Manager aware of existing or pending legal or arbitration proceedings involving the Fund or involving the Fund that would be material to the Fund.

ADDITIONAL INFORMATION

Additional information relating to the Fund is available on SEDAR+ at www.sedarplus.ca. Financial information is provided in the Fund's comparative financial statements and management reports of fund performance for its most recently completed financial year. The Unitholder can contact the Manager at 55 University Avenue, Suite 1020, Toronto, Ontario, M5J 2H7, toll free at 1-888-789-8957 or by e-mail at contact@ridgewoodcapital.ca. Additional information also can be obtained on the Ridgewood Capital Asset Management website at www.ridgewoodcapital.ca.

INDEPENDENT REVIEW COMMITTEE - CONCLUSION

The Manager has determined that the Restructuring and associated matters may constitute "conflict of interest matters" for purposes of National Instrument 81-107 - *Independent Review Committee for Investment Funds* ("NI 81-107"), as a reasonable person may consider the Manager to have an interest therein that may conflict with the Manager's ability to act in good faith and in the best interest of the Fund. NI 81-107 requires that, when a conflict of interest matter arises and before taking any action in the matter, an investment fund manager must refer the matter, along with its proposed action, to the fund's independent review committee for its review and decision.

In accordance with such requirements the Manager has referred the Restructuring and associated matters to the Fund's independent review committee ("IRC") for its review. The Manager has provided a variety of information to the IRC in connection with its review, including the following:

- an identification of the Manager's conflict of interest in connection with the Restructuring; and
- a basis for the IRC to conclude that the Restructuring and associated matters achieve a fair and reasonable result for the Fund.

Based on the foregoing, the IRC has advised the Manager that, after reasonable inquiry, it has concluded that the Restructuring and associated matters would achieve a fair and reasonable result for the Fund.

(Remainder of page intentionally left blank)

APPROVAL OF THE MANAGER AND CERTIFICATE

The board of directors of the Manager has approved the contents and the sending of this Information Circular.

DATED at Toronto, Ontario this 20th day of February, 2024.

BY ORDER OF THE BOARD OF DIRECTORS OF
RIDGEWOOD CAPITAL ASSET MANAGEMENT
INC.

By: "*John H. Simpson*"

Name: John H. Simpson

Title: Director

**APPENDIX “A”
EXTRAORDINARY RESOLUTION OF THE UNITHOLDERS OF
RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND
(THE “FUND”)**

WHEREAS the board of directors of Ridgewood Capital Asset Management Inc. (the “**Manager**”), the manager and trustee of the Fund, desires to restructure the Fund from a non-redeemable investment fund into an open-ended alternative mutual fund (the “**Restructuring**”);

AND WHEREAS in connection with the Restructuring, the Manager is proposing a change to the investment objective of the Fund (the “**Investment Objective Change**”), to voluntarily delist the trust units of the Fund (the “**Units**”) from the Toronto Stock Exchange (the “**De-Listing**”), and the amendment and restatement of the declaration of trust governing the Fund (the “**Declaration of Trust**”), including as required in connection with the Restructuring, the Investment Objective Change and the De-listing, all as described in the management information circular of the Fund dated February 20, 2024 (the “**Circular**”);

AND WHEREAS the Manager has determined that the Restructuring, the Investment Objective Change, the De-Listing and amendment and restatement of the Declaration of Trust is in the best interests of the Fund;

NOW THEREFORE BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION of the holders (the “**Unitholders**”) of the Units that:

1. the Restructuring of the Fund from a non-redeemable investment fund into an alternative mutual fund be and is hereby authorized and approved;
2. the Investment Objective Change be and is hereby authorized and approved;
3. the De-Listing of the Units from the Toronto Stock Exchange be and is hereby authorized and approved;
4. the amendment and restatement of the Declaration of Trust (the “**Amendment**”) substantially in the form appended as Appendix “B” to the Circular is hereby authorized and approved;
5. the Manager, in its capacity as trustee of the Fund, be and is hereby authorized to enter into and execute the Amendment;
6. any one director or officer of the Manager be and is hereby authorized and directed to execute by manual or electronic signature, for and on behalf of the Manager, in the Manager’s capacity as manager and trustee of the Fund, and to deliver, the Amendment substantially in the form and on the terms of the draft Amendment appended to the Circular as Appendix “B”, with such deletions, amendments, additions and changes thereto as such director or officer may determine necessary or advisable to give effect to this resolution, the Restructuring and associated matters or to comply with applicable law or the requirements of any securities regulatory authority or stock exchange, the execution of such document in accordance with the provisions of this paragraph being conclusive evidence of such determination.

General

7. Any one director or officer of the Manager be and is hereby authorized and directed, for and on behalf of the Manager, in the Manager’s capacity as the manager and trustee of the Fund, or in the Manager’s own capacity, as applicable, to do and perform all acts and things and to execute and deliver all documents and instruments, including further amending or further amending and restating the

Declaration of Trust or amending any other agreement to which the Fund is party, whether under the corporate seal or otherwise, and to take all such steps as may be necessary or advisable to give full effect to the foregoing resolutions, the Restructuring and De-Listing, including without limitation, making any amendments to the Declaration of Trust and/or any agreements to which the Fund is a party, obtaining any necessary or advisable approvals, rulings or consents from, and filing any document with, any governmental or regulatory authority.

Implementation and Revocation

8. The Manager is hereby authorized to effect, revoke or delay the implementation of the Restructuring and associated matters contemplated by this extraordinary resolution, in whole or in part, for any reason whatsoever at any time and from time to time, in the sole discretion of the Manager, without further approval of or notice to the Unitholders.

APPENDIX "B"
DRAFT AMENDED AND RESTATED DECLARATION OF TRUST

See attached.

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

**AMENDED AND RESTATED
DECLARATION OF TRUST**

March [●], 2024

**RIDGEWOOD CAPITAL ASSET MANAGEMENT INC.
TRUSTEE**

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION	1
1.1 Definitions	1
ARTICLE 2 THE TRUST	4
2.1 Establishment of the Trust.....	4
2.2 Purpose	5
2.3 Name	5
2.4 Situs and Head Office.....	5
2.5 Nature of Trust	5
ARTICLE 3 THE TRUSTEE	6
3.1 Appointment	6
3.2 Term of Office.....	7
3.3 Automatic Vesting of Trust Property	7
3.4 Trust’s Accounts.....	8
3.5 Standard of Care and Duties of Trustee	8
3.6 Professionals, Consultants and Agents.....	8
3.7 Notice to Trustee	8
ARTICLE 4 POWERS AND DUTIES OF THE TRUSTEE	9
4.1 General	9
4.2 Specific Powers	9
4.3 Duties of the Trustee	11
4.4 Trustee May Sell Assets to Meet Trust Obligations.....	13
4.5 Validity of Elections, Appointments, Resolutions and Actions	13
4.6 Management Services.....	13
4.7 Presumption in Favour of Grant of Power	13
ARTICLE 5 INVESTMENTS OF THE TRUST	14
5.1 Investment Objectives	14
5.2 Investment Strategy	14
5.3 Leverage Facility	14
5.4 Investment Restrictions	15
5.5 Use of Derivative Instruments.....	15
5.6 Securities Lending.....	15
ARTICLE 6 THE TRUST UNITS	16
6.1 Number of Trust Units	16
6.2 Issue of Initial Trust Unit	16
6.3 Allotment and Issue.....	16

6.4	Acquisition Charges and Restrictions on Unitholdings	17
6.5	Method of Payment for Units	17
6.6	Unit Certificates	17
6.7	Register of Unitholders	17
6.8	Transfer Agents, Registrars and Distribution Disbursing Agents	18
6.9	Successors in Interest of Unitholders	18
6.10	Trust Units Held Jointly or in Fiduciary Capacity	18
6.11	Performance of Trusts	19
6.12	Lost Certificates	19
6.13	Death of Unitholders	19
6.14	Unclaimed Distributions.....	19
6.15	Declarations of Unitholders.....	20
6.16	Redemption of Trust Units	20
6.17	Split or Consolidation of Units.....	22
ARTICLE 7 DISTRIBUTIONS TO UNITHOLDERS		23
7.1	Monthly Cash Distributions	23
7.2	Year-End Distributions.....	23
7.3	Satisfaction of Certain Year-End Distributions by Issuance of Trust Units	24
7.4	Additional Distributions to Unitholders	24
7.5	Tax Designations	25
7.6	Payment of Distributions.....	25
7.7	Enforcement of Payment	25
7.8	Encroachment on Capital	25
7.9	Distributions on Termination	25
7.10	Withholding.....	25
ARTICLE 8 NET ASSET VALUE		26
8.1	Calculation of NAV per Trust Unit.....	26
8.2	Valuation of Other Assets	26
ARTICLE 9 FEES AND EXPENSES		28
9.1	Trustee’s Fee	28
9.2	Expenses	28
ARTICLE 10 INVESTMENT ADVISORY SERVICES		29
10.1	Investment Advisory Services.....	29
10.2	Duties of the Advisor	29
10.3	Liability of Trustee re: Delegation to Advisor	29
10.4	Compensation of Advisor.....	29

ARTICLE 11 CUSTODIAL ARRANGEMENTS	29
11.1 Appointment	29
11.2 Registration	30
11.3 Fees	30
11.4 Removal and Resignation	30
ARTICLE 12 MEETINGS OF UNITHOLDERS, AMENDMENTS, UNITHOLDER COMMUNICATIONS AND FUNDAMENTAL CHANGES	30
12.1 Meetings of Unitholders	30
12.2 Notice of Meetings and Quorum	30
12.3 Voting Rights of Unitholders; Amendments	31
12.4 Procedural Matters	32
12.5 Proxies	32
12.6 Financial Statements	33
12.7 Other Unitholder Information	33
12.8 Appointment of Auditor	33
12.9 Notice of Certain Fundamental Changes	33
12.10 Notice to Unitholders	33
ARTICLE 13 LIABILITY OF TRUSTEE, MANAGER AND UNITHOLDERS AND OTHER MATTERS	34
13.1 Liability of Trustee and Manager	34
13.2 General Limitation of Liability and Indemnification	34
13.3 Exculpatory Clauses in Instruments	35
13.4 Funds of the Trustee	36
13.5 Retention of Benefits by Trustee	36
13.6 Trustee may have other Interests	36
13.7 Execution of Instruments and Apparent Authority	37
13.8 Reliance	37
ARTICLE 14 TERMINATION OF TRUST	38
14.1 Termination of the Trust	38
ARTICLE 15 MISCELLANEOUS	39
15.1 Governing Law	39
15.2 Severability	39
15.3 Execution and Effect of Restated Declaration of Trust	40
15.4 Quantity, Gender and other Terms	40
15.5 Table of Contents and Section Headings	40
15.6 Statutes	40

ARTICLE 16 EXECUTION OF DECLARATION OF TRUST.....	40
16.1 Execution of Declaration of Trust	40

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

AMENDED AND RESTATED

DECLARATION OF TRUST

THIS AMENDED AND RESTATED DECLARATION OF TRUST made as of the [●]th day of March, 2024 by **RIDGEWOOD CAPITAL ASSET MANAGEMENT INC.** (the “Trustee”) at its principal office in Toronto, Ontario.

