

## CONFIDENTIAL OFFERING MEMORANDUM

*This Offering Memorandum constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities and to those persons to whom they may be lawfully offered for sale. No securities commission or similar regulatory authority in Canada has reviewed this Offering Memorandum or has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. No prospectus has been filed with any such authority in connection with the securities offered hereunder. This Offering Memorandum is confidential and is provided to specific prospective investors for the purpose of assisting them and their professional advisers in evaluating the securities offered hereby and is not to be construed as a prospectus or advertisement or a public offering of these securities.*

**Continuous Offering**

**May 1, 2018**

### **EAST WEST GLOBAL SELECT OPPORTUNITIES FUND**

#### Limited Partnership Units

East West Global Select Opportunities Fund (the “**Partnership**”) is a Manitoba limited partnership formed to invest in publicly-traded securities and commodities. The investment objective of the Partnership is to generate growth in the net asset value per unit of the Partnership at a consistent rate of return.

The Partnership was formed on March 20, 2018 and will continue until it is dissolved. East West GSO General Partner Inc. (the “**General Partner**”) is the general partner of the Partnership. **The Partnership is a related issuer of East West Investment Management Corporation (the “Manager”), the manager of the Partnership and an affiliate of the General Partner.** The Manager will earn fees from the Partnership. Also, the General Partner will be entitled to receive distributions of profit from the Partnership. See “Statement of Policies”. Purchasers of interests in the Partnership, in the form of limited partnership units (the “**Units**”), become limited partners (the “**Limited Partners**”) of the Partnership and will be bound by the terms of a limited partnership agreement governing the Partnership (the “**Limited Partnership Agreement**”).

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**INITIAL SUBSCRIPTION PRICE FOR EACH CLASS: \$10 PER UNIT  
SUBSEQUENT SUBSCRIPTION PRICE: NET ASSET VALUE**

**MINIMUM INITIAL INVESTMENT:  
\$100,000**

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An unlimited number of Units, issuable in different classes and series, is being offered on a continuous basis. Investors purchasing Units pursuant to this Offering Memorandum will generally be issued Class A Units, Class B Units, Class F Units, Class I Units or Class M Units. Units are only being distributed to investors resident in certain provinces of Canada pursuant to available prospectus exemptions under the securities laws of those provinces. See “The Offering”. Series 1 Units of each class will be issued at a subscription price per Unit of \$10 per Unit. Each subsequent series will be issued at a subscription price per Unit equal to the Net Asset Value per Unit of the Series 1 Units of the same class. (At the beginning of each year, some or all series of the same class of Units having the same High Water Mark may be rolled up into a single series, in the discretion of the General Partner.)

May 1, 2018

Subscriptions will be processed on the first business day of each month and such other days as the Manager may permit (each a “**Subscription Date**”) provided that a fully completed subscription agreement and subscription monies are received by the Manager by 2:00 pm (Toronto time) on the previous business day. This offering is not subject to any minimum aggregate subscription level, and therefore any funds invested are available to the Partnership and need not be refunded to the subscriber.

Each Unit held by a Limited Partner may be redeemed monthly, on the last business day of each month or on such other date as the Manager may permit in its discretion, upon notice provided not later than the last day of the immediately preceding month.

**Redemptions may be deferred or suspended and/or redemption proceeds may be paid partly in cash and partly in kind if there is insufficient liquidity in the Partnership. There are certain additional risk factors associated with investing in the Units.**

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

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

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

**Subscribers are urged to consult with an independent legal adviser prior to signing the Subscription Agreement for the Units and to carefully review the Limited Partnership Agreement delivered with this Offering Memorandum.**

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## SUMMARY

*This summary is qualified by the more detailed information appearing elsewhere in this Offering Memorandum. Capitalized terms used but not defined in this summary are defined elsewhere in this Offering Memorandum.*

- The Partnership:** East West Global Select Opportunities Fund (the “**Partnership**”), a limited partnership formed under the laws of the Province of Manitoba to invest in securities and commodities.
- The General Partner:** East West GSO General Partner Inc. (the “**General Partner**”), a corporation incorporated under the laws of Canada. The General Partner was instrumental in the formation of the Partnership and is responsible for approving and monitoring the Partnership’s various service providers, including the Manager. The General Partner will receive a share of Partnership profits. See “The General Partner” and “Profit Allocation”.
- The Manager:** East West Investment Management Corporation (the “**Manager**”), a corporation incorporated under the laws of Canada. The Manager has been engaged to direct the affairs of the Partnership and to provide day-to-day management services to the Partnership, management of the Partnership’s portfolio on a discretionary basis and distribution of the Units of the Partnership. The Manager is registered with the applicable securities regulators as an Investment Fund Manager, Portfolio Manager, Commodity Trading Manager and Exempt Market Dealer in Ontario, and as a Portfolio Manager, Exempt Market Dealer and as an adviser under *The Commodity Futures Act* (Manitoba) in Manitoba. See “The Manager”.
- Investment Objective:** The investment objective of the Partnership is to generate consistent growth in the net asset value per unit of the Partnership at a consistent rate of return. The Manager will seek to achieve this investment objective by using investment and trading strategies including (but not limited to) capital structure arbitrage, convertible arbitrage, credit arbitrage, cross-country relative value trades, derivative product arbitrage, event-driven special situations, long/short equity pairs, new issue investing, volatility trading and other options strategies. The Partnership may use leverage to invest in accordance with its investment objective or to fund the payment of redemption proceeds.
- See “Investment Objectives and Strategies of the Partnership”.
- The Offering:** Limited partnership interests in the form of units (the “**Units**”) are being offered pursuant to available exemptions in Manitoba and Ontario to accredited investors or to other investors to whom Units may otherwise be sold without a prospectus under applicable securities legislation.
- Units may be issued in more than one Class, and each Class may have different features. Five classes of Units are currently being offered:
- **Class A Units** are available to all investors who meet the minimum investment criteria. Class A Units are charged a 2% Management Fee and share 20% of profits with the General Partner (based on increases in Net Asset Value). See “Management Fee”, “Profit Allocation” and “Redemptions” below.
  - **Class B Units** are available to investors who maintain an investment account through a registered dealer and who are subject to commission charges on transactions and who meet the minimum investment criteria. Class B Units are charged a 2% Management Fee and share 20% of

profits with the General Partner (based on increases in Net Asset Value). See "Management Fee", "Profit Allocation" and "Redemptions" below. The Manager pays a monthly trailing commission to registered dealers whose clients hold Class B Units at a rate equal to 1/12 of 1% of the Net Asset Value of the Class B Units sold by such dealers then outstanding. The payments are calculated as at the last Valuation Date of each month and paid quarterly in arrears by the Manager.

- **Class F Units:** are available to investors who maintain an investment account through a registered dealer and who are subject to a periodic asset based fee and who meet the minimum investment criteria. Class F Units are charged a 1% Management Fee and share 20% of profits with the General Partner (based on increases in Net Asset Value). See "Management Fee", "Profit Allocation" and "Redemptions" below.
- **Class I Units** are available to members of the Manager's advisory board and such other investors approved by the Manager. Class I Units are charged a 1% Management Fee and share 15% of profits with the General Partner (based on increases in Net Asset Value). See "Management Fee", "Profit Allocation" and "Redemptions" below.
- **Class M Units** will generally only be issued to associates and affiliates of the Manager and its directors, officers and employees, and to managed account clients who, in respect of investments in the Partnership, pay fees directly to the Manager. Class M Units are not charged a Management Fee, nor do they share profits with the General Partner.

A new series of Units within each class will generally be issued each month in which there are Subscriptions. The Partnership is authorized to issue additional classes of Units from time to time containing financial terms and conditions that may differ from those set forth herein. Such new classes of Units may have preferential terms to the Units currently being offered, including (but not limited to) management fees, profit allocation and redemption terms.

The Units are being distributed only pursuant to available prospectus exemptions in Canada to investors who are accredited investors or to whom Units may otherwise be sold without a prospectus under applicable securities legislation.

See "The Offering", "Limited Partnership Agreement – The Units" and "Management Agreement".

**Price per Unit:**

Series 1 Units of each class will be issued at a subscription price per Unit of \$10 per Unit. Each subsequent series will be issued at a subscription price per Unit equal to the Net Asset Value per Unit of the Series 1 Units of the same class.

**Subscription Procedure:**

Subscriptions for Units must be made by completing and executing the subscription form and power of attorney (the "**Subscription Agreement**") provided and by forwarding it to the Manager together with a cheque (payable to "East West Global Select Opportunities Fund"), evidence of bank wire instructions, or such other form of payment acceptable to the General Partner, representing payment of the subscription price.

Subscriptions will be processed on the first business day of each month and such other days as the Manager may permit (each a "**Subscription Date**"). The acceptance of a subscription is subject to the General Partner's and Manager's

discretion to refuse the subscription in whole or in part. A fully completed Subscription Agreement together with payment (or evidence of payment) of subscription proceeds must be received by the Manager no later than 2:00 p.m. (Toronto time) on the business day prior to a Subscription Date for the subscription to be accepted as at that Subscription Date; otherwise the subscription will be processed as at the next Subscription Date. See “The Offering”.

**Series Roll-up:**

At the beginning of each year, the General Partner may roll some or all series of the same class of Units into a single series to reduce the number of outstanding series of such class (provided the High Water Mark of each such series is identical). This will be accomplished by amending the Net Asset Value per Unit of all such series so that they are the same, and consolidating or subdividing the number of Units of each such series so the aggregate Net Asset Value of Units held by a Limited Partner does not change. See “The Offering”.

**Minimum Individual Investment:**

The minimum initial investment for accredited investors or certain other exempt purchasers is: (i) \$100,000 for Class A Units, Class B Units and Class F Units and (ii) at the discretion of the Manager for all other classes of Units offered by the Partnership. In addition, minimums for Class A Units, Class B Units and Class F Units may be reduced at the discretion of the Manager.

Each subsequent investment in: (i) Class A Units, Class B Units, and Class F Units must be in an amount that is not less than \$50,000 unless otherwise agreed to by the Manager; and (ii) all other classes of Units offered by the Partnership is at the discretion of the Manager. These minimums are net of any front end commissions paid by an investor to his or her agent.