WHEREAS the Trustee has determined to amend and restate the declaration of trust governing the Trust, originally made as of the 27th day of November 2009 and previously amended and restated as of the 17th day of December 2009, the 13th day of December 2010, the 31st day of March 2011 and the 15th day of January, 2015, and as previously amended as of the 24th day of September, 2019 (the “Existing Declaration”), in the form of this Declaration of Trust;

AND WHEREAS pursuant to section 12.3(2) of the Existing Declaration, the Trustee is permitted to amend the Existing Declaration with the consent of the Unitholders in certain circumstances;

AND WHEREAS at a special meeting of Unitholders held on March 20, 2024 (the “Meeting”), the Unitholders of the Trust passed an Extraordinary Resolution authorizing the restructuring of the Trust from a “non-redeemable investment fund” to an “alternative mutual fund” (as those terms are defined in NI 81-102), the de-listing of the Trust Units from the TSX, and the amendments to the Existing Declaration contemplated by this Declaration;

NOW THEREFORE, the Trustee hereby declares that it holds and will hold the Trust Property in trust to invest, manage and dispose of the same for the use and benefit of the Unitholders, their successors and assigns upon the trusts and subject to the express provisions of this Declaration of Trust.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Declaration of Trust, unless the subject matter or context otherwise requires, the following terms shall have the following meanings:

“**Advisor**” means the investment advisor to the Trust, currently Ridgewood Capital Asset Management Inc., and thereafter such other Person or Persons as may be appointed as investment advisor(s) in accordance with the terms hereof;

“**Affiliate**” has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions*, as adopted by the Canadian securities administrators, as in effect on the date of this Declaration of Trust;

“**Auditor**” means the firm of chartered accountants appointed as auditors of the Trust from time to time pursuant to Section 12.8 hereof;

“**Bond Index**” means the DEX Universe Bond Index;

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

“**Counsel**” means any Person qualified to and engaged in the practice of law in Ontario;

“**Custodian**” means the custodian of the Trust Property appointed from time to time pursuant to Section 11.1;

“**Declaration of Trust**” means this amended and restated declaration of trust as amended, restated and/or modified from time to time;

“**Determination Dates**” means June 30 and December 31 of each year;

“**Distribution Payment Date**” means the date on which cash distributions are paid by the Trust, such date to be no later than the fifteenth day of the month following the applicable Distribution Record Date;

“**Distribution Record Date**” means the last Business Day of each month prior to the Termination Date;

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

“**Fiscal Year**” means a calendar year;

“**Income Tax Act**” means the *Income Tax Act*, R.S.C. 1985, C.1 (5th Supplement), as now or hereafter amended, or successor statutes, and shall include regulations promulgated thereunder;

“**Investment Grade Bonds**” means debt securities and term loans that are generally rated at or above BBB- from S&P, or Baa3 or higher from Moody’s, or a similar rating from a qualified rating agency;

“**Investment Guidelines**” means the investment objectives, investment strategies and investment restrictions of the Trust as set out in ARTICLE 5 hereof;

“**IRC**” has the meaning ascribed thereto in 13.2;

“**Manager**” means Ridgewood Capital Asset Management Inc. or such other Person appointed manager of the Trust in accordance with the terms hereof;

“**Moody’s**” means Moody’s Investor Services Inc.;

“**NAV per Trust Unit**” means the net asset value per Trust Unit determined in accordance with ARTICLE 8;

“**Net Asset Value**” has the meaning ascribed thereto in Section 8.1(2);

“**Net Income**” or “**Net Loss**” of the Trust for any taxation year means the income or loss of the Trust for such year computed in accordance with the provisions of the Income Tax Act other than paragraph 82(1)(b) and subsection 104(6) of the Income Tax Act regarding the calculation of income for the purposes of determining the “taxable income” of the Trust thereunder; provided, however, that (i) no account shall be taken of any gain or loss, whether realized or unrealized, that would, if realized, be a capital gain or capital loss for the purposes of the Income Tax Act; (ii) if an amount has been designated by the Trust under subsection 104(19) of the Income Tax Act, such designation shall be disregarded; (iii) if such calculation results in income there shall be deducted the amount of any non-capital losses (as defined in the Income Tax Act) of the Trust for any preceding years, and Net Income of the Trust for any period means the income of the Trust for such period computed in accordance with the foregoing as if that period were the taxation year of the Trust;

“**net redemption proceeds**” has the meaning ascribed thereto in Section 6.17(3);

“**Net Realized Capital Gains**” of the Trust for any taxation year shall equal the amount by which the capital gains of the Trust realized in the year exceed (i) the capital losses of the Trust realized in the year, (ii) the unapplied capital losses of the Trust for preceding years of the Trust to the extent that they may be applied against capital gains of the Trust for the year pursuant to the Income Tax Act, and (iii) any Net Loss of the Trust for the year and, if the Trustee so determines, any unapplied non-capital losses (as defined in the Income Tax Act) of the Trust for preceding years of the Trust, in each case multiplied by the reciprocal of the applicable fraction in paragraph 38(a) of the Income Tax Act. For these purposes, “capital gains” and “capital losses” shall be computed in accordance with the provisions of the Income Tax Act;

“**NI 81-102**” means National Instrument 81-102 - *Investment Funds*, as adopted by the Canadian securities administrators and as may be amended, supplemented or replaced from time to time;

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

“**Person**” means an individual, a corporation, limited partnership, general partnership, joint stock company or association, joint venture, association, company, trust, bank, trust company, land trust, investment trust, society or other entity, organization or syndicate whether incorporated or not, a trustee, executor, or other legal personal representative, and any government or agency thereof;

“**Portfolio**” has the meaning ascribed thereto in Section 5.2;

“**Prospectus**” means the simplified prospectus and annual information form of the Trust or such other offering document or documents required by the Canadian securities administrators to qualify the distribution of the Trust Units;

“**Registrar and Transfer Agent**” means a registrar and transfer agent of the Trust appointed from time to time pursuant to Section 4.3(1) or if none is appointed, the Trustee;

“**S&P**” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc.;

“**SIFT Rules**” means the provisions of the Income Tax Act, including those contained in sections 104, 122 and 122.1 of the Income Tax Act, which apply to the taxation of a “specified investment flow through trust” and its unitholders;

“**Termination Date**” means such date for the termination of the Trust as may be determined pursuant to this Declaration of Trust;

“**Trust**” means the trust constituted hereby to be known by the name “Ridgewood Canadian Investment Grade Bond Fund” unless the name is changed in accordance with the provisions hereof;

“**Trust Property**” means the property and assets of the Trust;

“**Trust Unit**” means one redeemable unit of the Trust representing an equal, undivided beneficial interest in the Trust Property;

“**Trustee**” means the trustee of the Trust, initially Ridgewood Capital Asset Management Inc., and thereafter such other Person as may be appointed the Trustee in accordance with the provisions hereof;

“**TSX**” means the Toronto Stock Exchange and includes any successor thereto;

“**Unitholder**” means the holder of a Trust Unit from time to time as entered in the register maintained by or on behalf of the Trust;

“**Unitholder Holdings**” means the product of the Net Asset Value per Trust Unit and the number of Trust Units held by a Unitholder at the relevant time;

“**Valuation Agent**” means CIBC Mellon Global Securities Services Company or such other person appointed as valuation agent for the Trust or, if none is appointed, the Trustee; and

“**Valuation Day**” means each Business Day on which the TSX is open for business and in any event, December 31 of each year or if December 31 is not a Business Day, the immediately preceding Business Day and any such other days as may be determined from time to time by the Trustee.

ARTICLE 2 THE TRUST

2.1 Establishment of the Trust

The Trustee hereby declares itself, and agrees to act as, trustee of the Trust and agrees to hold as trustee of the Trust all of the Trust Property from time to time for the benefit of the

Unitholders and to invest, dispose of and otherwise deal with the Trust Property upon the trusts, in the manner and subject to the provisions of this Declaration of Trust.

2.2 Purpose

The Trust is established, and shall be operated and maintained by the Trustee, for the purpose of the common or collective investment and reinvestment in the manner set forth herein of cash and property received by the Trustee from Unitholders for such purpose.

2.3 Name

The name of the Trust shall be “Ridgewood Canadian Investment Grade Bond Fund”, and insofar as may be practicable, legal and convenient, the affairs of the Trust shall be conducted and transacted under that name, it being the intention that such name shall refer to the Trust and shall not refer to the Trustee or to the Unitholders of the Trust. Should the Trustee determine that the use of the name “Ridgewood Canadian Investment Grade Bond Fund” is not practicable, legal or convenient, then the Trustee may as and when appropriate adopt another name for the Trust.

2.4 Situs and Head Office

The situs of the Trust shall be the Province of Ontario, Canada and the head office and residence of the Trust shall be such place in the City of Toronto, in the Province of Ontario, Canada as the Trustee may designate from time to time.

2.5 Nature of Trust

- (1) The general law of trusts shall govern the Trust, the Trust Units and the Trust Property, except as such general law of trusts has been or is from time to time modified, altered or abridged for investment trusts and for this Trust by:
 - (a) applicable laws, regulations or other requirements imposed by applicable regulatory authorities; and
 - (b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficiaries of the Trust are the holders of the single class of Trust Units, each of which ranks equally with every other Trust Unit. The beneficial interest of a holder of a Trust Unit shall be limited to the right to participate pro rata in (i) distributions if, when and as declared, and (ii) the proceeds of liquidation of the Trust Property upon termination of the Trust, after satisfaction of all liabilities of the Trust, including without limitation the liabilities of the Trust to the Trustee hereunder. The rights of a Unitholder shall be only those rights which are conferred upon the Unitholder hereunder, and the liabilities and obligations of a Unitholder shall be only those liabilities and obligations which are imposed upon Unitholders hereunder. The relationship of the Unitholders to the Trustee, to the Trust and to the Trust Property shall be solely in their capacities as beneficiaries

in accordance with the rights conferred and liabilities and obligations imposed upon the Unitholders hereunder.

- (2) The relationship of the Trustee to a Unitholder and the relationship of one Unitholder to another is not and shall not be treated as that of partners or joint venturers or as that of principal and agent or as members of a society, association, limited partnership or corporation or as that of shareholders of a corporation or other joint stock company but shall be that of a trust as herein described with each Unitholder being a beneficiary of the Trust, with no relationship of any one beneficiary to any other beneficiary save that of each being a beneficiary under the same Trust.

ARTICLE 3 THE TRUSTEE

3.1 Appointment

- (1) Ridgewood Capital Asset Management Inc. hereby declares itself to be the Trustee of the Trust and shall hold such office unless and until it (i) resigns upon 90 days prior written notice to Unitholders (or such shorter notice period as the Unitholders may accept) or (ii) is removed or replaced by Unitholders by Extraordinary Resolution at a meeting duly called for such purpose in accordance with the provisions hereof. Notwithstanding the foregoing, any such resignation, removal or replacement shall become effective only upon the acceptance of appointment by a successor trustee. The Trustee will be deemed to have resigned if the Trustee becomes bankrupt or insolvent or in the event it ceases to satisfy the requirements of Section 3.1(4).
- (2) If the Trustee delivers notice of resignation or is removed by Unitholders, its successor may or shall (as the case may be) be appointed by the Trustee provided that if the Trustee is removed by Unitholders, such successor (other than an Affiliate of the Trustee) must be approved by Unitholders by Ordinary Resolution at a meeting duly called for such purpose prior to the effective date of the removal. If, after receipt of notice of resignation of the Trustee, no successor has been appointed and accepted the appointment within 90 days of such notice, the Trust will be terminated in accordance with ARTICLE 14 hereof.
- (3) In the event the Trustee is removed by the Unitholders by Extraordinary Resolution other than for wilful misconduct, bad faith, negligence, material breach of its duties or a breach of its standard of care hereunder, the Trust shall pay to the Trustee on the date of removal an amount based on the Net Asset Value of the Trust most recently calculated prior to the date of the approval of the Extraordinary Resolution and equal to the lesser of (i) the compensation that would have been payable to the Trustee from the date of removal until the Termination Date, if any, or (ii) the compensation that would have been payable to the Trustee for two years after the date of removal.

- (4) The Trustee shall be a corporation incorporated under the laws of Canada or a province thereof. No Trustee shall be a Person who is not a resident of Canada for the purposes of the Income Tax Act.

3.2 Term of Office

- (1) The term of office of the Trustee executing this Declaration of Trust and each successor Trustee thereafter elected or appointed shall continue until the termination of the Trust or until the Trustee resigns or is deemed to resign or is removed or is replaced in accordance with Section 3.1 hereof.
- (2) The liabilities, duties and obligations of the Trustee shall automatically terminate when it ceases to be the Trustee as herein provided, subject to such Trustee being liable for the exercise of its powers and the discharge of its duties as herein provided while in office.
- (3) The election or appointment of any Person as the Trustee shall not be effective unless and until such Person shall have accepted such election or appointment by instrument in writing containing an undertaking to be bound by the terms of this Declaration of Trust. An acceptance shall be deemed to have been validly given by the Trustee, notwithstanding that it may be given in advance of such Person's election or appointment, provided that such acceptance contains a provision that it shall take effect immediately upon such election or appointment and provided that it contains an undertaking to be bound by this Declaration of Trust upon such election or appointment.
- (4) Failure of a Person to accept election or appointment as the Trustee shall result in the Trustee remaining in office until such time as some other Person has accepted election or appointment as the Trustee in accordance with this Declaration of Trust or the Trust has terminated in accordance with this Declaration of Trust.