**Redemptions:**

Each Unit held by a Limited Partner may be redeemed monthly, on the last business day of each month or such other day as the Manager may permit in its discretion (each, a “**Redemption Date**”), upon notice to the Manager provided not later than the last day of the immediately preceding month. The redemption price shall equal the Net Asset Value per Unit of the applicable class and series of Units being redeemed, determined as of the close of business on the relevant Redemption Date, minus an amount equal to the distribution payable to the General Partner on such date (to the extent not already reflected in the Net Asset Value per Unit), as further described under “Profit Allocation”, and less applicable deductions.

If all of a Limited Partner’s Units are to be redeemed, the General Partner may, in its sole discretion, hold back up to 5% of the Net Asset Value of the Units pending completion of the Partnership’s annual year-end audit. Any balance owing on redemption proceeds shall be paid out within 30 days of the completion of such audit.

Redemptions may be deferred or suspended in certain circumstances. The General Partner will not permit redemptions (either in whole or in part) and/or may elect to pay redemption proceeds partly in cash and partly in kind at any time where the General Partner is of the opinion, in its sole discretion, that there are insufficient liquid assets in the Partnership to fund such redemptions entirely in cash or that the liquidation of assets would be to the detriment of the Partnership generally. Redemption requests are irrevocable unless they are not honoured on a Redemption Date, in which case they may be withdrawn within 15 days following such Redemption Date.

If a Limited Partner redeems some or all of its Units on or before the date that is twelve (12) months from the date of issuance of such redeemed Units, the

redemption price of such redeemed Units shall be reduced by an early redemption fee equal to the Management Fee multiplied by the number of months remaining to the one year anniversary of the date of issuance. For example, if Class A Units are redeemed on the date that is four (4) months from their date of issuance, the early redemption fee shall be equal to 1/12 of 2% of the Net Asset Value of the Class A Units on such date multiplied by 8 months, plus applicable HST.

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

**Transfer or Resale:**

Units may only be transferred with the consent of the Manager and transfers will generally not be permitted. The transfer or resale of Units (which does not include a redemption of Units) is also subject to restrictions under applicable securities legislation. Accordingly, a redemption of the Units in accordance with the provisions set out herein is likely to be the only means of liquidating an investment in the Partnership. See “Transfer or Resale”.

**Management Fees:**

The Manager will be entitled to receive a management fee (the “**Management Fee**”), on the last business day of each month, in an amount that is equal to the aggregate of:

- (i) 1/12 of 2% of the Net Asset Value of the Class A Units on such date, plus
- (ii) 1/12 of 2% of the Net Asset Value of the Class B Units on such date, plus
- (iii) 1/12 of 1% of the Net Asset Value of the Class F Units and the Class I Units on such date

(in each case determined before deduction of distributions payable to the General Partner and redemption deductions, if any, allocable to such Units).

All fees payable by the Partnership to the Manager are subject to HST and will be deducted as an expense of the applicable class of Units in the calculation of the Net Asset Value of such class of Units. See “Management Agreement” and “Net Asset Value”.

**Payment of Expenses:**

The Partnership is responsible for, and the General Partner and the Manager are entitled to reimbursement from the Partnership for, all costs and operating expenses incurred by them in connection with the formation and organization of the General Partner and the Partnership and the ongoing activities of the General Partner and the Partnership, including (but not limited to):

- (i) all third party fees and administrative expenses of the General Partner and the Partnership, which include Management Fees, accounting and legal costs, insurance premiums, custodial fees, registrar and transfer agency fees and expenses, bookkeeping and recordkeeping costs, Limited Partner communication expenses, organizational expenses, the cost of maintaining the Partnership's existence, regulatory fees and expenses, and all reasonable extraordinary or non-recurring expenses; and
- (ii) all fees and expenses relating to the Partnership's portfolio investments, including the cost of securities, interest on borrowings and commitment fees and related expenses payable to lenders and counterparties, brokerage fees, commissions and expenses, and banking fees.

The Manager may bear some of the Partnership's expenses from time to time, at its option. See "Limited Partnership Agreement – Expenses".

**Profit Allocation:**

The General Partner will share in the profits of the Partnership as at the last Valuation Date in each year, as at the Redemption Date of a Class A Unit, a Class B Unit, a Class F Unit or a Class I Unit, and as at the termination date of the Limited Partnership Agreement, based on the increase, if any, in the Net Asset Value of each such Unit. Such distributions are equal to: (i) in respect of Class A Units, Class B Units and Class F Units, 20%, and (ii) in respect of Class I Units, 15%, of the positive amount, if any, obtained when the High Water Mark for each such Unit is subtracted from the Adjusted Net Asset Value of such Unit on the applicable Valuation Date or Redemption Date (if such amount is negative, the distribution in respect of such Unit shall be zero). The General Partner will not receive distributions in respect of Class M Units.

"**Adjusted Net Asset Value**" of a Unit on any date is equal to the Net Asset Value of such Unit on such date (calculated after deduction of the Management Fee, but before deduction of any redemption deductions and expenses and before deduction of distributions payable to the General Partner allocable to such Unit) plus the amount of all distributions paid to the Limited Partner in respect of such Unit since the date as at which the High Water Mark of such Unit was established.

"**High Water Mark**" in respect of a Unit on any date means, (i) during the year in which it was issued, its subscription price, and (ii) during all subsequent years, the greater of the Net Asset Value of such Unit on the first day of any such year and the High Water Mark in respect of the immediately preceding year. The High Water Mark of a Unit will be appropriately adjusted in the event of a consolidation or subdivision of Units.

Any distribution paid to the General Partner will be deducted from the Net Asset Value (or redemption proceeds, as the case may be) of the respective Unit. See "Profit Allocation".

**Allocations for Tax Purposes:**

Net income, dividends and taxable capital gains (or losses) of the Partnership for taxation purposes in each fiscal year will be allocated as at the last day of such year to (i) the General Partner generally equal to the distributions received by it and payable in that year, and (ii) to Limited Partners who hold Units at any time during such year (and in certain cases to Limited Partners who held Units at any time in the previous fiscal year) generally based on distributions (if any) paid to the Limited Partners during the year, the number, class and series held by such Limited Partners, the dates of purchase and/or redemption of Units, the

respective Net Asset Values of each class and series of Units, the fees paid or payable in respect of each class and series of Units, distributions if any paid to the General Partner in respect of each class and series of Units, and the date of realization of each such item of income, gain or loss, as the case may be. The Limited Partners will be allocated 99.999% of net losses; the remaining 0.001% shall be allocated to the General Partner. See “Limited Partnership Agreement Allocation of Income and Loss”.

**Distributions to Limited Partners:**

Distributions may be made to Limited Partners from time to time at the discretion of the General Partner. The General Partner has no current intention to make any such distributions. See “Limited Partnership Agreement – Distributions”.

**Fiscal Year End:**

December 31 in each year.

**Term:**

The Partnership has no fixed term. Dissolution may only occur on 30 days written notice by the General Partner to each Limited Partner, or 60 days following the removal of the General Partner (unless the Limited Partners vote to appoint a replacement General Partner and continue the Partnership).

**Financial Reporting:**

Audited financial statements will be available and, where requested, delivered to Limited Partners within 90 days of each fiscal year end. The Net Asset Value per Unit of each Limited Partner’s Units will be made available on a quarterly basis. The performance of the Partnership (based on the increase or decrease in Net Asset Value of the Class A Series 1 Units) will be made available on a monthly basis. See “Limited Partnership Agreement - Reports to Limited Partners”.

**Tax Considerations:**

Persons investing in a limited partnership such as the Partnership should be aware of the tax consequences of investing in, holding and/or redeeming Units. Investors are urged to consult with their tax advisers to determine the tax consequences of an investment in the Partnership.

**Limited Liability:**

Unless the Limited Partner takes part in the control of the business of the Partnership, the liability of each Limited Partner for the debts, liabilities, obligations and losses of the Partnership should be limited to the amount of capital contributed by the Limited Partner. See “Limited Partnership Agreement - Liability” and “Risk Factors”.

**Release of Confidential Information:**

Under applicable securities and anti-money laundering legislation, the General Partner, the Manager and/or the Administrator are required to collect and may be required to release confidential information about Limited Partners and, if applicable, about the beneficial owners of corporate Limited Partners, to regulatory or law enforcement authorities and to service providers so that they may fulfill their reporting obligations to regulatory or law enforcement authorities,

**Risk Factors:**

Investors should consider a number of factors in assessing the risks associated with investing in Units including those generally associated with the investment strategies used by the Manager. See “Risk Factors”.

<b>Sales Commission:</b>	There is no commission payable by the purchaser to the General Partner or the Manager upon the purchase of the Units, however purchasers of Units may pay a negotiated fee if purchasing through a dealer. Subject to applicable law, the Manager may pay, out of the fees received by the Manager from the Partnership, a negotiated referral fee or trailing commission to dealers or other persons in connection with a sale of Units.
<b>Prime Brokerage:</b>	TD Securities Inc., Toronto, Ontario
<b>Administrator:</b>	SGGG Fund Services Inc., Toronto, Ontario
<b>Legal Counsel:</b>	AUM Law, Toronto, Ontario
<b>Auditors:</b>	KPMG LLP, Toronto, Ontario

## THE PARTNERSHIP

East West Global Select Opportunities Fund (the “**Partnership**”) was formed to invest in securities and commodities. It was created under the laws of Manitoba as a limited partnership, by execution of a limited partnership agreement dated as of March 20, 2018, as amended and restated from time to time (the “**Limited Partnership Agreement**”), made between East West GSO General Partner Inc. (the “**General Partner**”) and 8548064 Canada Inc. (the “**Initial Limited Partner**”), and is governed by *The Partnership Act* (Manitoba) (the “**LP Act**”). The principal place of business of the Partnership and of the General Partner, is 122 Scollard Street, Toronto, Ontario M5R 1G2. See “Limited Partnership Agreement”.

Investors become limited partners of the Partnership (the “**Limited Partners**”) by acquiring interests in the Partnership designated as limited partnership units (the “**Units**”).

## THE GENERAL PARTNER

The General Partner was incorporated under the *Canada Business Corporations Act* on March 12, 2018. The General Partner may act as general partner of other limited partnerships, but does not presently carry on any other business operations and currently has no significant assets or financial resources. Richard Phillips is an officer and director of, and indirectly controls, each of the General Partner and the Manager. See “Manager”.