3.3 Automatic Vesting of Trust Property

- (1) Upon a Person being elected or appointed the Trustee, the Trust Property shall automatically vest in such Person.
- (2) In the event that a Person ceases to be the Trustee, the Trust Property shall automatically vest in the succeeding Trustee without the necessity of any act of transfer or transmission by the former Trustee. Notwithstanding the foregoing, the Trustee shall account to the new trustee for all Trust Property which the former Trustee holds as trustee and the Trustee hereby covenants to execute such deeds and other documents as Counsel for the Trust may reasonably request to evidence such automatic vesting.
- (3) If the Trustee ceases to hold office, the same shall not operate to annul or to terminate the Trust or to revoke or invalidate any agreement made by or on behalf of the Trust hereunder.

3.4 Trust's Accounts

Subject to the appointment of a Manager and the Advisor, if any, and the respective terms of a management agreement and an advisor agreement, if any, the Trustee shall keep or cause to be kept such books, records and accounts as are necessary and appropriate to document the Trust Property and transactions of the Trust. Subject to Section 3.5 hereof, if the Trustee appoints or the Unitholders appoint an Auditor to audit the accounts of the Trust for a particular period and:

- (1) the Auditor is a nationally recognized firm of chartered accountants that has an office within the Province of Ontario;
- (2) the financial statements of the Trust are prepared in accordance with Canadian generally accepted accounting principles or international financial reporting standards and applicable law; and
- (3) the Auditor's report to the Unitholders is to the effect that the audit examination included the examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements and an assessment of the accounting principles and significant estimates made by the Trust's management and that in the opinion of the Auditor the financial statements present fairly in all material respects the financial position of the Trust as at the end of the period for which the audit was made and the results of operations and changes in financial position of the Trust for the period under review in accordance with Canadian generally accepted accounting principles or international financial reporting standards;

then such audited financial statements shall be a complete accounting of the administration of the Trust for the period included therein and the Trustee shall not be required to give a further or better accounting to any Unitholder or to any other Person.

3.5 Standard of Care and Duties of Trustee

The Trustee shall exercise the powers and discharge the duties of its office hereunder honestly, in good faith and in the best interests of the Unitholders to the extent required by laws applicable to trustees in the Province of Ontario and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

3.6 Professionals, Consultants and Agents

The Trustee shall have the power to engage, by contract or otherwise, and to remove such professionals, consultants and agents as the Trustee considers advisable in the discharge of its duties. The Trustee may pay out of the Trust Property the proper fees and disbursements or other compensation of such professionals, consultants and agents.

3.7 Notice to Trustee

Any written notice or written communication given or required to be given to the Trustee shall be deemed:

- (1) in the case of delivery, to have been duly given when the same is personally delivered to the Trustee at its principal business office in Toronto, Ontario;
- (2) in the case of dispatch by facsimile, e-mail or similar telecommunication device, to have been duly given on the first Business Day thereafter; or
- (3) in the case of dispatch by post, when addressed to the Trustee at its principal business office, to have been duly given at five o'clock in the afternoon (local time of the sender) on the fifth day after the day the same was deposited in a public post box or post office (or if such fifth day is not a Business Day, the first Business Day thereafter).

ARTICLE 4 POWERS AND DUTIES OF THE TRUSTEE

4.1 General

The ownership of all Trust Property and the right to conduct the affairs of the Trust are vested in the Trustee subject to the provisions hereof and the Trustee shall have and may exercise without other or further authorization, all such rights, powers and authorities with respect thereto as may be necessary or desirable to enable the Trustee to carry out its responsibilities hereunder.

4.2 Specific Powers

The specific powers and authorities enumerated in this Section 4.2 are in addition to the general powers and authorities granted in Section 4.1 and otherwise herein or by statute and shall not be construed as limiting such general powers or authorities or any other specific power or authority conferred herein on the Trustee. The Trustee shall have and may exercise, at any time and from time to time, the following powers and authorities which may be exercised by it in its judgment and discretion and in such manner and upon such terms and conditions as it may from time to time deem proper:

- (1) to commence, defend, adjust, abandon or settle suits or legal proceedings in connection with the Trust or the Trust Property and to represent the Trust in any such suits or legal proceedings, provided that the Unitholders shall have no power or authority to oblige or require the Trustee to do so and provided further that the Trustee shall not be required to take such action unless it has been indemnified to its satisfaction;
- (2) to acquire or dispose of securities and/or other property (whether real, personal or mixed, tangible or intangible and wherever situate) for such consideration and upon such terms and conditions as it may deem proper and generally to exercise any of the powers of an owner with respect to securities or other Trust Property;
- (3) to exercise any conversion privileges, subscription rights, warrants or other rights or options available in connection with any securities or other Trust Property at any time held by the Trust, and to make any payments incidental thereto;

- (4) to vote personally, or by general or by limited proxy, any securities or other Trust Property which may be held by it at any time, and similarly to exercise personally or by general or by limited power of attorney any right appurtenant to any securities or other Trust Property held by it at any time;
- (5) to renew or extend or participate in the renewal or extension of any securities or Trust Property, upon such terms as it may deem advisable;
- (6) to make, execute, acknowledge and deliver any and all deeds, conveyances, contracts, waivers, releases or other documents of transfer and any and all other instruments in writing that may be necessary or proper for the accomplishment of any of the powers herein granted, whether for a term extending beyond the office of the Trustee or beyond the possible termination of the Trust or for a lesser term;
- (7) to borrow money for the purposes of buying additional securities as permitted hereby or as a temporary measure for extraordinary or emergency purposes including to fund redemptions of Trust Units, make payments of distributions, effect market purchases of Trust Units, settle securities transactions or for such other reason as the Trustee determines, and charge, mortgage, hypothecate and/or pledge Trust Property to secure payment of any money so borrowed and enter into a credit facility, security agreement, prime broker agreement or other documentation in connection therewith;
- (8) to enter into and settle foreign exchange transactions on behalf of the Trust for purposes of (i) facilitating settlement of trades of securities or other property of the Trust; and (ii) for currency hedging or other purposes, and any such transaction may be entered into with such counterparties as the Trustee may choose in its sole discretion including its Affiliates or restricted parties;
- (9) to sell, convey, exchange for other securities or other property, convert, transfer, assign, pledge, encumber or otherwise dispose of any securities or other property or any interest therein held by it at any time, by any means considered reasonable by the Trustee, and to receive the consideration and grant discharges therefor;
- (10) to enter into securities lending transactions;
- (11) to incur and pay out of the Trust Property any charges or expenses and disburse any funds of the Trust, which charges, expenses or disbursements are necessary or incidental to or desirable for the carrying out of any of the purposes of the Trust or conducting the business of the Trust including, without limitation, taxes or other governmental levies, brokerage commissions, security transfer taxes and other charges arising from the purchase and sale of securities by the Trust, accounting and valuation costs, audit and legal fees, the cost of preparing and submitting semi-annual and annual financial statements to Unitholders and the cost of preparing a prospectus and other disclosure documents and assessments of whatever kind or nature, imposed upon or against the Trustee in connection with

the Trust or the Trust Property or upon or against the Trust Property or any part thereof and for any of the purposes herein;

- (12) to employ, at the Trust's expense, such counsel, auditors, advisors, agents or other Persons as the Trustee may deem necessary from time to time for the purpose of discharging its duties hereunder;
- (13) to delegate any of the powers and duties of the Trustee to a Manager, the Advisor, the Custodian, the Valuation Agent, agents, representatives, officers, employees, independent contractors or other Person (including its Affiliates);
- (14) to determine all questions and matters of doubt which may arise in the course of the administration of the Trust or distribution of the Trust Property or upon the dissolution and termination of the Trust in accordance with the terms and conditions herein to the extent that such matters are not otherwise dealt with herein;
- (15) in addition to the indemnification provided for in ARTICLE 13, to indemnify, or enter into agreements with respect to the indemnification of, any Person with whom the Trust has dealings to such extent as the Trustee shall determine;
- (16) to make such elections, designations, determinations, allocations and filings as may be necessary or desirable under the Income Tax Act and other applicable tax legislation (including an election under subsection 132(6.1) of the Income Tax Act so that the Trust will qualify under the Income Tax Act as a "mutual fund trust" from the commencement of its first taxation year and an election under subsection 39(4) of the Income Tax Act in the Trust's first taxation year in which "Canadian securities" (as defined in the Income Tax Act) are disposed of, to have each of its "Canadian securities" treated as capital property); and
- (17) to do all other such acts and things as are incidental to the foregoing, and to exercise all powers which are necessary to carry out the provisions hereof and the duties of the Trustee prescribed herein.

The exercise of any one or more of the foregoing powers or any combination thereof in accordance with this Declaration of Trust from time to time shall not be deemed to exhaust the rights of the Trustee to exercise such power or powers or combination of them thereafter from time to time.

4.3 Duties of the Trustee

In addition to the duties of the Trustee set forth elsewhere herein, the Trustee shall have the following specific duties with respect to the Trust which may be performed by the Manager or such other person to which the Trustee delegates the responsibilities in accordance with the terms hereof:

- (1) to appoint and manage relationships with the Advisor, the Custodian, the Valuation Agent, the Registrar and Transfer Agent, Auditors, lawyers, printers and other organizations or professionals serving the Trust;
- (2) to monitor the suitability of the Investment Guidelines and propose any amendments to the Investment Guidelines;
- (3) to manage the Portfolio and make investment and divestment decisions in respect thereof in accordance with the Investment Guidelines;
- (4) to provide such audit, accounting, legal, insurance and other professional services as are reasonably required or desirable for the purpose of the Trust from time to time and the authorization and payment on behalf of the Trust of expenses incurred on behalf of the Trust in connection therewith as well as the negotiation of contracts with third party providers of services;
- (5) to provide office space, telephone service and office equipment;
- (6) to prepare accounting, management and other reports as required by applicable law including periodic and annual reports to Unitholders, financial statements and tax reports and maintain the books and records of the Trust;
- (7) to calculate the amount and determine the frequency of distributions by the Trust;
- (8) to prepare and disseminate communications and correspondence with Unitholders;
- (9) to deal with banks and custodians, including the maintenance of bank records and the negotiation and securing of bank financing or refinancing;
- (10) to obtain such insurance as the Trustee considers appropriate for the Trust, the Trustee, the Manager, the IRC, and their respective directors and officers;
- (11) to ensure the Trust complies with applicable regulatory requirements and any applicable stock exchange listing requirements;
- (12) to prepare and deliver the Trust's reports to and deal with relevant securities regulatory authorities and any similar organization of any government or any stock exchange to which the Trust is obligated to report;
- (13) to call and organize any meetings of Unitholders of the Trust;
- (14) to provide, or cause to be provided, certain day-to-day administration, including the processing, or arranging for the processing of redemptions and subscriptions and the calculation of the Net Asset Value, NAV per Trust Unit, income and net realized capital gains of the Trust and the reporting of the Net Asset Value and NAV per Trust Unit; and

- (15) to provide such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Trust.

4.4 Trustee May Sell Assets to Meet Trust Obligations

Notwithstanding any other provision of this Declaration of Trust, the Trustee may dispose of any Trust Property, on such terms as the Trustee may in its sole discretion determine, for the purpose of paying any obligations imposed on the Trust or for repaying any loan authorized hereby.

4.5 Validity of Elections, Appointments, Resolutions and Actions

Notwithstanding anything to the contrary contained in this Declaration of Trust, the failure to comply with any of the provisions hereof relating to the election, appointment or qualifications of the Trustee, a Manager, the Advisor, the Auditor, the Custodian or the Registrar and Transfer Agent shall not affect the validity or enforceability of any such election or appointment or of any action taken by the Trustee, such Manager, the Advisor, the Auditor, the Custodian or the Registrar and Transfer Agent.

4.6 Management Services

The Trustee may act as or appoint or retain a Manager to manage the activities and day-to-day operations of the Trust on such terms and conditions as the Trustee shall determine but shall pay any such Manager out of its fee. The Trustee is the current Manager of the Trust. Except as otherwise provided herein or as expressly prohibited by law, the Trustee may grant or delegate to the Manager such authority as the Trustee may in its sole discretion deem necessary or desirable to effect the actual administration of the duties of the Trustee under this Declaration of Trust, without regard to whether such authority is normally granted or delegated by trustees. The Trustee may grant broad discretion to the Manager to, among other things, administer and manage the day-to-day operations of the Trust, to act as agent for the Trust, to execute documents on behalf of the Trust and to make decisions which conform to general policies and general principles set forth herein or established by the Trustee. The Manager shall have the powers and duties expressly provided for in a management agreement, including the power to further delegate administration of the Trust, provided that the Manager shall not be relieved of its obligations in respect of the matters so delegated. The Manager shall exercise its powers and perform its duties honestly, in good faith and in the best interest of Unitholders and shall exercise the care, diligence and skill that a reasonably prudent manager would exercise in the circumstances. No Manager shall be a Person who is not a resident of Canada for the purposes of the Income Tax Act and all management activities performed by the Manager shall take place in Canada.

4.7 Presumption in Favour of Grant of Power

The Trustee shall have the capacity and the rights, powers and privileges of a natural person. In addition, the Trustee shall have the power to do all such things and execute all such agreements and other instruments as it deems necessary, proper or desirable in order to exercise any of its powers, and to promote or advance the purposes, objectives and provisions of this Declaration of Trust whether or not herein specifically mentioned. Any determination made in

good faith from time to time by the Trustee of the extent and effect of the powers set out in this Declaration of Trust shall be conclusive and binding upon the Unitholders. In construing the provisions of this Declaration of Trust, the presumption shall be in favour of the grant to the Trustee of any power in question.

ARTICLE 5 INVESTMENTS OF THE TRUST

5.1 Investment Objectives

The Trust will seek to achieve the following investment objectives:

- (i) to provide Unitholders with monthly cash distributions; and
- (ii) to maximize total returns for Unitholders while preserving capital in the long term;

through a Portfolio comprised primarily of Investment Grade Bonds issued by Canadian issuers.

The Trust will use leverage through the use of cash borrowings. The aggregate gross exposure of the Trust shall not exceed the limits on the use of leverage permitted under applicable securities legislation. The investment objectives of the Trust may only be changed with the approval of a majority of the votes cast at a meeting of Unitholders called for that purpose.

5.2 Investment Strategy

- (1) In order to achieve the Trust's investment objectives set out in Section 5.1, the Trust shall invest in a portfolio (the "**Portfolio**") consisting primarily of Investment Grade Bonds issued by Canadian issuers. In addition, the Trust may invest up to 25% of the Portfolio in Investment Grade Bonds issued by non-Canadian issuers.
- (2) From time to time, the Trust also may invest part or all of its assets in cash and cash equivalents.

5.3 Leverage Facility

The Trust may utilize various forms of borrowings, including a loan facility and/or margin purchases, up to 50% of the Net Asset Value of the Trust at the time of borrowing or such other limit as may be prescribed by applicable Canadian securities laws. The Trust may grant a security interest in part or all of the Trust Property to secure its obligations under any borrowing facility.

5.4 Investment Restrictions

- (1) The Trust shall be subject to the investment restrictions prescribed by applicable law (including NI 81-102) and in addition shall not:
 - (a) purchase securities other than Investment Grade Bonds and cash and cash equivalents;
 - (b) hold more than 10% of its net assets (as determined at the time of purchase and on the Determination Dates) in Investment Grade Bonds denominated in currencies other than Canadian dollars;
 - (c) borrow money, including pursuant to a loan facility or by purchasing securities on margin, if, immediately following the borrowings, the aggregate amount borrowed would exceed 50% of the Net Asset Value of the Trust;
 - (d) acquire or hold any property that would be “taxable Canadian property” of the Trust as such term is defined in the Income Tax Act (if the definition were read without reference to paragraph (b) thereof);
 - (e) if the Trust Units, or any “investment” within the meaning of section 122.1(1) of the Income Tax Act in the Trust, are listed or traded on a stock exchange or other public market, at any time, hold any property that is a “non-portfolio property” for the purposes of the SIFT Rules; or
 - (f) make or hold any investment that would result in the Trust failing to qualify as a “mutual fund trust” for purposes of the Income Tax Act.
- (2) Cash balances held temporarily pending investment will not result in a violation of the investment restrictions.

5.5 Use of Derivative Instruments

The Trust may invest in or use derivative instruments for hedging purposes consistent with the Investment Guidelines of the Trust as may be permitted by the Canadian securities regulators from time to time.

5.6 Securities Lending

The Trust may from time to time lend securities included in the Portfolio to securities borrowers acceptable to the Trust pursuant to the terms of one or more securities lending agreements between the Trust and such borrowers as may be permitted by the Canadian securities regulators from time to time.

ARTICLE 6 THE TRUST UNITS

6.1 Number of Trust Units

The Trust shall be authorized to issue an unlimited number of Trust Units. Fractional Trust Units may be issued and shall carry and be subject to the provisions hereof applicable to whole Trust Units in the proportion which they hold to one Trust Unit, except that no holder of a fraction of a Trust Unit, as such, shall be entitled to notice of, or to attend or vote at, meetings of Unitholders of the Trust.

6.2 Issue of Initial Trust Unit

In consideration of the receipt of \$12.00 from the Trustee, one (1) Trust Unit was issued to the Trustee as fully paid and non-assessable on the date of formation of the Trust. The one (1) Trust Unit so issued to the Trustee was automatically redeemed for an amount equal to \$12.00 by the Trust on the closing of the Trust's initial public offering of Trust Units.

6.3 Allotment and Issue

- (1) All purchase orders for Trust Units shall be in such form as the Trustee shall determine from time to time and shall be forwarded to the Trustee at the principal office of the Trust. The Trustee reserves the right to accept or reject any purchase order provided that any decision to reject an order will be made within one Business Day of receipt of the order and any amounts received in respect of a rejected purchase order will be returned to the investor immediately without interest or deduction. Once accepted, the Trustee shall process the order or arrange for the processing of the order.
- (2) If payment of the total amount of the purchase order and all necessary documents are not received by the Trustee on or before the second Business Days after the applicable Valuation Day, the Trust will be deemed, in accordance with applicable securities regulations, to have received and accepted on the next Valuation Day a redemption request for the number of Trust Units allotted pursuant to the purchase order. The redemption proceeds will be used to reduce any amount owing to the Trust. Any excess proceeds will belong to the Trust. Any shortfall will initially be paid to the Trust by the Trustee, but, where applicable, the Trustee will be entitled to collect such amount together with the charges or expenses incurred in so doing and interest thereon from the person who placed the order for Trust Units.
- (3) A completed purchase order for Trust Units received by the Trustee or such other person responsible for processing the order prior to 4:00 p.m. (Eastern time) on a Valuation Day or such other time as may be determined by the Trustee as set out in the Prospectus will be processed at the Net Asset Value per Trust Unit calculated on that Valuation Day. A purchase order received after 4:00 p.m. (Eastern time) on a Valuation Day (or such other time) or on a day other than a

Valuation Day will be processed at the Net Asset Value per Trust Unit calculated on the next following Valuation Day.

- (4) An investor who has delivered a purchase order for Trust Units during a suspension of the calculation of Net Asset Value per Trust Unit may either withdraw his or her purchase order prior to the end of the suspension period or receive Trust Units based on the Net Asset Value per Trust Unit first calculated following the end of the suspension period.
- (5) The Trustee may impose such terms and conditions with respect to purchase orders for Trust Units as may be necessary or desirable to ensure that the issuance of Trust Units complies with all applicable securities and other laws.

6.4 Acquisition Charges and Restrictions on Unitholdings

The Trustee may prescribe any acquisition charges, minimum initial subscription amounts, minimum subsequent subscription amounts and minimum Unitholder Holdings to be maintained by Unitholders and may, in its sole discretion, prescribe any procedures in connection therewith all as shall be described in the Prospectus. The Trustee may also prescribe the maximum number of Trust Units or maximum dollar amount of Trust Units that may be issued by the Trust and any maximum Unitholder Holdings both as shall be described in the Prospectus.

6.5 Method of Payment for Units

No Trust Unit shall be issued until fully paid. Trust Units may be issued to a Unitholder, in the sole discretion of the Trustee, for cash or in exchange for securities that are eligible investments for the Trust, said securities to be valued by the Trustee or the Valuation Agent, as the case may be, as of the close of business on the relevant Valuation Day in accordance with the principles set forth in Section 8.2 hereof.

6.6 Unit Certificates

Certificates in respect of the Units may be issued at the option of the Trustee. The Trustee shall determine all procedures relating to certificates, including the issue, reissue and replacement of certificates, their form, the persons authorized to sign them, any fees charged to issue or replace them and the procedures to be followed in the event of their loss or destruction.

6.7 Register of Unitholders

A register shall be kept by, or on behalf and under the direction of, the Trustee, which register shall contain the names and addresses of the Unitholders, the respective numbers of Trust Units held by them, the certificate numbers of the certificates representing such Trust Units, if any, and a record of all purchases and redemptions thereof. Only Unitholders whose Trust Units are so recorded shall be entitled to receive distributions and to exercise or enjoy the rights of Unitholders hereunder. The Person registered as a Unitholder on the register of the

Trust shall be treated as the owner of such Trust Unit for all purposes, including without limitation payment of any distribution, giving notice to Unitholders and determining the right to attend and vote at meetings of Unitholders.

6.8 Transfer Agents, Registrars and Distribution Disbursing Agents

The Trustee may appoint itself or one of its Affiliates and/or one or more chartered banks or banking institutions or trust companies to act as transfer agents, to act as registrars for the Trust Units and to act as distribution disbursing agents for the Trust (which may be but need not be the Trustee or the same chartered bank or financial institution or trust company) in one or more places within or outside Canada. The Trustee may enter into agreements with such transfer agents, registrars and distribution disbursing agents and may pay their compensation out of the Trust Property. In the event of such appointment, such transfer agents and registrars shall keep all necessary registers and other books (which may be kept on a computer or similar device) for recording original issues and redemptions of the Trust Units of the Trust. Except as required by this Declaration of Trust, or by the Trustee, such transfer agents, registrars and distribution disbursing agents shall perform those functions and duties usually performed by transfer agents and registrars of shares, and by distribution disbursing agents, of corporations having share capital. In the case of an original issue of Trust Units, any transfer agent or registrar may rely and act upon the written instruction of the Trustee without inquiry into the receipt by the Trust of, or the sufficiency of, the consideration for such original issue.

6.9 Successors in Interest of Unitholders

Any Person becoming entitled to any Trust Units as a consequence of the death, bankruptcy or incompetence of any Unitholder, or otherwise by operation of law, shall be recorded as the holder of such Trust Units and shall receive a new certificate (if certificates for Trust Units are being issued) therefor upon production of evidence thereof satisfactory to the Trustee and delivery of the existing certificate, if any, to the Trustee or the Registrar and Transfer Agent of the Trust. Until such record is made, the Unitholder of record shall continue to be and be deemed to be the holder of such Trust Units for all purposes, whether or not the Trust, the Trustee or the Registrar and Transfer Agent of the Trust shall have actual or other notice of such death, bankruptcy, incompetence or other event.

6.10 Trust Units Held Jointly or in Fiduciary Capacity

The Trust may treat two or more Persons holding any Trust Unit as joint tenants of the entire interest therein unless their ownership is expressly otherwise recorded on the register of the Trust, but no entry shall be made in the register or on any certificate that any Person is in any other manner entitled to any future, limited or contingent interest in any Trust Unit; provided, however, that any Person recorded as a holder of any Trust Unit may, subject to the provisions herein contained, be described in the register or on any certificate as a fiduciary of any kind and any customary words may be added to the description of the holder to identify the nature of such fiduciary relationship.