Although the General Partner is generally responsible for management and control of the business and affairs of the Partnership in accordance with the terms of the Limited Partnership Agreement, the Limited Partnership Agreement permits the General Partner to appoint, on behalf of the Partnership, such service providers as the General Partner deems necessary and to grant such powers and duties as the General Partner would otherwise assume. The General Partner has engaged East West Investment Management Corporation (the “**Manager**”) to carry out virtually all of such duties, including management of the Partnership on a day-to-day basis, management of the Partnership’s portfolio and distribution of the Units of the Partnership, but remains responsible for supervising the Manager’s activities on behalf of the Partnership. The General Partner will receive a share of Partnership profits. See “Profit Allocation”. The General Partner may also purchase Units.

## THE MANAGER

The General Partner has engaged the Manager to direct the day-to-day business, operations and affairs of the Partnership, including management of the Partnership’s portfolio on a discretionary basis and distribution of the Units of the Partnership. The Manager may delegate certain of these duties from time to time with the consent of the General Partner. See “Management Agreement”. The Manager is registered with the applicable securities regulators as an Investment Fund Manager, Portfolio Manager, Commodity Trading Manager and Exempt Market Dealer in Ontario, and as a Portfolio Manager, Exempt Market Dealer and as an adviser under *The Commodity Futures Act* (Manitoba) in Manitoba.

The Manager was incorporated under the *Canada Business Corporations Act* on April 7, 2009. The principal place of business of the Manager is 122 Scollard Street, Toronto, Ontario M5R 1G2. The name and municipality of residence of the directors and senior officers of the Manager and the office held by them are as follows:

<u>Name and Municipality of Residence:</u>	<u>Office with the Manager</u>
Richard Phillips Keswick, Ontario	Chief Executive Officer, Chief Investment Officer and sole director.
Paul Beck Toronto, Ontario	President and Chief Compliance Officer

### ***Richard Phillips***

Richard Phillips has more than 25 years of investment and management experience and has been Chief Executive Officer of the Manager for over 8 years. Prior to founding the Manager, Richard was Deputy Chairman and Head of Global Equities at CIBC World Markets, where he was responsible for all equity related capital markets activities of the bank. Prior to this, Mr. Phillips was Head of Global Proprietary Trading. In aggregate, Richard spent 18 years with CIBC World Markets and its predecessor firm Wood Gundy.

### ***Paul Beck***

Paul Beck has over 20 years of investment and management experience. He is a former Managing Director and Equity Derivatives Head (Global) at CIBC World Markets. Prior to this, Paul worked in the New York branch of CIBC as Regional Head of Equity Derivatives Trading, Global Head of Securities Lending and Head of the Quantitative Analytics and Model Development team. Paul holds an MBA from Wilfrid Laurier University and a Bachelor of Applied Science in Chemical Engineering from the University of Waterloo.

## **INVESTMENT OBJECTIVES AND STRATEGIES OF THE PARTNERSHIP**

### ***Investment Objective***

The investment objective of the Partnership is to generate consistent growth in the net asset value per unit of the Partnership at a consistent rate of return through investing and trading in publicly-traded securities and commodities. The Manager will seek to achieve this investment objective by using investment and trading strategies including (but not limited to) capital structure arbitrage, convertible arbitrage, credit arbitrage, cross-country relative value trades, derivative product arbitrage, event-driven special situations, long/short equity pairs, new issue investing, volatility trading and other options strategies.

### ***Investment Strategy***

The Manager will attempt to take advantage of the inefficiencies in a wide variety of different markets. Believing that different markets and trading strategies offer opportunities at difficult to predetermine intervals, the Manager will monitor and institute positions that may include (but are not limited to) the following strategies:

- Capital structure arbitrage
- Convertible arbitrage
- Credit arbitrage
- Cross country relative value trades
- Derivative product arbitrage
- Event driven special situations
- Long / short equity pairs
- New issue investing
- Volatility and other option strategies
- Yield curve spread trades

The Manager will design the Portfolio to maximize uncorrelated returns, with a strict risk management system designed to reduce volatility. The Partnership has a broad and flexible authority and can invest in long

and short positions in equity, debt, futures, options and other derivative products and securities located in markets throughout the world.

The Partnership will attempt to use its smaller size and broad mandate to capitalize on perceived market inefficiencies. With the portfolio manager and research analysts having almost eight decades of sell side, buy side and proprietary trading experience between them, the Partnership is uniquely positioned to take advantage of the reduced broker-dealer proprietary trading involvement in markets. The Partnership will also attempt to capitalize on the increasingly narrow mandates given to many money managers which create situations where attractive areas of the market are not arbitrated away until capital is reallocated at the client level.

The Partnership may use margin, leverage and hedging in pursuing its investment objective.

While the Manager typically will try to manage risk in selecting investments, it should be understood that the risk management techniques utilized by the Manager cannot provide any assurance that the Partnership will not be exposed to risks of significant investment losses.

#### *General*

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

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

#### **Statutory Caution**

The foregoing disclosure of the Manager's investment strategies and intentions may constitute "forward-looking information" for the purpose of applicable securities legislation, as it contains statements of the Manager's intended course of conduct and future operations of the Partnership. These statements are based on assumptions made by the Manager of the success of its investment strategies in certain market conditions, relying on the experience of the Manager's officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made by the Manager and the success of its investment strategies are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of the Manager's intended strategies as well as its actual course of conduct. Investors are urged to read "Risk Factors" below for a discussion of other factors that will impact the operations and success of the Partnership.

#### **WHO SHOULD INVEST**

The Partnership is designed to attract investment capital which is surplus to an investor's basic financial requirements.

The following persons and entities may not invest in this Partnership:

- (i) a "non-resident", a partnership other than a "Canadian partnership", a "tax shelter", a "tax shelter investment", or any entity an interest in which is a "tax shelter investment" or in which a "tax shelter investment" has an interest, within the meaning of the *Income Tax Act* (Canada) (the "**Tax Act**"); and
- (ii) a partnership which does not have a prohibition against investment by the foregoing persons.

By purchasing Units, a Limited Partner represents and warrants that he, she or it is not one of the above and shall indemnify and hold harmless the Partnership and each other Limited Partner for any costs, damages, liabilities, expenses or losses suffered or incurred by the Partnership or such other Limited Partner, as the case may be, that result from or arise out of a breach of such representation and warranty. Any Limited Partner who fails to provide evidence satisfactory to the General Partner of such status when requested to do so from time to time may be removed as a Limited Partner by the redemption of his or her Units in accordance with the Limited Partnership Agreement.

Any Limited Partner whose status changes in regard to the above shall be deemed to have ceased to be a Limited Partner (for all purposes other than taxation and liability) immediately prior to the date on which such status changes and shall thereafter only be entitled to receive from the Partnership an amount equal to the lesser of the Net Asset Value of such Limited Partner's Units as at the date on which he or she ceases to be a Limited Partner and the Net Asset Value of such Units as at the date the General Partner learns that such Limited Partner's status has changed, less all such deductions as provided in the Limited Partnership Agreement, as if such Limited Partner voluntarily redeemed his or her Units.

In addition, any Limited Partner that is or becomes a "financial institution" within the meaning of section 142.2 of the Tax Act (as same may be amended or replaced from time to time) shall disclose such status to the General Partner at the time of subscription (or when such status changes) and the General Partner may (if the General Partner determines that it is in the best interest of the Partnership and the other Limited Partners to do so) restrict the participation of any such Limited Partner or require any such Limited Partner at any time to redeem all or some of such Limited Partner's Units. A Limited Partner that fails to identify itself as a financial institution shall indemnify and hold harmless the Partnership and each other Limited Partner for any costs, damages, liabilities, expenses or losses suffered or incurred by the Partnership or such other Limited Partner, as the case may be, that result from or arise out of such failure. Any Limited Partner who is or who becomes a financial institution after becoming a Limited Partner shall be deemed to have, immediately prior to the date on which it becomes a financial institution (or the date of issue of Units to such financial institution, whichever is later), redeemed (or rescinded its subscription for) some or all of such Limited Partner's Units to the extent necessary to result in financial institutions owning in the aggregate Units having a Net Asset Value that is less than one-half of the Net Asset Value of all of the Units, and shall be entitled to receive from the Partnership as redemption proceeds an amount equal to the lesser of the Net Asset Value of such redeemed Units as at the date on which it is deemed to have redeemed such Units and the Net Asset Value of such Units as at the date the General Partner learns that such Limited Partner is a financial institution, less all such deductions as provided in the Limited Partnership Agreement as if such Limited Partner voluntarily redeemed its Units.

## THE OFFERING

Units are being offered on a continuous basis to investors resident in Manitoba and Ontario (the "**Offering Jurisdictions**"). The offering may only be made in the Offering Jurisdictions and is restricted to persons who have the capacity and competence to enter into and be bound by the Limited Partnership Agreement.

The General Partner has designated five classes of Units, issuable in series, which are currently being offered:

- **Class A Units** are available to all investors who meet the minimum investment criteria. Class A Units are charged a 2% Management Fee and share 20% of profits with the General Partner (based on increases in Net Asset Value).
- **Class B Units** are available to investors who maintain an investment account through a registered dealer and who are subject to commission charges on transactions and who meet the minimum investment criteria. Class B Units are charged a 2% Management Fee and share 20% of profits with the General Partner (based on increases in Net Asset Value). The Manager pays a monthly trailing commission to registered dealers whose clients hold Class B Units at a rate equal to 1/12 of 1% of the Net Asset Value

of the Class B Units sold by such dealers then outstanding. The payments are calculated as at the last Valuation Date of each month and paid quarterly in arrears by the Manager.

- **Class F Units** are available to investors who maintain an investment account through a registered dealer and who are subject to a periodic asset based fee and who meet the minimum investment criteria. Class F Units are charged a 1% Management Fee and share 20% of profits with the General Partner (based on increases in Net Asset Value).
- **Class I Units** are available to members of the Manager's advisory board and such other investors approved by the Manager. Class I Units are charged a 1% Management Fee and share 15% of profits with the General Partner (based on increases in Net Asset Value).
- **Class M Units** will generally only be issued to associates and affiliates of the Manager and its directors, officers and employees, and to managed account clients who, in respect of investments in the Partnership, pay fees directly to the Manager. Class M Units are not charged a Management Fee, nor do they share profits with the General Partner.