6.11 Performance of Trusts

The Trustee, any Registrar and Transfer Agent or other agent or officer of the Trust or the Trustee shall not be bound to see to the performance of any trust, express, implied or constructive, or of any charge, pledge or equity to which any of the Trust Units or any interests therein are or may be subject, or to ascertain or inquire whether any sale, transfer or redemption of any such Trust Units or interests therein by any such Unitholder or his personal representatives is authorized by such trust, charge, pledge or equity, or to recognize any Person as having any interest therein, except for the Person recorded as Unitholder.

6.12 Lost Certificates

In the event that certificates for Trust Units are issued and any certificate for Trust Units is lost, stolen, destroyed or mutilated, the Trustee may authorize the issuance of a new certificate for the same number of Trust Units in lieu thereof. The Trustee may in its discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner, to make such affidavit or statutory declaration setting forth such facts as to the loss, theft, destruction or mutilation as the Trustee deems necessary and may require the applicant to supply to the Trust a "lost certificate" or similar bond in such reasonable amount as the Trustee directs, indemnifying the Trustee, the Registrar and Transfer Agent for so doing. The Trustee shall have the power to acquire from an insurer or insurers a blanket lost security bond or bonds in respect of the replacement of lost, stolen, destroyed or mutilated certificates. The Trust shall pay all premiums and other sums of money payable for such purpose out of the Trust Property with such contribution, if any, by those insured as may be determined by the Trustee. If such blanket lost security bond is acquired, the Trustee may authorize and direct (upon such terms and conditions as the Trustee may from time to time impose) any registrar, transfer agent, trustee, paying agent or others to whom the indemnity of such bond extends to take such action to replace lost, stolen, destroyed or mutilated certificates without further action or approval by the Trustee. The Trustee shall be entitled to charge a reasonable fee to Unitholders for the replacement of lost certificates.

6.13 Death of Unitholders

The death of a Unitholder during the continuance of the Trust shall not terminate the Trust or give such Unitholder's legal representatives a right to an accounting or to take any action in the courts or otherwise against other Unitholders or the Trustee or the Trust Property, but shall only entitle the legal representatives of the deceased Unitholder to be registered as the holder of the Trust Units of the deceased Unitholder in place of the deceased Unitholder, and upon the acceptance thereof such legal representatives shall succeed to all rights of the deceased Unitholder under this Declaration of Trust.

6.14 Unclaimed Distributions

In the event that the Trustee holds distributions which are unclaimed or which cannot be paid for any reason, neither the Trustee nor its distribution disbursing agent shall be under any obligation to invest or reinvest the same but shall only be obligated to hold the same in a current or other non-interest bearing account with a chartered bank or trust company, pending payment

to the Person or Persons entitled thereto. The Trustee shall, as and when required by law, and may at any time prior to such required time, pay all or part of the distribution so held to the Public Trustee (or other similar government official or agency) whose receipt shall be a good acquittance and discharge of the obligations of the Trustee.

6.15 Declarations of Unitholders

The Trustee may require any Unitholder as shown on the register of Unitholders to provide a declaration, in form prescribed by the Trustee, as to the beneficial owner(s) of Trust Units registered in such Unitholder's name and as to the jurisdiction in which such beneficial owner is resident and, if a partnership, its status as a Canadian partnership.

6.16 Purchases and Repurchases of Trust Units

- (1) Subject to applicable regulatory requirements and limitations, the Trust shall have the right, but not the obligation, exercisable in its sole discretion, at any time, to purchase for cancellation outstanding Trust Units for proceeds equal to the Net Asset Value per Trust Unit as of the close of business on the date of purchase.
- (2) Upon payment by the Trust to a Unitholder of the purchase price of the Trust Units purchased pursuant to this Section 6.16, the Trust Units so purchased shall be cancelled and the Trust shall be discharged from all liability to the Unitholder in respect of the Trust Units so purchased except any liability to pay any distributions then declared but not yet paid.

6.17 Redemption of Trust Units

- (1) Subject to the conditions and limitations hereof, a Unitholder shall be entitled to require the redemption of all or any of its Trust Units as of any Valuation Day by giving written notice to the Trustee or any Person appointed by the Trustee to accept such notice. Such notice shall specify the number of Trust Units to be redeemed or the dollar amount which the Unitholder requires to be paid and such other information as the Trustee may prescribe and shall be irrevocable (subject to Section 6.17(5)). If the Person appointed to receive redemption requests receives such a request, it shall promptly notify the Trustee. A redemption request, properly completed, must reach the Trustee or the office processing the redemption order, if applicable, at its principal office not later than noon on the Valuation Day as of which the Trust Units are requested to be redeemed or such other time as may be determined by the Trustee as set out in the Prospectus. Properly completed redemption requests received after such time shall be deemed for all purposes hereunder as a request for redemption as of the Valuation Day next following the Valuation Day specified in the redemption request.
- (2) A redemption request placed by a Unitholder will be cancelled if the Unitholder has failed to deliver all required documents within ten days. In such circumstances, any redemption proceeds will be used to repurchase for the Unitholder an equal number of Trust Units, and the Unitholder shall be liable for any difference if the Net Asset Value per Trust Unit at which the repurchase was

made exceeds the Net Asset Value per Trust Unit at which the Trust Units were redeemed pursuant to the Unitholder's redemption request, and the Unitholder shall also be liable for any costs, expenses or interest arising therefrom. If the redemption proceeds exceed the Net Asset Value per Trust Unit at which the repurchase was made, the excess proceeds will belong to the Trust.

- (3) The proceeds payable on the redemption of Trust Units (the "**net redemption proceeds**") will be an amount equal to the aggregate Net Asset Value per Trust Unit, determined as of the Valuation Day of redemption, together with any undistributed net income, net realized capital gains or other distributions credited or payable in respect of the Trust Units as of such Valuation Day which have not been paid as of or prior to such Valuation Day, less any amount required by law to be withheld in respect of the Trust Units redeemed and any redemption charges, fees or other amount prescribed by the Trustee from time to time as are described in the Prospectus which charges, fees or other amounts shall be for the account of the Trustee.
- (4) The Trustee shall, within two Business Days after the relevant Valuation Day, make, or arrange for, payment of the net redemption proceeds to Unitholders entitled thereto. Payment shall be made in Canadian funds or such other currency as may be specified in the Prospectus and based on the appropriate rate of exchange and, upon the direction of the Unitholder, may be made by wire transfer to the bank account of the Unitholder, by the mailing or delivery of a cheque representing the net redemption proceeds to the Unitholder at the last address of the Unitholder as shown in the register of Unitholders or to such other payee or address as the Unitholder may in writing direct. Any payment so made shall, unless a cheque is not honoured on presentation, discharge the Trust and the Trustee from all liability to the Unitholder in respect of the amount thereof plus any amount required by law to be withheld in respect of the Trust Units redeemed.
- (5) Notwithstanding the provisions of Sections 6.17(1) to 6.17(4), the Trustee may suspend the redemption of Trust Units or payment of redemption proceeds in respect thereof when required to do so under applicable law or under any exemptive relief granted by applicable securities authorities. The Trustee may also suspend the right to redeem Trust Units and the calculation of Net Asset Value per Trust Unit at such other times it deems appropriate, provided that such suspension is permitted by applicable law or an exemption therefrom. The suspension may, at the sole discretion of the Trustee, apply to all requests for redemptions received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Trustee, or on the authority of the Trustee, of the suspension and that the redemption will be effected on the basis of the Net Asset Value per Trust Unit determined on the first Valuation Day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on

which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Trust, any declaration of suspension made by the Trustee shall be conclusive. No subscriptions for the purchase of Trust Units shall be accepted during any period when the right to redeem thereof is suspended.

- (6) The Trustee may require a Unitholder to redeem its entire holding of Trust Units if less than the minimum Unitholder Holdings, as determined by the Trustee, is recorded on the register of Unitholders in respect of the Unitholder.
- (7) The amount of all or any part of any income or capital gains realized in a year by the Trust for purposes of the Income Tax Act as a result of any disposition of property of the Trust undertaken to permit or facilitate the redemption of Trust Units may, for purposes of computing the income and the capital gains of the Trust for the year under the Income Tax Act or other tax legislation, be treated as having been paid in the year by the Trust to the Unitholders redeeming Units in such year and may be allocated and designated by the Trust as net income or as a net capital gain to such Unitholders. In addition, the Trust has the authority to distribute, allocate, designate and treat as having been paid, income and net realized capital gains of the Trust (as computed for purposes of the Income Tax Act) to a Unitholder who has redeemed Trust Units during the year in an amount equal to the Unitholder's share, at the time of redemption, of the Trust's net income and net capital gains for the year or such other amount that is determined by the Trust to be reasonable. For greater certainty, in determining whether to exercise its discretion and authority under the foregoing, the Trust may take into consideration rules in the Income Tax Act that may restrict the ability of the Trust to deduct in computing its income the amount of income or capital gains that are paid or made payable to such Unitholders.
- (8) Following redemption of a Trust Unit, the Unitholder who surrendered such Trust Units for redemption shall cease to have any rights as a Unitholder in respect of such Trust Units other than the right to be paid the net redemption proceeds in respect of such Trust Units and to receive the amount of all distributions in respect of such Trust Units which were paid or payable prior to such redemption.
- (9) The Trust may, in its sole discretion, allocate and designate payable to redeeming Unitholders, as part of the applicable net redemption proceeds, any income or capital gains realized by the Trust in the taxation year in which the redemptions occurred.

6.18 Split or Consolidation of Units

The Trust may split or consolidate the Trust Units from time to time as required by this Declaration of Trust or at any other time on such terms and conditions as the Trustee may determine.

ARTICLE 7 DISTRIBUTIONS TO UNITHOLDERS

7.1 Monthly Cash Distributions

The Trust shall endeavour, at the discretion of the Trustee, to make monthly cash distributions out of cash forming part of the Trust Property available or anticipated to be available on the Distribution Payment Date after paying or reserving sufficient cash to pay for the expenses and estimated expenses of the Trust, to be declared to Unitholders of record on each Distribution Record Date. Each monthly cash distribution shall be in such amount as the Trustee determines appropriate and shall be paid on the Distribution Payment Date to Unitholders of record on such Distribution Record Date, pro rata in accordance with the number of Trust Units then held (before giving effect to any issuances or redemptions of Trust Units implemented on such date). Such monthly distributions are expected to be paid out of net income and net capital gains of the Trust for the relevant taxation year but also may be a return of capital. The Trustee shall determine and announce each quarter the anticipated distribution amount to be distributed during each of the months in the following quarter based on the Trustee's estimate of distributable cash flow for that period.

7.2 Year-End Distributions

- (1) On the last day of each Fiscal Year of the Trust, the Trust shall determine the amount of the Net Income and Net Realized Capital Gains of the Trust for that Fiscal Year that has been paid or are to be made payable in that Fiscal Year to Unitholders who redeemed Units during that Fiscal Year and will make appropriate designations of such Net Income and Net Realized Capital Gains as determined by the Trust in its discretion, except to the extent of Net Realized Capital Gains in respect of which the tax payable by the Trust would be refunded as a "capital gains refund" as defined in the Income Tax Act (and in applicable provincial tax legislation) for that Fiscal Year of the Trust.
- (2) After giving effect to the foregoing, on the last day of each Fiscal Year, an amount equal to the Net Income of the Trust for the taxation year of the Trust ending in such Fiscal Year not previously paid or made payable in the Fiscal Year, shall be payable to Unitholders of record on such day, pro-rata in accordance with the number of Trust Units then held (before giving effect to any issuances of Trust Units implemented on such date). In addition, on the last day of each Fiscal Year, an amount equal to the Net Realized Capital Gains of the Trust for the taxation year of the Trust ending in such Fiscal Year not previously paid or made payable in the Fiscal Year shall be payable to Unitholders of record on such day, pro-rata in accordance with the number of Trust Units then held (before giving effect to any issuances of Trust Units implemented on such date), except to the extent of Net Realized Capital Gains in respect of which the tax payable by the Trust would be refunded as a "capital gains refund" as defined in the Income Tax Act (and in applicable provincial tax legislation) for the taxation year of the Trust ending in such Fiscal Year.

- (3) For greater certainty, it is the intention of the Trustee that sufficient Net Income and Net Realized Capital Gains of the Trust be payable to Unitholders in each Fiscal Year so that the Trust is not liable to pay tax under Part I of the Income Tax Act for the taxation year of the Trust ending in such Fiscal Year, other than tax on Net Realized Capital Gains that would be refunded to it with respect to such taxation year.

7.3 Satisfaction of Certain Year-End Distributions by Issuance of Trust Units

- (1) If the Trust does not have sufficient cash available to fund all of such additional distributions contemplated by Section 7.2(1), the deficiency shall be satisfied by the issuance to Unitholders of record on the last day of the Fiscal Year of that number of Trust Units as is equal to the quotient obtained by dividing the deficiency by the NAV per Trust Unit on such date. Any part of such distribution that is satisfied by the issuance of additional Trust Units will be treated, to the extent possible, as a distribution of Net Realized Capital Gains.
- (2) Immediately following payment of such a distribution in Trust Units as contemplated by Section 7.3(1), the number of outstanding Trust Units will be automatically consolidated such that each Unitholder will hold after the consolidation the same number of Trust Units as the Unitholder held before the distribution. In such case, each Trust Unit certificate representing a number of Trust Units prior to the distribution of additional Trust Units shall be deemed to represent the same number of Trust Units after the distribution of additional Trust Units and the consolidation. Notwithstanding the foregoing, where tax is required to be withheld from a Unitholder's share of the distribution, the consolidation will result in such Unitholder holding that number of Trust Units equal to (i) the number of Trust Units held by such Unitholder prior to the distribution plus the number of Trust Units received by such Unitholder in connection with the distribution (net of withholding taxes) multiplied by (ii) the fraction obtained by dividing the aggregate number of Trust Units outstanding prior to the distribution by the aggregate number of Trust Units that would be outstanding following the distribution and before the consolidation if no withholding were required in respect of any part of the distribution payable to any Unitholder. Such Unitholder will be required to surrender the Trust Unit certificates, if any, representing such Unitholder's original Trust Units, in exchange for a Trust Unit certificate representing such Unitholder's post-consolidation Trust Units.

7.4 Additional Distributions to Unitholders

The Trustee may also make other distributions of Trust Property at any time in its sole discretion in addition to the distributions contemplated by Section 7.1, Section 7.2 and Section 7.3.

7.5 Tax Designations

Unless the Trustee determines otherwise, the Net Income of the Trust and Net Realized Capital Gains of the Trust for a taxation year ending in a Fiscal Year payable to Unitholders in the Fiscal Year shall be allocated to Unitholders in the same proportion as the total distributions made to Unitholders in the Fiscal Year under Sections 7.1, 7.2 and 7.4. In accordance with and to the extent permitted by the Income Tax Act, the Trustee in each year shall make designations in respect of amounts paid or payable to Unitholders as the Trustee may be advised by the Auditor to be reasonable in the circumstances, including designations relating to taxable dividends received by the Trust in the year on shares of taxable Canadian corporations, net capital gains realized by the Trust in the year and foreign source income received by the Trust in the year.

7.6 Payment of Distributions

Subject to Section 7.3, all distributions payable to a Unitholder, less any amount required to be withheld therefrom under applicable law, shall be paid in Canadian funds by wire transfer to the bank account of the Unitholder, by the mailing or delivery of a cheque representing the net redemption proceeds to the Unitholder at the last address of the Unitholder as shown in the register of Unitholders or to such other payee or address as the Unitholder may in writing direct or in such other manner as the Trustee determines. Any payment so made shall, unless a cheque is not honoured on presentation, discharge the Trust and the Trustee from all liability to the Unitholder in respect of the amount thereof plus any amount required by law to be withheld.

7.7 Enforcement of Payment

Notwithstanding any other provision of this ARTICLE 7, a Unitholder shall be entitled to enforce payment of the amount of any distribution declared or otherwise made payable hereunder to, and not yet received by, the Unitholder on and after the date on which such amount became payable.

7.8 Encroachment on Capital

For greater certainty, the Trustee may encroach on and pay from the capital of the Trust an amount payable under this ARTICLE 7 if the net income of the Trust, calculated without regard to the provisions of the Income Tax Act, is insufficient to permit payment of the amount so payable.

7.9 Distributions on Termination

On the Termination Date, Section 7.2 shall apply *mutatis mutandis* as if the Termination Date were the last day of a Fiscal Year.

7.10 Withholding

The Trustee shall deduct or withhold from distributions payable to any Unitholder all amounts required by law to be withheld from such distributions, whether such distributions are in the form of cash, additional Units or otherwise. In the event that a distribution is made to a Unitholder in a form other than cash, the Trustee may dispose of Units of such Unitholder to pay

such withholding taxes and to pay all of the Trustee's reasonable expenses with regard thereto and the Trustee shall have the power of attorney of such Unitholder to do so. Such disposition of Units may be made, in the sole discretion of the Trustee, on any stock exchange on which the Units are then listed, or by way of redemption, and the affected Unitholder shall thereafter cease to be the holder of such Units. In the event that the net proceeds of any such disposition exceed the statutory withholding required and the Trustee's reasonable expenses, the Trustee shall remit such excess to the Unitholder.

ARTICLE 8 NET ASSET VALUE

8.1 Calculation of NAV per Trust Unit

- (1) The NAV per Trust Unit shall be calculated as of the close of business on each Valuation Day by the Trustee or such other Person appointed by the Trustee in accordance with the provisions of this Declaration of Trust. The NAV per Trust Unit calculated as of the Valuation Time on any Valuation Day shall remain in effect until the Valuation Time on the next following Valuation Day.
- (2) For reporting purposes other than financial statements, the net asset value of the Trust (the "**Net Asset Value**") on a particular date shall be equal to the aggregate value of the Trust Property on such date less the aggregate value of the Trust's liabilities on such date (including any income, net realized capital gains or other amounts payable to Unitholders on or before such date) expressed in Canadian dollars. The NAV per Trust Unit on a particular date shall be calculated by dividing the Net Asset Value by the number of Trust Units outstanding (before giving effect to any issue or redemption or purchases by the Trust of Trust Units to be implemented on that date), the result being adjusted to the nearest whole cent. The NAV per Trust Unit shall be expressed in Canadian dollars.

8.2 Valuation of Other Assets

- (1) The following rules shall apply to the valuation of Trust Property:
 - (a) the value of any cash on hand or on deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Day as of which the value of the assets is being determined, and to be receivable) and interest accrued and not yet received will be deemed to be the full amount thereof provided that if the Trustee has determined that any such deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Day as of which the value of the assets is being determined, and to be receivable) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof will be deemed to be such value as the Trustee determines to be the fair value thereof;

- (b) the value of any bonds, debentures, other debt obligations and short positions (collectively, “**Debt Securities**”) will be valued (i) if the Debt Security is a component of the Bond Index, by taking the closing price of the Debt Security on the Bond Index or (ii) if the Debt Security is not a component of the Bond Index or if, in the opinion of the Trustee, the closing price for the Debt Security on the Bond Index does not reflect the value thereof, by taking the average of the bid and ask prices quoted by a major dealer or recognized information provider in such security on a Valuation Day at such times as the Trustee, in its discretion, deems appropriate. Short-term investments including notes and money market instruments will be valued at cost plus accrued interest;
- (c) the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Trustee) will be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Trustee such value does not reflect the value thereof and in which case the latest offer price or bid price will be used), as at the Valuation Day on which the value of the assets is being determined, all as reported by any means in common use;
- (d) the value of any security (other than a Debt Security which will be valued in accordance with paragraph (b) above) which 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;
- (e) the value of any security or other asset for which a market quotation is not readily available will be its fair value on the Valuation Day on which the value of the assets is being determined as determined by the Trustee (generally the Trustee will value such security at cost until there is a clear indication of an increase or decrease in value);
- (f) any market price reported in currency other than Canadian dollars will be translated into Canadian currency at the rate of exchange available from the Custodian on the Valuation Day on which the value of the assets is being determined;
- (g) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Trustee and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm’s length transaction which approximates a trade effected in a published market, unless a different fair value is determined to be appropriate by the Trustee;

- (h) the value of any forward contract will be the value that would be realized by the Trust if, on the date on which the value of the assets is being determined, the forward contract were closed out in accordance with its terms; and
- (i) the value of any security or property to which, in the opinion of the Trustee, the application of the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) will be the fair value thereof determined in good faith in such manner as the Trustee from time to time adopts.

ARTICLE 9 FEES AND EXPENSES

9.1 Trustee's Fee

For all of its services under this Declaration of Trust, the Trustee shall receive an annual management fee equal to 0.50% of the NAV of the Trust, calculated and payable monthly in arrears plus applicable taxes. The management fee will be calculated by the Trust as of the last day of each month and payable within 10 days of the end of the month in respect of which payment is due. The management fee shall be paid from the Trust Property.

9.2 Expenses

All expenses incurred in the operation and administration of the Trust shall be paid from the Trust Property, including without limitation mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses; fees payable to the IRC members, Valuation Agent, the Custodian, the Registrar and Transfer Agent and/or other parties engaged by the Trust for performing certain financial, recordkeeping, reporting and general administration services, including FundSERV; fees payable in connection with any leverage or credit facility of the Trust; banking fees with respect to borrowing; fees payable to the Auditors and legal advisors of the Trust; regulatory filings and licensing fees; expenses incurred upon termination of the Trust; any expenses of insurance and costs of all suits or legal proceedings in connection with the Trust or the Trust Property or to protect the Unitholders and the Trustee, and the directors, officers, employees or agents of the Trustee, any expenses of indemnification of the Trustee, the Unitholders or the Advisor, or their respective directors, officers, employees or agents or any other party to the extent permitted hereunder; expenses relating to the preparation, printing and mailing of information to Unitholders and relating to meetings of Unitholders; and fees and expenses of the members of the independent review committee of the Trust as well as premiums for insurance coverage for such members, legal, accounting and audit fees and out-of-pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Trust. The Trust will also be responsible for any taxes payable by the Trust or to which the Trust may be subject; interest expenses on borrowings; commissions, brokerage fees and other fees relating to the implementation of transactions for the Trust's portfolio; and expenses incurred in respect of matters not in the normal course of the Trust's activities including expenses of any action, suit or

other proceedings in which or in relation to which the Trustee or any other person is entitled to indemnity by the Trust.

ARTICLE 10 INVESTMENT ADVISORY SERVICES

10.1 Investment Advisory Services

The Trustee may, for the benefit of the Trust, retain one or more investment advisors to make investment decisions with respect to the Trust Property in accordance with the investment objectives, strategy and restrictions of the Trust as set forth in ARTICLE 5 on such terms and conditions as the Trustee shall determine. The Trustee shall monitor the activities of such investment advisors in order to verify that they are properly performing the services and discharging the duties. The Trustee shall be the initial Advisor of the Trust.

10.2 Duties of the Advisor

The Advisor shall have responsibility for making investment decisions with respect to the Trust Property in accordance with the Investment Guidelines. With the consent of the Trustee, the Advisor may delegate responsibilities to one or more sub-advisors.

10.3 Liability of Trustee re: Delegation to Advisor

Subject to applicable law and the other provisions hereof, the Trustee shall have no liability or responsibility for any matters delegated to an Advisor hereunder or under any advisor agreement, and the Trustee, in relying on the Advisor, shall be deemed to have complied with its obligations under Section 3.5 and shall be entitled to the benefit of the indemnity provided in ARTICLE 13.

10.4 Compensation of Advisor

For its services, the Advisor shall be entitled to receive a fee from the Trustee, and shall be entitled to reimbursement from the Trust of all reasonable costs and expenses incurred on behalf of the Trust, in such amount and upon the terms set out in any agreement between the Trustee and Advisor.