Unless another Class of Units is specified and agreed to by the Manager, investors will generally be issued Class A Units, Class B Units or Class F Units. A new series of Units within each class will generally be issued in each month there are subscriptions.

There is no commission payable by a purchaser to the General Partner or to the Manager upon the purchase of the Units. Subscribers may pay negotiated commissions to their dealers (minimum investment requirements are net of any such fees). Subject to applicable law, the Manager may pay, out of the fees received by the Manager from the Partnership, a negotiated referral fee or trailing commission to dealers or other persons in connection with a sale of Units.

### **Prospectus Exemptions**

Units are being sold under available exemptions from the prospectus requirements under National Instrument 45-106 *Prospectus and Registration Exemptions* ("**NI 45-106**"). Unless an investor can establish to the General Partner's satisfaction that another exemption is available, this will generally require that each investor is investing as principal (and not for or on behalf of any other persons) and is either an "accredited investor" as defined in NI 45-106 or is a non-individual investor investing a minimum amount of \$150,000 paid in cash at the time of the purchase (the "**Minimum Investment Exemption**"). This minimum amount is net of any front end commissions paid by an investor to his or her agent. Investors (other than individuals) that are not accredited investors, or are accredited investors solely on the basis that they have net assets of at least \$5,000,000, must also represent to the General Partner (and may be required to provide additional evidence at the request of the General Partner to establish) that such investor was not formed solely to make private placement investments which may not have otherwise been available to any persons holding an interest in such investor. The so-called "Offering Memorandum Exemption" is not being relied on and investors do not have the benefit of certain additional protections that NI 45-106 gives to investors when an issuer relies on the Offering Memorandum Exemption.

Purchasers will be required to make certain representations in the Subscription Agreement and the General Partner will rely on such representations to establish the availability of the exemptions from prospectus requirements described above. No subscription will be accepted unless the General Partner is satisfied that the subscription is in compliance with applicable securities laws.

### **Minimum Individual Investment**

The minimum initial investment for accredited investors or certain other exempt purchasers is: (i) \$100,000 for Class A Units, Class B Units and Class F Units; and (iii) at the discretion of the Manager for all

other classes of Units offered by the Partnership. In addition, minimums for Class A Units, Class B Units and Class F Units may be reduced at the discretion of the Manager.

Each subsequent investment in: (i) Class A Units, Class B Units and Class F Units must be in an amount that is not less than \$50,000 unless otherwise agreed to by the Manager; and (ii) all other classes of Units offered by the Partnership is at the discretion of the Manager. These minimums are net of any front end commissions paid by an investor to his or her agent.

### **Accredited Investors**

A list of persons who qualify as accredited investors is set out in the Subscription Agreement delivered with this Offering Memorandum, but generally includes individuals who have net investment assets of at least \$1,000,000, or personal income of at least \$200,000, or combined spousal income of at least \$300,000, in the previous two years with reasonable prospects of same in the current year.

### **Subscription Procedure**

Subscriptions for Units must be made by completing and executing the subscription form and power of attorney (the “**Subscription Agreement**”) provided by the General Partner and by forwarding it to the Manager together with a cheque (payable to “East West Global Select Opportunities Fund”), evidence of bank wire instructions, or such other form of payment acceptable to the General Partner, representing payment of the subscription price.

Subscriptions will be processed on the first business day of each month and such other days as the Manager may permit (each a “**Subscription Date**”). The acceptance of a subscription is subject to the General Partner’s and Manager’s discretion to refuse the subscription in whole or in part. A fully completed Subscription Agreement together with payment (or evidence of payment) of subscription proceeds must be received by the Manager no later than 2:00 p.m. (Toronto time) on the business day prior to a Subscription Date in order for the subscription to be accepted as at that Subscription Date; otherwise the subscription will be processed as at the next Subscription Date.

Units will be issued in series and, on the first closing, Units designated by the General Partner as Series 1 Units will be issued at a Net Asset Value per Unit of \$10. On each successive Subscription Date on which Units are issued, a new series of Units will be issued at the Net Asset Value per Unit of the Series 1 Units (to be calculated in the manner described below under “Net Asset Value”). It is in the discretion of the General Partner to change this policy.

The General Partner may in its discretion accept subscription payments in kind, provided the assets so tendered fall within the Partnership’s investment mandate (such assets to be valued in the same manner as the Partnership’s other portfolio assets).

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

The Limited Partnership Agreement and the Subscription Agreement (required to be executed by an investor) include an irrevocable power of attorney authorizing the General Partner on behalf of each Limited Partner to execute any amendments to the Limited Partnership Agreement and all instruments necessary to reflect the dissolution of the Partnership as well as any elections, determinations or designations under the Tax Act or other similar legislation with respect to the affairs of the Partnership or a Limited Partner’s interest in the Partnership.

### **Series Roll-up**

At the beginning of each year, and following the payment of all fees and expenses of the Partnership, the General Partner may determine that some or all series of the same class of Units will be re-designated as Series 1 Units (or other series, in the discretion of the General Partner) to reduce the number of outstanding series of each class. This will be accomplished by amending the Net Asset Value per Unit of all such series so that they are the same, and consolidating or subdividing the number of Units of each such series so the aggregate Net Asset Value of Units held by a Limited Partner does not change. Limited Partners' rights will not be affected in any way as a result of this process.

### **Know-Your-Client and Suitability**

Whether the subscriber for Units is purchasing through their own dealer or directly from the Manager (in its capacity as an exempt market dealer), the dealer through whom the Units are purchased has an obligation under applicable securities laws to determine suitability of the investment for such purchaser, unless the purchaser is a "permitted client" and either waives such requirement or the dealer is otherwise exempt from such requirement. Subscribers purchasing directly from the Manager will be required to provide certain information in the Subscription Agreement (referred to as know-your-client information) on which the Manager will rely in determining such suitability.

### **Complaints, Dispute Resolution and Mediation**

Where the subscriber for Units is purchasing directly from the Manager (in its capacity as an exempt market dealer), the Manager has an obligation under applicable securities laws to use its reasonable best efforts to resolve any dispute with the subscriber respecting the purchase of Units and, if such a dispute cannot be resolved, or a subscriber is not satisfied with the Manager's decision, the subscriber has the right, if eligible, to take its complaint to the dispute resolution service offered by the Ombudsman for Banking Services and Investments (:OBSI"). Details for accessing this service are provided in the subscription agreement for Units of the Partnership.

### **Using Borrowed Money to Purchase Units**

The use of leverage may not be suitable for all investors. Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If an investor borrows money to purchase securities, the investor's responsibility to repay the loan and pay interest as required by the terms of the loan remains the same even if the value of the securities purchased declines.

## **TRANSFER OR RESALE**

As the Units offered by this Offering Memorandum are being distributed pursuant to exemptions from the prospectus requirements under applicable securities legislation, the resale of these securities by investors is subject to restrictions. An investor should refer to applicable provisions in consultation with a legal adviser. Furthermore, no transfers of Units may be effected unless the General Partner, in its sole discretion, approves the transfer and the proposed transferee. There is no market for these Units and no market is expected to develop, therefore it may be difficult or even impossible for the purchaser to sell the Units.

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

## REDEMPTIONS

Each Unit held by a Limited Partner may be redeemed monthly, on the last business day of each month or such other date(s) as the Manager may permit in its discretion (each, a “**Redemption Date**”), upon notice provided to the Manager not later than the last business day of the immediately preceding month.

The redemption price shall equal the Net Asset Value per Unit of the applicable class and series of Units being redeemed, determined as of the close of business on the relevant Redemption Date, minus an amount equal to the distribution payable to the General Partner on such date (to the extent not already reflected in the Net Asset Value per Unit) as further described under “Profit Allocation”, and less applicable deductions.

If a redeeming Limited Partner owns Units of more than one series, Units will be redeemed on a “first in, first out” basis, meaning that Units of the earliest series of the applicable class owned by the Limited Partner will be redeemed first, at the redemption price for Units of such series, until such Limited Partner no longer owns Units of such series (although this policy may be amended depending on tax considerations).

If all of a Limited Partner’s Units are to be redeemed, the General Partner may, in its sole discretion, hold back up to 5% of the Net Asset Value of the Units pending completion of the Partnership’s annual year-end audit. Any balance owing on redemption proceeds shall be paid out within 30 days of the completion of such audit.

The General Partner will not permit redemptions (either in whole or in part) at any time where the General Partner is of the opinion, in its sole discretion, that there are insufficient liquid assets in the Partnership to fund such redemptions or that the liquidation of assets would be to the detriment of the Partnership generally. Alternatively, the General Partner may choose to pay redemption proceeds partly in cash and partly by delivery of a proportionate share of illiquid securities then held by the Partnership. (In this regard, “**illiquid securities**” includes securities in respect of which there are resale restrictions, securities for which there is no market at such time and securities which are so thinly traded that any attempt by the Partnership to sell such securities at one time will result in a significant decrease in the trading price thereof.)

The General Partner will advise the Limited Partners who have requested a redemption if redemptions will be limited or suspended on a requested Redemption Date. Redemption requests which are rejected as at a Redemption Date will be accepted on the next Redemption Date on which redemption requests are honoured in priority to redemption requests made after the deadline for redemption requests in respect of such earlier Redemption Date. Partial redemptions on a Redemption Date will be made on a pro rata basis. Redemption requests are irrevocable unless they are not honoured on the designated Redemption Date, in which case they may be withdrawn within 15 days following such Redemption Date.

If a Limited Partner redeems some or all of its Units on or before the date that is twelve (12) months from the date of issuance of such redeemed Units, the redemption price of such redeemed Units shall be reduced by an early redemption fee equal to the Management Fee multiplied by the number of months remaining to the one year anniversary of the date of issuance. For example, if Class A Units are redeemed on the date that is four (4) months from their date of issuance, the early redemption fee shall be equal to 1/12 of 2% of the Net Asset Value of the Class A Units on such date multiplied by 8 months, plus applicable HST. The General Partner has the right to require a Limited Partner to redeem some or all of the Units owned by such Limited Partner on a Redemption Date at the Net Asset Value per Unit thereof, by notice in writing to the Limited Partner given at least 14 days before the designated Redemption Date, which right may be exercised by the General Partner in its absolute discretion.