ARTICLE 11 CUSTODIAL ARRANGEMENTS

11.1 Appointment

The Trustee, on behalf of the Trust, shall appoint a Canadian chartered bank or trust company (the “**Custodian**”) to act as custodian of the Trust Property. The Custodian must be an institution permitted to act as a custodian of securities in accordance with Canadian securities laws applicable to the Trust. The terms and conditions of the Custodian’s appointment shall be determined by the Trustee.

11.2 Registration

All securities which are not registered in the name of the Trust shall be registered in the name of the Custodian, or in the name of a sub-custodian or depository, or their respective nominees, with an account number or other designation sufficient to establish that the beneficial ownership of the securities is vested in the Trust. Where securities are held in bearer form, the Custodian shall designate or segregate them so as to establish that the beneficial ownership of such securities is vested in the Trust.

11.3 Fees

The fees and expenses of the Custodian for acting as custodian of the assets of the Trust shall be based upon such fee schedule as the Trustee and the Custodian may agree to from time to time and shall be paid out of the Trust Property.

11.4 Removal and Resignation

The Custodian may be removed by the Trustee provided that a successor custodian shall have been appointed prior to any such removal taking effect.

ARTICLE 12 MEETINGS OF UNITHOLDERS, AMENDMENTS, UNITHOLDER COMMUNICATIONS AND FUNDAMENTAL CHANGES

12.1 Meetings of Unitholders

A meeting of the Unitholders may be called at any time by the Trustee and shall be called by the Trustee upon receiving a written request of Unitholders holding in the aggregate not less than 10% of the Trust Units then outstanding, which request must specify the purpose or purposes for which such meeting is to be called. Meetings of Unitholders shall be held at the head office of the Trust, or such other place as the Trustee shall determine and designate. Unless required by applicable law, no annual meetings of Unitholders are required to be held. The chairman of any meeting shall be a person designated by the Trustee for the purpose of such meeting.

12.2 Notice of Meetings and Quorum

- (1) Notice of all meetings of Unitholders shall be given in accordance with applicable law. Such notice shall set the time when, and the place where, the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted thereat, but it shall not be necessary to specify in the notice the text of any resolution to be approved, confirmed or passed. Any adjourned meeting may be held as adjourned, without further notice. The accidental omission to give notice to or the non-receipt of notice by a Unitholder shall not invalidate any meeting of Unitholders or any action taken by Unitholders at such meeting. Notwithstanding the foregoing, a meeting of Unitholders may be held at any time without notice if all the Unitholders are present or represented thereat or those not so present or represented have waived notice. Any Unitholder (or duly appointed

proxy of a Unitholder) may waive any notice required to be given under the provisions of this Section, and such waiver, whether given before or after the meeting, shall cure any default in the giving of such notice.

- (2) At any meeting of Unitholders, a quorum shall consist of two or more persons present in person or by proxy representing not less than 5% of the Trust Units then outstanding. In the event such quorum is not present on the date for which the meeting is called within one-half hour after the time fixed for the holding of such meeting, the meeting, if convened upon the request of Unitholders, shall be dissolved, but in any other case, the meeting shall stand adjourned to such day not later than 14 days later and to such place and time as may be appointed by the chairman of the meeting and the Unitholders present either personally or by proxy at such adjourned meeting shall be deemed to constitute a quorum.

12.3 Voting Rights of Unitholders; Amendments

- (1) At all meetings of Unitholders, each holder of Trust Units entitled hereunder to vote thereat shall have one vote for each whole Trust Unit held. Except as otherwise provided herein, any action taken or resolution passed in respect of any matter at a meeting of Unitholders shall require the approval of Unitholders by Ordinary Resolution.
- (2) The Trustee may from time to time amend the Declaration of Trust without the consent of, or notice to, the Unitholders, to:
 - (a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law, regulation or requirements of any governmental authority applicable to or affecting the Trust;
 - (b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
 - (c) bring the Declaration of Trust into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities or investment fund industries, provided such amendments do not in the opinion of the Trustee materially adversely affect the pecuniary value of the interest of the Unitholders or restrict any protection for the Trustee or the Manager or increase their respective responsibilities;
 - (d) maintain the status of the Trust as a “mutual fund trust” for the purposes of the Income Tax Act or to respond to amendments to such Act or to the interpretation or administration thereof; or
 - (e) provide added protection or benefit to Unitholders.

- (3) Except for changes to the Declaration of Trust which require the approval of Unitholders pursuant to applicable Canadian securities laws or changes described in Section 12.3(2) which require neither approval of nor prior notice to Unitholders, the Declaration of Trust may be amended from time to time by the Trustee upon not less than 30 days prior written notice to Unitholders.
- (4) A declaration by the chairman of a duly constituted meeting of Unitholders as to the results of any vote of Unitholders, by ballot or otherwise, shall be deemed to be the decision of the Unitholders.
- (5) Except as set forth in this Section 12.3, no action taken by the Unitholders and no resolution of the Unitholders at any meeting shall in any way bind the Trustee.
- (6) Every resolution passed in accordance with the provisions of the Declaration of Trust at a meeting of Unitholders shall be binding on all Unitholders, whether present at or absent from such meeting, and each Unitholder shall be bound to give effect accordingly to every such resolution.

12.4 Procedural Matters

Subject to compliance with applicable law, the Trustee may fix in advance a time and date, preceding the date of any meeting of Unitholders, as the record date for the determination of the Unitholders entitled to notice of the meeting and a record date for the determination of the Unitholders entitled to vote at the meeting. If no record date is fixed by the Trustee, the record date for notice of meeting shall be at the close of business on the second Business Day immediately preceding the day on which notice is given and the record date for voting shall be the close of business on the second Business Day immediately preceding the meeting. The Trustee may determine the procedures to be followed in connection with the conduct of a meeting, including with respect to voting by proxy at the meeting.

12.5 Proxies

At any meeting of Unitholders, any holder of Trust Units entitled to vote thereat may vote by proxy and a proxy need not be a Unitholder, provided that no proxy shall be voted at any meeting unless it shall have been placed on file with the Trustee, or with such other agent of the Trust as the Trustee may direct, prior to the commencement of such meeting. If approved by the Trustee, proxies may be solicited by the Trust naming the Trustee or any officer or director thereof as proxy and the cost thereof paid out of the Trust Property. When any Trust Unit is held jointly by several Persons, any one of them may vote at any meeting in person or by proxy in respect of such Trust Unit, but if more than one of them shall be present at such meeting in person or by proxy, and such joint owners or their proxies so present disagree as to any vote to be cast, such vote shall not be received in respect of such Trust Unit. The instrument appointing any proxy shall be in such form and executed in such manner as the Trustee may from time to time determine.

12.6 Financial Statements

The Trust shall prepare, file and deliver to Unitholders such financial statements as required by applicable law.

12.7 Other Unitholder Information

In addition to the financial statements referred to in Section 12.6, the Trustee will furnish to Unitholders by March 31 of each year (or such earlier time as may be required by applicable law) such other reports as are from time to time required by applicable law, including prescribed forms needed for completion of the Unitholders' tax returns under the Income Tax Act and equivalent provincial legislation.

12.8 Appointment of Auditor

An Auditor shall be appointed by the Trustee, provided that such Person who is named Auditor shall be a Person who meets the requirements of Section 3.4(1). Subject to the remainder of this Section 12.8 and applicable law (including NI 81-102), the Trustee may from time to time remove the Auditor before the expiration of its term of office and appoint another Auditor to hold office. Although the approval of Unitholders will not be obtained prior to making any such change of Auditor, Unitholders will be sent a written notice at least 60 days before the effective date of any such change. The Unitholders may at a meeting of the Unitholders duly called and held for that purpose, remove the Auditor before the expiration of its term of office and appoint another Auditor to hold office (provided that the replacement Auditor meets the requirements of Section 3.4(1)). The Trustee shall have the power to determine and pay the remuneration of the Auditor, such payments to be made out of Trust Property.

12.9 Notice of Certain Fundamental Changes

The Trust may from time to time, subject to the remainder of this Declaration of Trust and applicable law (including NI 81-102), without the approval of Unitholders (a) change the basis of calculation of any fee or expense payable by the Trust or by Unitholders in a manner that could result in an increase in charges to the Trust or Unitholders, (b) increase fees or expenses payable by the Trust or by Unitholders in a manner that could result in an increase in charges to the Trust or Unitholders, or (c) undertake a reorganization of the Trust with, or transfer the assets of the Trust to, another issuer where the Trust ceases to continue thereafter and the Unitholders become securityholders of the other issuer. Although the approval of Unitholders will not be obtained prior to making any such changes, Unitholders will be sent a written notice at least 60 days before the effective date of any such changes.

12.10 Notice to Unitholders

Any and all notices to which any Unitholder hereunder may be entitled and any and all other communications to Unitholders shall be deemed to have been duly given if mailed, postage prepaid, or sent by electronic transmission to a facsimile number or email address of the Unitholder, addressed to any Unitholder of record at his address, facsimile number or email address of record on the register of Unitholders of the Trust, or at such other address, facsimile number or email address as shall be furnished in writing from time to time by him to the Trust

for such purpose. Notwithstanding the foregoing, the Trust may provide notice to Unitholders in any other manner contemplated by this Declaration of Trust.

ARTICLE 13
LIABILITY OF TRUSTEE, MANAGER AND
UNITHOLDERS AND OTHER MATTERS

13.1 Liability of Trustee and Manager

The Trustee and the Manager shall not be liable to the Trust or to any Unitholder for any loss or damage relating to any matter regarding or relating to the Trust, including any default, failure or defect in or any loss or diminution in the value of the Trust or its assets, or for the acts, omissions, receipts, neglects or defaults of any person employed or engaged by the Trust as permitted hereunder, or for joining in any receipt or act of conformity, or for any loss, damage or expense caused to the Trust through the insufficiency or deficiency of any security in or upon which any of the monies of or belonging to the Trust shall be laid out or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any Person with whom or which any monies, securities or property of the Trust shall be lodged or deposited, or for any loss occasioned by error in judgment or oversight on the part of the Trustee, or for any other loss, damage or misfortune which may happen in the execution by such Persons of their duties hereunder, except in the case of wilful misconduct, bad faith, negligence or material breach of its duties or a breach of its standard of care set out in this Agreement. For greater certainty, the Trustee and the Manager shall not be liable to the Trust or to any Unitholder for any costs, expenses, charges, penalties or taxes imposed upon a Unitholder as a result of or by virtue of a Trust Unit not being a qualified investment for any plan, notwithstanding any failure or omission of the Trustee or the Manager to have given such notice, provided the Trustee or the Manager has complied with the standard of care or duties applicable to it under this Agreement.

13.2 General Limitation of Liability and Indemnification

- (1) The Trustee and Manager in incurring any debts, liabilities or obligations, or in taking or omitting any other actions for or in connection with the affairs of the Trust are, and shall be conclusively deemed to be, acting for and on behalf of the Trust, and not in their own personal capacity. The Trustee, the Manager, the Advisor, the members of the independent review committee of the Trust (the “IRC”) and each of their directors, officers, employees, consultants and agents shall at all times including, for the purposes of this ARTICLE 13, the time after it has ceased to be the Trustee, Manager or Advisor, or member of the IRC be indemnified and saved harmless and reimbursed out of the Trust Property to the fullest extent permitted by applicable law from and against all suits, proceedings (civil or criminal), or other claims or any other liabilities and expenses (including judgments, fines, penalties, interest, amounts paid in settlement and counsel fees and disbursements on a solicitor and client basis incurred in defending any such matter) suffered or incurred in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties hereunder and also from and against all other costs, charges, and expenses which it sustains or incurs in or about or in relation to the

affairs of the Trust, including in connection with any civil, criminal, administrative, investigative or other action, suit or proceeding to which any such Person may be made a party by reason of having been the Trustee, the Manager, the Advisor, a member of the IRC or a director, officer, employee, consultant or agent thereof, except in the case of wilful misconduct, bad faith, negligence, breach of its standard of care or material breach or default by the Trustee or Manager of its obligations hereunder. Advances may be made to the Trustee or Manager from the assets of the Trust against costs, expenses and fees incurred in respect of the matter or matters as to which indemnification is claimed, provided that any advance shall be made only if the Trustee or Manager agrees to repay to the Trust any amounts so advanced if the Trust does not receive, substantially concurrently with the termination of the matter or matters as to which such advances were made, an opinion of Counsel to the effect that the Trustee or Manager, as applicable is entitled to indemnification hereunder.