## NET ASSET VALUE

The Net Asset Value of the Partnership and the Net Asset Value per Unit of each class and series of Units will be determined as of 4:00 p.m. (Toronto time) on each Valuation Date by SGGG Fund Services Inc. (the “**Administrator**”) in accordance with the Limited Partnership Agreement.

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

### Valuation Principles

The fair market value of the assets and the amount of the liabilities of the Partnership (the net result of which is the “**Net Asset Value**” of the Partnership) will be calculated in such manner as the Administrator, in consultation with the Manager, shall determine from time to time. The following guidelines will generally be followed:

- (i) The value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, dividends receivable (net of dividend compensation payments on short positions) and interest accrued and not yet received, shall be deemed to be the full amount thereof, unless the Administrator, in consultation with the Manager, determines that any such deposit, bill, demand note, account receivable, prepaid expense, dividend receivable (and/or dividend compensation payment) or interest accrued and not yet received is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Administrator, in consultation with the Manager, determines to be the reasonable value thereof.
- (ii) The value of any security which is listed or dealt in upon a public securities exchange will be valued at the last available trade price on the Valuation Date or, if the Valuation Date is not a business day, on the last business day preceding the Valuation Date. If no sales are reported on such day, such security will be valued at the bid price or offer price for long and short positions respectively. Securities that are listed or traded on more than one public securities exchange or that are actively traded on over-the-counter markets while being listed or traded on such securities exchanges or over-the-counter markets will be valued on the basis of the market quotation which, in the opinion of the Administrator, in consultation with the Manager, most closely reflects their fair value.
- (iii) Any securities which are not listed or dealt in upon any public securities exchange will be valued at the latest available bid price or offer price for long and short positions respectively (unless in the opinion of the Administrator, in consultation with the Manager, such value does not reflect the value thereof and in which case, the latest offer price or bid price as best reflects the value thereof should be used), as at the Valuation Date. The process of valuing investments for which no published market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.
- (iv) The value of any restricted security shall be the lesser of (i) the value thereof based on any available reported quotations in common use and (ii) that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, warranty or agreement or by law, equal to the percentage that the acquisition cost thereof was of the market value of such securities at the time of acquisition thereof.

- (v) Securities held in private issuers are recorded at cost unless an upward adjustment is considered appropriate and supported by persuasive and objective evidence such as a significant equity financing by an unrelated investor at a transaction price higher than the valuation price. Downward adjustments to valuation price are made when there is evidence of other than a temporary decline in value as indicated by the assessment of the financial condition of the investment based on third-party financing, operational results, forecasts, and other developments since the previous valuation price was established. Options and warrants held in private issuers are carried at cost unless there is an upward or downward adjustment of the underlying privately-held company supported by persuasive and objective evidence such as significant subsequent equity financing by an unrelated investor at a transaction price higher or lower than the valuation price.
- (vi) All property valued in a foreign currency and all liabilities and obligations payable in a foreign currency shall be converted into Canadian funds by applying the Bank of Canada daily average exchange rate or other rate of exchange from such source as the Administrator, in consultation with the Manager, determines is the most appropriate for the purpose of calculating Net Asset Value.
- (vii) Each transaction of purchase or sale of portfolio securities will be reflected in the computation of the Net Asset Value of the applicable class on the trade date.
- (viii) The value of any security or property to which, in the opinion of the Administrator, in consultation with the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available or for any other reason), shall be the fair value thereof determined in such manner as the Administrator, in consultation with the Manager, may from time to time determine based on standard industry practice.
- (ix) Short positions will be marked-to-market, i.e. carried as a liability equal to the cost of repurchasing the securities sold short applying the same valuation techniques described above.
- (x) All other liabilities shall include only those expenses paid or payable by the Partnership attributable to each such class, including accrued contingent liabilities; however (A) organizational and start-up expenses will be amortized by the Partnership over a 5 year period, and (B) expenses and fees allocable only to a particular series of Units shall not be deducted from the Net Asset Value of the applicable class prior to determining the Net Asset Value of each series in such class, but shall thereafter be deducted from the Net Asset Value so determined for such series.

The General Partner and the Manager may determine such other rules as they deem necessary from time to time, which rules may deviate from Canadian generally accepted accounting principles (“GAAP”), provided that such deviations are in the best interest of the Partnership and are consistent with industry practices for investment funds similar to the Partnership.

Net asset value calculated in this manner will be used for the purpose of calculating the Manager’s (and other service providers’) fees and the General Partner’s distributions, and will be published net of all paid and payable fees and distributions. Such Net Asset Value will be used to determine the subscription price and redemption value of Units. To the extent that such calculations are not in accordance with GAAP, the financial statements of the Partnership will include a reconciliation note explaining any difference between such published Net Asset Value and Net Asset Value for financial statement reporting purposes (which must currently be calculated in accordance with GAAP).

## MANAGEMENT AGREEMENT

To set out the duties of the Manager, the Partnership has entered into a Management Agreement (the “**Management Agreement**”) with the Manager dated as of May 1, 2018 as amended and restated from time to time. Pursuant to the Management Agreement, the Manager shall direct the affairs of the Partnership and provide day-to-day management services to the Partnership, including management of the Partnership’s portfolio on a discretionary basis and distribution of the Units of the Partnership, and such other services as may be required from time to time. The Manager may delegate certain of these duties from time to time with the consent of the General Partner.

The Manager will be entitled to receive a monthly management fee (the “**Management Fee**”) on each Valuation Date that is the last business day of a calendar month, in an amount that is equal to the aggregate of 1/12 of 2% of the Net Asset Value of the Class A Units on such date, plus 1/12 of 2% of the Net Asset Value of the Class B Units on such date, plus 1/12 of 1% of the Net Asset Value of the Class F Units and the Class I Units on such date (determined before deduction of distributions payable to the General Partner and redemption deductions, if any, allocable to such Units).

All fees payable by the Partnership to the Manager are subject to HST and will be deducted as an expense of the applicable class of Units in the calculation of the Net Asset Value of such class of Units.

The Manager may pay referral fees from time to time to agents who participate in the marketing of the Units out of fees earned by the Manager from the Partnership.

The Manager is entitled to reimbursement for any expenses of the Partnership incurred by the Manager, but may choose to bear some of the Partnership’s expenses from time to time.

The Management Agreement may be terminated by either the General Partner or the Manager on 30 days’ notice to the other, or immediately in the event of the dissolution or insolvency or bankruptcy of the other party or the termination of the Limited Partnership Agreement.

## VALUATION SERVICES AGREEMENT

The Administrator will receive fees from the Partnership in accordance with a Valuation Service Agreement between the Administrator and the Manager. Under the Valuation Service Agreement, the Administrator will provide certain Partnership valuation, accounting and record-keeping services, including: monthly Net Asset Value calculation; calculation of management fee; calculation of General Partner distributions; period-end audit preparation; drafting of financial statements with notes; preparation of tax filings; Unitholder record-keeping.

The initial term of the Valuation Service Agreement was July 1, 2013 to June 30, 2016 and the Valuation Services Agreement has been renewed on a month to month basis thereafter. The Agreement may be terminated by either party at any time upon three months written notice.

The Administrator is also bound by a Confidentiality Agreement made as of November 25, 2010 between the Administrator and the Manager.

## PRIME BROKERAGE AGREEMENT

The Partnership has selected TD Securities Inc. (“**TDSI**”) as prime broker in respect of the Partnership’s portfolio transactions. TDSI will provide prime brokerage services to the Partnership under the terms of an institutional prime brokerage services agreement and related documents (together, the “**Prime Brokerage Agreement**”), to be entered into between the Partnership and TDSI.

## AUDITORS

The auditors of the Partnership are KPMG LLP, Chartered Accountants, Toronto, Ontario.

## PROFIT ALLOCATION

Limited Partners will effectively share in net profits and net losses of the Partnership by increases or decreases in the Net Asset Value of their Units (following adjustment for any distributions payable to the General Partner in respect of such Units).

The General Partner will share in the profits of the Partnership as at the last Valuation Date in each year, as at the Redemption Date of a Class A Unit, a Class B Unit, a Class F Unit or a Class I Unit, and as at the termination date of the Limited Partnership Agreement, based on the increase, if any, in the Net Asset Value of such Unit. Such distributions are equal to (i) 15% for Class I Units and (ii) 20% for Class A, Class B and Class F Units of the positive amount, if any, obtained when the High Water Mark for each such Unit is subtracted from the Adjusted Net Asset Value of such Unit on the applicable Valuation Date or Redemption Date (if such amount is negative, the distribution in respect of such Unit shall be zero). Any distribution to the General Partner will be deducted from the Net Asset Value (or redemption proceeds, as the case may be) of the respective Class A Unit, Class B Unit, Class F Unit or Class I Unit. The General Partner will not receive distributions in respect of Class M Units.

“**Adjusted Net Asset Value**” of a Unit on any date is equal to the Net Asset Value of such Unit on such date (calculated after deduction of the Management Fee but before deduction of any redemption deductions and expenses and before deduction of distributions payable to the General Partner allocable to such Unit) plus the amount of all distributions paid to the Limited Partner in respect of such Unit since the date as at which the High Water Mark of such Unit was established.

“**High Water Mark**” in respect of a Unit on any date means, (i) during the year in which it was issued, its subscription price, and (ii) during all subsequent years, the greater of the Net Asset Value of such Unit on the first day of any such year and the High Water Mark in respect of the immediately preceding year. The High Water Mark of a Unit will be appropriately adjusted in the event of a consolidation or subdivision of Units.