- (2) The Trustee and Manager shall not be liable for any taxes, assessments or other governmental charges levied with respect to the Trust or the Units or upon the Trust Property or any part thereof, or upon the income thereof or any interest of any Unitholder therein or thereunder except to the extent the same is properly payable from the Trust Property. If the Trustee or Manager at any time shall make any disbursements from the Trustee's own property for any such tax, assessment or other governmental charge which is payable from the Trust Property, the Trustee or Manager, as the case may be, shall be entitled to be reimbursed therefor out of the Trust Property
- (3) No Unitholder shall be subject to any personal liability whatsoever, in tort, contract or otherwise, to any Person in connection with Trust Property or the obligations or the affairs of the Trust and all such Persons shall look solely to the Trust Property for satisfaction of claims of any nature arising out of or in connection therewith and the Trust Property only shall be subject to levy or execution.
- (4) For greater certainty, in this ARTICLE 13, the term Trustee or Manager shall include, where the context so requires, the directors, officers, employees and agents thereof.

13.3 Exculpatory Clauses in Instruments

The Trustee shall use reasonable means to inform all Persons having dealings with the Trust of the limitation of liability set forth in Section 13.2 and shall use reasonable commercial efforts to cause to be inserted in any written agreement, undertaking or obligation made or issued on behalf of the Trust an appropriate statement of the disavowal and limitation of liability as set forth in Section 13.2, but the omission of such statement from any such instrument shall not render the Trustee, or any Unitholder liable to any Person, nor shall the Trustee, or any Unitholder be liable to any Person for such omission. If, notwithstanding this provision, the Trustee or any Unitholder, shall be held liable to any other Person by reason of the omission of such statement from any such agreement, undertaking or obligation, such Trustee or Unitholder

shall be entitled to indemnity and reimbursement out of the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability shall have been determined, including without limitation, the fees and disbursements of Counsel. Notwithstanding the foregoing, the Trustee shall endeavor to ensure that no loan agreement, promissory note or other document evidencing or related to the borrowing of money by the Trust is entered into by the Trust unless such document contains an appropriate statement of disavowal and limitation of liability reasonably similar to that set forth in Section 13.2.

13.4 Funds of the Trustee

The Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers hereunder, unless it shall have received adequate indemnity or security against such risk or liability satisfactory to it.

13.5 Retention of Benefits by Trustee

Subject to compliance with applicable laws and its standard of care hereunder, the Trustee, in its personal capacity or any other capacity, may buy, lend upon and deal in securities issued by the Trust and generally may contract and enter into any financial transactions with the Trust without being liable to account for any benefit, profit or advantage made thereby nor shall any such contract or transaction be void or voidable at the instance of the Trust or any Unitholder.

13.6 Trustee may have other Interests

Subject to compliance with applicable law, without affecting or limiting the duties and responsibilities or the limitations, exculpations and indemnities provided in this Declaration of Trust, the Trustee is hereby expressly permitted:

- (1) to be an Affiliate of a Person from whom any Trust Property has been or is to be purchased or to whom any Trust Property has been or is to be sold by the Trust;
- (2) to use, in other capacities, knowledge gained in its capacity as the Trustee, provided that it may not make use of any specific confidential information for its own benefit or advantage or for the benefit or advantage of any other Person that, if generally known, might reasonably be expected to affect materially the value of any of the Trust Units;
- (3) to be, or to be an Affiliate of, any Person with whom the Trust contracts or deals, or which supplies services to the Trust, including without limitation as an underwriter, dealer, banker, registrar, transfer agent, distribution agent and custodian of the Trust, as warrant trustee under any warrant indenture governing warrants issued by the Trust and as depositary appointed by the Trust under any installment receipt arrangement of the Trust; and in respect of such contract or arrangement the Trustee agrees to fulfill the obligations of underwriter, dealer, banker, registrar, transfer agent, distribution agent, custodian, warrant trustee or depositary, as the case may be, set out in any document addressing the obligations

of underwriter, dealer, banker, registrar, transfer agent, distribution agent, custodian, warrant trustee and depositary, as applicable, signed by the Trustee as such;

- (4) to acquire, hold and sell Trust Units as an Affiliate of or fiduciary for any other Person, or as an Affiliate of any Person who acquires, holds or sells Trust Units, and to exercise all rights of a holder thereof as if it were not the Trustee;
- (5) to acquire, hold and dispose of, for its own account, any property, real or personal, even if such property is of a character which could be held by the Trust, and to exercise all rights of an owner of such property as if it were not the Trustee; and
- (6) to have business interests of any nature and to continue such business interests while the Trustee, including the rendering of professional or other services and advice to other Persons for gain.

13.7 Execution of Instruments and Apparent Authority

- (1) Any instrument executed in the name of the Trust or on behalf of the Trust by the Trustee shall constitute and shall be deemed to constitute a valid obligation of the Trust enforceable against the Trust in accordance with its terms as if executed by the Trustee.
- (2) Any Person dealing with the Trust in respect of any matters pertaining to the Trust Property and any right, title or interest therein, or to the Trust or to the Trust Units, shall be entitled to rely on a certificate, statutory declaration or resolution executed or certified by the Trustee as to the capacity, power and authority of the Trustee, any consultant or agent of the Trust or any other Person to act for and on behalf and in the name of the Trust. No Person dealing with the Trustee, or any consultant or agent of the Trust, shall be bound to see to the application of any funds or property passing into the hands or control of such Trustee, consultant or agent of the Trust. The receipt of the Trustee, or of authorized consultants or agents of the Trust, for moneys or other consideration, shall be binding upon the Trust.

13.8 Reliance

- (1) The Trustee shall be entitled to rely on statements, advice or opinions (including financial statements and Auditor's reports) of any Manager or Advisor, the Custodian, the Valuation Agent, consultants, the Auditor, Counsel or agents whose profession gives authority to a statement made by them on the subject in question and who are considered by the Trustee to be competent.
- (2) Subject to Section 3.5 hereof, the Trustee shall be fully protected in relying upon any instruments or directions given by an officer, director, employee or agent of the Advisor, the Valuation Agent, or by a broker, Custodian or any Unitholder, or by such other parties as may be authorized to give instructions or directions to the

Trustee. If required by the Trustee, the Custodian, the Advisor, the Valuation Agent and any Manager shall file with the Trustee a certificate of incumbency setting forth the names of parties authorized to give instructions or directions to the Trustee together with specimen signatures of such persons and the Trustee shall be entitled to rely on the latest such certificate of incumbency filed with it. The Trustee, the Custodian, the Advisor, the Valuation Agent and any Manager shall each be fully protected in acting upon any instrument, certificate or paper believed by it to be genuine and signed or presented by the proper person or persons.

ARTICLE 14 TERMINATION OF TRUST

14.1 Termination of the Trust

- (1) The Trust may be terminated at any time without the approval of Unitholders, at the discretion of the Trustee upon not less than 60 days prior notice of such termination to Unitholders.
- (2) In addition, the Trustee may, in its discretion, and upon not less than 30 days prior notice to Unitholders, extend the Termination Date by a period of up to 180 days if the Trustee determines it is not able to convert all of the Trust Property to cash prior to the original Termination Date.
- (3) Upon termination of the Trust, the net assets of the Trust will be distributed to Unitholders in accordance with the provisions of this Declaration of Trust. Upon termination, the Trustee will, to the extent possible, convert the assets of the Trust to cash and will satisfy or make appropriate provision for all liabilities of the Trust.
- (4) The Trustee is entitled to retain out of the Trust Property at the Termination Date full provision for all costs, charges, expenses, claims and demands incurred or believed by the Trustee to be due or to become due in connection with or arising out of the termination of the Trust and the distribution of its assets to Unitholders. Out of the moneys so retained, the Trustee is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands.
- (5) Upon the termination of the Trust, this Declaration of Trust shall continue in force and effect to the extent necessary or desirable to permit the Trustee to wind up the affairs of the Trust and distribute the Trust Property to Unitholders as soon as practically possible, and the following special provisions shall apply and prevail, namely:
 - (a) the Trustee shall carry on no activities on behalf of the Trust except for the purpose of winding up the affairs of the Trust and as required by applicable law;

- (b) the Trustee shall proceed to wind up the affairs of the Trust and may fulfil or discharge the contracts of the Trust, perform or cause the Auditor to perform any final audit of the Trust Property, collect its assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining Trust Property to one or more Persons at public or private sale for consideration which may consist in whole or in part of cash, securities or other property of any kind, discharge or pay its liabilities, and do all other acts appropriate to liquidate the Trust's affairs; and
- (c) the Trustee shall sell and convert into money the Trust Property and after paying, retiring or providing for the payment of all known liabilities and obligations of the Trust, and providing for indemnity against any other outstanding liabilities and obligations, the Trustee shall divide the proceeds of sale, and any portion of the Trust Property not sold in connection with such termination, among the Unitholders rateably according to the respective number of Trust Units held by them. In making any sale under this provision, the Trustee shall have the power to sell by public auction or by private contract and to buy in or rescind or vary any contract of sale and to resell without being answerable for loss and, for said purposes, to do all things, including the execution and delivery of documents, as may be shown to be in its judgment necessary or desirable in connection therewith. The powers of sale and all other powers herein given to the Trustee shall continue as to all property at any time remaining in its hands or ownership, even though the time fixed for distribution of Trust Property may have passed. Any securities or other Trust Property which the Trustee was either unable to sell prior to the date determined for termination in accordance with the provisions of ARTICLE 14 or which the Trustee considered the sale of to be inappropriate prior to the dissolution of the Trust shall be distributed to Unitholders *in specie* rather than in cash subject to compliance with applicable law.

ARTICLE 15 MISCELLANEOUS

15.1 Governing Law

This Declaration of Trust is executed by the Trustee and delivered in the Province of Ontario and the rights of all parties and the validity, construction and effect of every provision hereof shall be subject to and construed according to the laws of the Province of Ontario.

15.2 Severability

If any provisions of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

15.3 Execution and Effect of Restated Declaration of Trust

A restated Declaration of Trust, setting forth the terms of this Declaration of Trust, as amended to the time of execution, may be executed at any time or from time to time by the Trustee and such restated Declaration of Trust as so executed shall thereafter be effective and may thereafter be referred to in lieu of the original Declaration of Trust as so amended; provided, however, that no such execution of a restated Declaration of Trust shall be deemed to constitute a termination and/or resettlement of the Trust or this Declaration of Trust.

15.4 Quantity, Gender and other Terms

In this Declaration of Trust whenever the singular form is used, the same shall include the plural as and when required by the context. Words denoting one gender include the other or the neuter, and words denoting the neuter denote either gender, unless a contrary intention is to be inferred from or required by the subject matter or context. References in this Declaration of Trust to “hereof”, “herein”, and “hereunder” shall be deemed to refer to the Declaration of Trust and shall not be limited to the particular text, Article, or Section in which such words appear.

15.5 Table of Contents and Section Headings

The Table of Contents and Section headings have been inserted for convenience only and are not a part of this Declaration of Trust.

15.6 Statutes

Any reference in this Declaration of Trust to any statute, regulation, rule or policy statement shall include any subsequent amendment or successor legislation.

ARTICLE 16 EXECUTION OF DECLARATION OF TRUST

16.1 Execution of Declaration of Trust

The Trustee executing this Declaration of Trust hereby accepts the trust herein provided and declared and agrees to perform the same upon the terms and conditions herein set forth.

(SIGNATURE PAGE TO FOLLOW)

IN WITNESS WHEREOF the undersigned Trustee of the Trust has executed these presents as of the date first above written.

**RIDGEWOOD CAPITAL ASSET
MANAGEMENT INC.**

By: _____
Name: John H. Simpson
Title: Managing Director

By: _____
Name: Paul W. Meyer
Title: Managing Director