## LIMITED PARTNERSHIP AGREEMENT

The rights and obligations of the Limited Partners and of the General Partner are governed by the LP Act and by the Limited Partnership Agreement and may be amended from time to time. The following is a summary of the Limited Partnership Agreement entered into by the General Partner and the Initial Limited Partner. **This summary is not intended to be complete and each investor should carefully review the Limited Partnership Agreement itself for full details of these provisions.**

### The Units

The Partnership may issue an unlimited number of Units. Units may be designated by the General Partner as being Units of a series. Each issued and outstanding Unit of a series shall be equal to each other Unit of the same series with respect to all matters, excepting that series may have differing High Water Marks in respect of the calculation of the Profit Allocation. The respective rights of the holders of Units of each series will be proportionate to the Net Asset Value of such series relative to the Net Asset Value of each other series. Each Unit carries with it a right to vote, with one vote for each \$1.00 of Net Asset Value attributed to such Unit (the Net Asset Value of all Units held by a Limited Partner shall be aggregated for the purpose of determining voting rights). Fractional Units may be issued. A person wishing to become a Limited Partner shall subscribe for Units by means of a subscription form and power of attorney. The acceptance of any such subscription in whole or in part shall be subject to the General Partner in its sole discretion. See Article 3 - The Units in the Limited Partnership Agreement.

On the first closing, Units of each class designated by the General Partner as Series 1 Units will be issued at a Net Asset Value per Unit of \$10. On each successive Valuation Date on which Units are issued, a new series of Units will be issued at a Net Asset Value per Unit to be determined by the General Partner (the General Partner's current policy is to issue Units of subsequent series at an opening Net Asset Value per Unit equal to the Net Asset Value per Unit of the Series 1 Units of the same class). All changes in Net Asset Value (i.e. all income and expenses, and all unrealized gains and losses) of the Partnership shall be borne proportionately by each class and series of Units based on their respective Net Asset Values, except as follows: (i) subscription proceeds received by the Partnership in respect of a series of Units shall accrue to the Net Asset Value of such series; (ii) all redemption proceeds paid out by the Partnership in respect of a Unit of a series shall be deducted from the Net Asset Value of such series; and (iii) distributions payable to the General Partner, and fees payable to the Manager and all other fees and expenses incurred in respect of a Unit of a series shall be deducted from the Net Asset Value of such series. The Net Asset Value per Unit of series shall be calculated by dividing the Net Asset Value of such respective series by the number of Units of such series then outstanding.

The General Partner may in its discretion create different classes of Units. Each class may be subject to different fees, may have a different profit-sharing arrangement with the General Partner, and may have such other features as the General Partner may determine. As at the date hereof, the General Partner has designated five classes which are currently being offered: Class A Units, Class B Units, Class F Units, Class I Units and Class M Units, having the attributes described in this Offering Memorandum. The General Partner may redesignate a Limited Partner's Units from one class to another (and amend the number of such Units so that the Net Asset Value of the Limited Partner's aggregate holdings remains unchanged) and will do so in accordance with the Limited Partnership Agreement. The General Partner also has the discretion to rename a series or convert a series of Units into another series without otherwise affecting the attributes of such series. The General Partner may also subdivide or consolidate Units of one or more series from time to time, in a manner different than other series, provided that the Net Asset Value per Unit for such series is adjusted such that the aggregate Net Asset Value for such series is unchanged. (The General Partner intends to exercise this discretion at the end of each year to reduce the number of outstanding series of each class.) See Article 3 – The Units in the Limited Partnership Agreement.

### **Allocation of Income and Loss**

Net income, dividends and taxable capital gains of the Partnership for taxation purposes in each fiscal year will be allocated as at the last day of such year to (i) the General Partner generally equal to the distributions received by it and payable in that year, and (ii) to Limited Partners who hold Units at any time during such year (and in certain cases to Limited Partners who held Units at any time in the previous fiscal year) generally based on distributions (if any) paid to the Limited Partners during the year, the number, class and series held by such Limited Partners, the dates of purchase and/or redemption of Units, the respective Net Asset Values of each class and series of Units, the fees paid or payable in respect of each class and series of Units, distributions if any paid to the General Partner in respect of each class and series of Units, and the date of realization of each such item of income, gain or loss, as the case may be. The Limited Partners will be allocated 99.999% of net losses; the remaining 0.001% shall be allocated to the General Partner.

The General Partner may adopt and amend an allocation policy from time to time intended to fairly and equitably allocate income or loss given the particular circumstances. See Section 4.7 – Allocations in the Limited Partnership Agreement.

### **Distributions**

The General Partner will be entitled to distributions from the Partnership based on the increase in the Net Asset Value of each Class A Unit, Class B Unit, Class F Unit and Class I Unit, payable as at the last Valuation Date in each year, as at the Redemption Date of a Class A Unit, a Class B Unit, a Class F Unit or a Class I Unit, and as at the termination date of the Limited Partnership Agreement as more fully described above under "Profit Allocation". Distributions payable to the General Partner may differ from class to class. Such distributions will

be deducted from the Net Asset Value of such Unit (or, in the case of a redemption, from the redemption proceeds).

Net profit of the Partnership allocated to the Partners for any fiscal period may be distributed in whole or in part from time to time or at any time in the sole discretion of the General Partner. No payment may be made to a Limited Partner from the assets of the Partnership if the payment would reduce the assets of the Partnership to an insufficient amount to discharge the liabilities of the Partnership to persons who are not the General Partner or a Limited Partner. See Section 4.8 – Distributions in the Limited Partnership Agreement.

### **Redemptions**

Redemption rights are described above under the heading “Redemptions”. Also, see Article 5 - Redemption in the Limited Partnership Agreement.

### **Authority and Duties of the General Partner**

The General Partner has the full power and authority to do such acts and things and to execute and deliver such documents as it considers necessary or desirable in connection with the offering and sale of the Units and for carrying on the activities of the Partnership for the purposes summarized herein and described more fully in the Limited Partnership Agreement, except to the extent that such power and authority is granted to another person (the Manager has been granted the powers and duties described above under “Management Agreement”).

The General Partner shall exercise the powers and discharge its duties honestly, in good faith, and with a view to the best interests of the Partnership and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. See Article 6 - Management of Limited Partnership in the Limited Partnership Agreement.

### **Expenses**

The Partnership is responsible for all costs and operating expenses incurred in connection with the formation and organization of the General Partner and of the Partnership and the ongoing activities of the Partnership, including (but not limited to):

- (i) all third party fees and expenses of the Partnership, which include Management Fees, accounting and legal costs, insurance premiums, custodial fees, registrar and transfer agency fees and expenses, bookkeeping and recordkeeping costs, Limited Partner communication expenses, organizational expenses, the cost of maintaining the Partnership’s existence and regulatory fees and expenses, and all reasonable extraordinary or non-recurring expenses; and
- (ii) all fees and expenses relating to the Partnership’s portfolio investments, including the cost of securities, interest on borrowings and commitment fees and related expenses payable to lenders and counterparties, brokerage fees, commissions and expenses, and banking fees.

To the extent that such expenses are borne by the General Partner or Manager, the General Partner or Manager, as the case may be, shall be reimbursed by the Partnership from time to time. Expenses attributable to a particular class or series of Units will be deducted from the Net Asset Value of such class or series. See Section 6.2 – Expenses in the Limited Partnership Agreement.

### **Power of Attorney**

The Limited Partnership Agreement contains a limited power of attorney in favour of the General Partner in connection with all matters related to the operation of the Partnership, and authorizes the General

Partner to, for example, execute documents on behalf of each Limited Partner (including tax elections and amendments to the Limited Partnership Agreement). See Section 6.4 – Power of Attorney in the Limited Partnership Agreement

### **Management Fee**

The Limited Partnership Agreement provides that the Partnership shall pay to the Manager an ongoing management fee calculated and payable as a percentage of the Net Asset Value of the Partnership, or of any class of Units, as the General Partner may determine (and as the Manager may agree). (Such fees are described above under “Management Agreement”). The Manager must give the Limited Partners not less than 60 days’ notice of any proposed change to the method of calculation of such fee, if, as a result of such change, such fee will be paid more frequently or could result in increased fees being paid by the Partnership. See Section 7.2 - Fees in the Limited Partnership Agreement.

### **Liability**

Subject to the provisions of the LP Act, the liability of each Limited Partner for the liabilities and obligations of the Partnership is limited to the amount the Limited Partner contributes or agrees in writing to contribute to the Partnership, less any such amounts properly returned to the Limited Partner. A Limited Partner may lose his, her or its status as a limited partner and the benefit of limited liability if such Limited Partner takes part in the control of the business of the Partnership or if certain other provisions of the LP Act are contravened. Where a Limited Partner has received the return of all or part of the Limited Partner’s contributed capital, the Limited Partner is nevertheless liable to the Partnership or, following the dissolution of the Partnership, to its creditors for any amount, not in excess of the amount returned with interest (calculated at a rate per annum equal to the prime commercial lending rate of the Partnership’s bankers), necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims otherwise arose before the return of the contributed capital. See Section 8.2 - Limited Liability of Limited Partners in the Limited Partnership Agreement.

Furthermore, if after a distribution or redemption payment the General Partner determines that a Limited Partner was not entitled to all or some of such distribution or redemption payment, the Limited Partner shall be liable to the Partnership to return the portion improperly distributed or paid, together with interest at a rate per annum equal to the prime commercial lending rate of the Partnership’s bankers if repayment of such excess amount is not made by the Limited Partner within 15 days of receiving notice of such overpayment. The General Partner may set off and apply any sums otherwise payable to a Limited Partner against such amounts due from such Limited Partner, provided that there shall be no right of set-off against a Limited Partner in respect of amounts owed to the Partnership by a predecessor of such Limited Partner. See Section 4.12 - Repayments and Section 8.2 – Limited Liability of Limited Partners in the Limited Partnership Agreement.

The General Partner shall be liable for the debts, obligations and any other liabilities of the Partnership in the manner and to the extent required by the LP Act and as set forth in the Limited Partnership Agreement to the extent that Partnership assets are insufficient to pay such liabilities.

The General Partner will indemnify and hold harmless each Limited Partner for any costs, damages, liabilities, expenses or losses suffered or incurred by such Limited Partner that result from or arise out of such Limited Partner not having unlimited liability as set out in the Limited Partnership Agreement, other than any liability caused by or arising out of any act or omission of such Limited Partners. See Article 8 - Liabilities of Partners in the Limited Partnership Agreement.

### **Reports to Limited Partners**

Within 90 days after the end of each fiscal year, the General Partner will make available to each Limited Partner an annual report for such fiscal year consisting of (i) upon request, audited financial statements for such

fiscal year together with a report of the auditors on such financial statements; (ii) a report on allocations to the Limited Partners' Contributed Capital accounts and taxable income or loss and distributions of cash to the General Partner and the Limited Partners for such fiscal period; and (iii) tax information to enable each Limited Partner to properly complete and file his or her tax returns in Canada in relation to an investment in Units.

The Net Asset Value per Unit of each Limited Partner's Units will be made available on a quarterly basis. The performance of the Partnership (based on the increase or decrease in Net Asset Value of the Class A Series 1 Units) will be made available on a monthly basis. See Article 11 - Books, Records and Financial Information in the Limited Partnership Agreement.

The General Partner will forward such other reports to Limited Partners as are from time to time required by applicable law. For example, if the Manager is the dealer through whom Units are purchased, the Manager must provide a statement at least quarterly (monthly, if requested or if a transaction occurred during the month) showing, for each transaction made for the Limited Partner during the period: (i) the date of the transaction, (ii) whether the transaction was a purchase, sale or transfer, (iii) the number of Units purchased or sold, (iv) the price per Unit paid or received by the Limited Partner and (v) the total value of the transaction. The statement must also show, as at the end of the period: (i) the number of Units held, (ii) the price per Unit and (iii) the total value of the Units held.

### **Fiscal Year**

The fiscal year of the Partnership shall end on December 31 in each calendar year.

### **Amendment**

The General Partner may, without prior notice to or consent from any Limited Partner, amend the Limited Partnership Agreement (i) to create additional classes of Units and set the terms thereof, (ii) to protect the interests of the Limited Partners, if necessary, (iii) to cure any ambiguity or clerical error or to correct or supplement any provision contained therein which may be defective or inconsistent with any other provision if such amendment does not and shall not in any manner adversely affect the interests of any Limited Partner as a Limited Partner, (iv) to reflect any changes to any applicable legislation, or (v) in any other manner provided that such amendment does not and shall not adversely affect the interests of any existing Limited Partner as a Limited Partner in any manner. The Limited Partnership Agreement may be amended at any time by (i) the General Partner with the consent of the Limited Partners given by Special Resolution, or (ii) the General Partner without the consent of the Limited Partners provided the Limited Partners are given not less than 60 days written notice prior to the effective date of the amendment (together with a copy of the amendment and an explanation of the reasons for the amendment), and each Limited Partner is given the opportunity to redeem all of such Limited Partner's Units prior to the effective date of such amendment (in such event the General Partner shall be deemed to have waived, to the extent necessary, any lock-up and notice periods, and to have waived any redemption deductions for Units that are redeemed in the specified period). See Article 13 - Amendment of Agreement in the Limited Partnership Agreement.

### **Term**

The Partnership has no fixed term. Dissolution may only occur (i) at any time on 30 days written notice by the General Partner to each Limited Partner, or (ii) on the date which is 60 days following the removal of the General Partner, unless the Limited Partners agree by Ordinary Resolution to appoint a replacement General Partner and the Partnership. See Article 12 - Termination of Partnership in the Limited Partnership Agreement.

## CANADIAN INCOME TAX CONSIDERATIONS AND CONSEQUENCES

Investors are urged to consult with their tax advisers respecting the purchase, holding and disposition of Units of the Partnership. Investors should be aware of the tax considerations and consequences associated with an investment in a limited partnership generally, and in an actively managed investment pool in particular.

### INTERNATIONAL TAX REPORTING

Pursuant to the Canada-United States Enhanced Tax Information Exchange Agreement and related Canadian legislation found in Part XVIII of the Tax Act, “reporting Canadian financial institutions” have certain due diligence and reporting obligations in respect of their “U.S. reportable accounts”. The Partnership falls within the meaning of “reporting Canadian financial institution” and may be required to provide information to the Canada Revenue Agency (the “CRA”) in respect of its Limited Partners who are “US reportable accounts”. Accordingly, Limited Partners may be requested to provide information to the Partnership to identify U.S. persons holding the Units. If a Limited Partner is a U.S. person (including a U.S. citizen) or if a Limited Partner does not provide the requested information, Part XVIII of the Tax Act will generally require information about the Limited Partner’s investments held in the financial account maintained by the Partnership to be reported to the CRA. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

In addition, Part XIX of the Tax Act was enacted to implement the Organization for Economic Co-operation and Development Common Reporting Standard (the “CRS”), which will require the Partnership to provide information to the CRA about accounts maintained for individuals and entities whose residency for tax purposes is in a jurisdiction other than Canada. The CRA is expected to provide that information to foreign jurisdictions with which it has established a partnership in the context of the CRS.

### RISK FACTORS

Investment in Units involves certain risk factors, including risks associated with the Partnership’s investment strategies. The following risks should be carefully evaluated by prospective investors.

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

##### *Marketability and Transferability of Units*

There is no market for the Units and their resale, transfer and redemption are subject to restrictions imposed by the Limited Partnership Agreement, including consent by the General Partner, and applicable securities legislation. See “Transfer or Resale”. Redemptions may only be made monthly and are subject to notice requirements. Redemptions may be deferred or suspended in certain circumstances. Consequently, holders of Units may not be able to liquidate their investment in a timely manner and the Units may not be readily accepted as collateral for a loan.

##### *Investment Risk*

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

##### *Currency Risk*

The Units are denominated in Canadian dollars. From time to time, some or all of the Partnership’s investment portfolio may be invested in assets denominated in other currencies. There is a risk that the Net Asset

Value of the Units will fall as a result of changes in foreign currency exchange rates, whether or not the value of the Partnership's investments, as measured in their respective currencies, goes up. The Manager may, but is not required to, hedge any foreign-currency investments against the Canadian dollar.

#### *Reliance on Manager and Track Record*

The success of the Partnership will be primarily dependent upon the skill, judgment and expertise of the Manager. Although persons involved in the management of the Partnership (and the service providers to the Partnership) have had long experience in their respective fields of specialization, the Partnership has limited operating and performance history upon which prospective investors can evaluate the Partnership's likely performance. Investors should be aware that the past performance by those involved in the investment management of the Partnership should not be considered as an indication of future results. The Partnership has a limited track record to date.

In the event of the loss of the services of the Manager, or of a key person of the Manager, the business of the Partnership may be adversely affected.

#### *Tax Liability*

Investors may be allocated income for tax purposes and not receive any cash distributions from the Partnership.

Net Asset Value of the Partnership and Net Asset Value per Unit will be marked to market and therefore calculated on the basis of both realized trading gains and losses and accrued, unrealized gains and losses. In computing each Limited Partner's share of income or loss for tax purposes, only realized gains (or losses) and other factors, including the date of purchase or redemption of Units by a Limited Partner in a fiscal year, will be taken into account. Therefore, the change in Net Asset Value of a Limited Partner's Units may differ from his or her share of income and loss for tax purposes.

#### *Tax Risk*

Draft legislation amending the Excise Tax Act (Canada) was released on February 27, 2018 that will, if enacted as proposed, result in management or administrative services provided by a general partner to an "investment limited partnership" any time after September 8, 2017 being subject to goods and services tax/ harmonized sales tax ("HST"). If enacted as proposed, the Partnership will be subject to HST on the deemed fair market value of the management or administrative services provided by the General Partner. Any such HST would be an expense of the Partnership in calculating the Net Asset Value of the Partnership. The administrative cost of compliance with these rules, and any penalties and interest arising from any non-compliance with these rules (for example, if the CRA successfully determined that insufficient HST was remitted) would also cause an increase in the operating expenses of the Partnership, further reducing returns to Limited Partners.

If the Partnership is unable to comply with its obligations under Part XVIII and Part XIX of the Tax Act (discussed under "International Tax Reporting"), it could face the imposition of withholding taxes and/or penalties under the Tax Act, which could affect the Net Asset Value of the Partnership and may result in reduced investment returns to Limited Partners. The administrative cost of compliance with Part XVIII and Part XIX of the Tax Act may also cause an increase in the operating expenses of the Partnership, further reducing returns to Limited Partners. If a Limited Partner does not provide the information required to comply with obligations under Part XVIII and Part XIX of the Tax Act, the Limited Partner's Units may be redeemed by the Partnership.

### *Possible Loss of Limited Liability*

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

### *Funding Deficiencies*

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

### *Income*

An investment in the Partnership is not suitable for an investor seeking an income from such investment, as the Partnership does not intend to distribute to its Limited Partners income earned by it.

### *Not a Public Mutual Fund*

The Partnership is not subject to the restrictions placed on public mutual funds to ensure diversification and liquidity of the Partnership's portfolio.

### *Custody Risk and Broker or Dealer Insolvency*

The Partnership does not control the custodianship of all of its securities. The Partnership's assets will be held in one or more accounts maintained for the Partnership by its prime brokers or at other brokers. Such brokers are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Partnership's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker or any sub-custodians, agents or affiliates, it is impossible to generalize about the effect of their insolvency on the Partnership and its assets. Investors should assume that the insolvency of any of the prime brokers or such other service providers would result in the loss of all or a substantial portion of the Partnership's assets held by or through such prime broker and/or the delay in the payment of withdrawal proceeds.

### *Trading Errors*

In the course of carrying out trading and investing responsibilities on behalf of the Partnership, employees of the Manager may make "trading errors" — i.e., errors in executing specific trading instructions. Examples of trading errors include: (i) buying or selling an investment asset at a price or quantity that is inconsistent with the specific trading instructions generated by a particular strategy; or (ii) buying rather than selling a particular investment asset (and vice versa). Trading errors are an intrinsic factor in any complex

investment process, and will occur notwithstanding the exercise of due care and special procedures designed to prevent trading errors. Trading errors are, therefore, distinguishable from errors in judgment, due diligence or other factors leading to a specific trading instruction being generated, as well as from unauthorized trading or other improper conduct by employees of the Manager. Consequently, the Manager will (unless the Manager otherwise determines) treat all trading errors (including those which result in losses and those which result in gains) as for the account of the Partnership, unless they are the result of conduct by the Manager which is inconsistent with the Manager's standard of care.

#### *Changes in Investment Strategy*

The Manager may alter its strategy without prior approval by the Limited Partners if the General Partner and the Manager determine that such change is in the best interest of the Partnership.

#### *Valuation of the Partnership's Investments*

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

The Partnership may from time to time have some of its assets in investments which by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Partnership to any such investment differs from the actual value, the Net Asset Value per Unit may be understated or overstated, as the case may be.

#### *Potential Indemnification Obligations*

Under certain circumstances, the Partnership might be subject to significant indemnification obligations in favour of the General Partner, the Manager, other service providers to the Partnership or certain persons related to them in accordance with the respective agreement between the Partnership and each such service provider. The Partnership will not carry any insurance to cover such potential obligations and, to the General Partner's knowledge, none of the foregoing parties will be insured for losses for which the Partnership has agreed to indemnify them. Any indemnification paid by the Partnership would reduce the Partnership's Net Asset Value.

#### *Possible Effect of Redemptions*

Substantial redemptions of Units could require the Partnership to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base. Such factors could adversely affect the value of the Units redeemed and of the Units remaining outstanding.

#### *Possible Effect of General Partner Distributions*

The General Partner will receive distributions based on net realized and unrealized income and gains in a year, which distributions might theoretically exceed taxable income and taxable capital gains in such year. The Partnership will not be entitled to claim such difference as an expense nor will the General Partner have an obligation to the Partnership to repay any such distribution, having an adverse effect on the Net Asset Value of the Units.

### *Charges to the Partnership*

The Partnership is obligated to pay numerous fees and expenses regardless of whether the Partnership realizes profits. In addition, the Partnership may make a distribution to the General Partner upon a mid-year redemption in a fiscal year in which there is a net loss for such year.

### *Lack of Independent Experts Representing Limited Partners*

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

### *Potential Conflicts of Interest*

The business of the Manager is the trading of accounts for its clients. The orders of the Partnership may be executed in competition with the other accounts managed by the Manager. The Manager generally trades all accounts under management in a parallel fashion, where lots and prices are distributed proportionally, according to equity. Using this method of allocation and executions, no account or accounts can be traded “in front of” the other accounts under management. Since the Manager may manage common interests for accounts on different financial terms, there may be an incentive to favour certain accounts over others. However, it is generally the policy and practice of the Manager never to favour any account over another. Clients should be aware however, that the Manager may trade accounts differently based on the dictates of the individual clients. For example, a client may request the Manager to exclude a designated market in trading for the account. As a result client portfolios with similar mandates may not have identical portfolios.

The principals of the Manager may trade in securities for their own account. The Manager has adopted a Code of Ethics, to which the principals will adhere, in order to address potential conflicts of interest when principals trade for their own account. The Code of Ethics is designed to ensure that the principals do not take any personal advantage of their knowledge of activities of the Partnership.

### *No Involvement of Unaffiliated Selling Agent*

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

### *Exchange Risk*

The Partnership will at times have orders outstanding at different exchanges. There is a risk that an exchange experiences technological failure and does not allow for the cancellation of the Partnership’s orders. There is also a risk that an exchange does not report back filled orders on a timely basis. Once an order has been sent to an exchange, the Partnership has risk that the exchange will not operate as expected with no recourse available to the Partnership for the exchange’s failure.

### *Communication lines*

The Partnership relies on various electronic communication lines to execute orders and run the fund. There is a risk that these communication lines will fail and that the Partnership will suffer losses from the inability to communicate electronically.

### *Possible Negative Impact of Regulation of Hedge Funds*

The regulatory environment for hedge funds is evolving and changes to it may adversely affect the Partnership. To the extent that regulators adopt practices of regulatory oversight in the area of hedge funds that create additional compliance, transaction, disclosure or other costs for hedge funds, returns of the Partnership may be negatively affected. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action that may adversely affect the value of the investments held by the Partnership. The effect of any future regulatory or tax change on the portfolio of the Partnership is impossible to predict.

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

#### *Investment and Trading Risks in General*

All trades made by the Manager risk the loss of capital. The Manager may use trading strategies which can, in certain circumstances, maximize the adverse impact to which a client's account may be subject. No guarantee or representation is made that the Partnership's investment program will be successful, and investment results may vary substantially over time. Many unforeseeable events, including actions by various government agencies, and domestic and international economic and political developments may cause sharp market fluctuations which could adversely affect the Partnership's portfolio and performance.

#### *General Economic and Market Conditions*

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

#### *Interest Rate Changes*

The value of the Partnership's investments may be adversely affected by changes in market interest rates for government, corporate or high yield credit.

#### *Liquidity Risk*

The Partnership may be unable to find a buyer for its investments when it seeks to sell them or to receive the price it expects.

#### *Market Volatility*

The market value of a security may move up and down, sometimes rapidly and unpredictably, based upon a change in an issuer's financial condition, as well as overall market and economic conditions.

#### *Issuer-Specific Changes*

The value of an individual security or particular type of security can be more volatile than, and can perform differently from the market as a whole. The value of lower-quality securities can be more volatile than other securities due to increased sensitivity to adverse issuer, political, regulatory, market, or economic developments and can be difficult to resell.

### *Speculative Purchases of Securities*

The Partnership may make speculative purchases or short sales of securities that the Manager believes to be undervalued or overvalued (in the case of short positions), or that may be the subject of acquisition attempts, exchange offers, cash tender offers or corporate reorganisations. There can be no assurances that securities which the Manager believes to be undervalued or overvalued are in fact undervalued or overvalued, respectively, or that undervalued securities will increase in price or that overvalued securities will drop in price.

### *Availability of Investment Strategies*

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

### *Liquidity of Underlying Investments*

Some of the securities in which the Partnership intends to invest may be thinly traded. There are no restrictions on the investment of Partnership assets in illiquid securities. It is possible that the Partnership may not be able to sell or repurchase significant portions of such positions without facing substantially adverse prices. Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of the Partnership's portfolio positions may be reduced. In addition, the Partnership may from time to time hold large positions with respect to a specific type of financial instrument, which may reduce the Partnership's liquidity. During such times, the Partnership may be unable to dispose of certain financial instruments, including longer-term financial instruments, which would adversely affect its ability to rebalance its portfolio or to meet withdrawal requests. In addition, such circumstances may force the Partnership to dispose of financial instruments at reduced prices, thereby adversely affecting its performance. If there are other market participants seeking to dispose of similar financial instruments at the same time, the Partnership may be unable to sell such financial instruments or prevent losses relating to such financial instruments. Furthermore, if the Partnership incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Partnership's counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Partnership's exposure to their credit risk.

### *Highly Volatile Markets*

The prices of financial instruments in which the Partnership's assets may be invested can be highly volatile and may be influenced by, among other things, specific corporate developments, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Partnership also is subject to the risk of the failure of any of the exchanges on which the Partnership's positions trade or of their clearinghouses.

### *Emerging Markets*

The Partnership may invest in emerging markets. Investing in emerging markets involves additional risks because companies in emerging markets may be less regulated and not subject to the same standards, reporting practices and disclosure requirements that apply in more developed markets. In addition, some emerging markets and legal systems may not adequately protect investor rights. Political or social instability may affect the value of foreign securities held by the Partnership. Foreign securities may be highly taxed and foreign governments may impose exchange controls that prevent the Partnership from taking money out of the country. Finally, companies in emerging markets are often relatively small, lack lengthy operating histories, have limited product lines, markets and financial resources, and are often traded only through foreign stock exchanges.

### *Small- to Medium- Capitalization Companies*

The Partnership may invest in the securities of companies with small to medium-sized market capitalizations. While the Manager believes these investments often provide significant potential for appreciation, those securities may involve higher risks in some respects than do investments in securities of larger companies. For example, while smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, the Partnership may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller company securities.

### *Equity Securities*

The Partnership intends to invest in and sell short equity securities. It will therefore be influenced by stock market conditions in those jurisdictions where the securities held by the Partnership are listed for trading and by changes in the circumstances of the issuers whose securities are held by the Partnership. Additionally, to the extent the Partnership holds any foreign investments, it will be influenced by world political and economic factors.

### *Fixed Income Securities*

The Partnership may invest in bonds or other fixed income securities, including, without limitation, bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the federal, state or provincial government in the United States or Canada or a governmental agency; and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Partnership may invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). If fixed income investments are not held to maturity, the Partnership may suffer a loss at the time of sale of such securities.

### *Shorting*

Selling a security short (“**shorting**”) involves borrowing a security from an existing holder and selling the security in the market with a promise to return it at a later date. Should the security increase in value during the shorting period, losses will incur to the Partnership. There is in theory no upper limit to how high the price of a security may go. Another risk involved in shorting is the loss of a borrow, a situation where the lender of the security requests its return. In cases like this, the Partnership must either find securities to replace those borrowed or step into the market and repurchase the securities. Depending on the liquidity of the security shorted, if there are insufficient securities available at current market prices, the Partnership may have to bid up the price of the security to cover the short position, resulting in losses to the Partnership.

### *Derivatives*

The Partnership may use derivative financial instruments, including, without limitation, options, swaps, notional principal contracts, contracts for differences, futures and forward contracts, and may use derivative techniques for hedging and for other trading purposes, including for the purpose of obtaining the economic benefit of an investment in an entity without making a direct investment. The risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of the Partnership's assets, include:

(i) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (ii) market risk (adverse movements in the price of a financial asset or commodity); (iii) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); (iv) operations risk (inadequate controls, deficient procedures, human error, system failure or fraud); (v) documentation risk (exposure to losses resulting from inadequate documentation); (vi) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (vii) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (viii) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (ix) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

### *Options*

Purchasing and selling call and put options is a highly specialized activity and entails greater than ordinary investment risk. The risk of loss when purchasing an option is limited to the amount of the purchase price of the option, however investment in an option may be subject to greater fluctuation than an investment in the underlying security. In the case of the sale of an uncovered option there can be potential for an unlimited loss. To some extent this risk may be hedged by the purchase or sale of the underlying security.

### *Counterparty and Settlement Risk*

Some of the markets in which the Partnership will effect its transactions may be “over the counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes the Partnership to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Partnership to suffer a loss. In addition, in the case of a default, the Partnership could become subject to adverse market movements while replacement transactions are executed. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Partnership has concentrated its transactions with a single or small group of counterparties. The Partnership is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, neither the Partnership nor the Manager has an internal credit function which evaluates the creditworthiness of its counterparties. The ability of the Partnership to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Partnership.

### *Concentration*

There are no restrictions on the Partnership’s ability to concentrate its investments in a single investment, industry or market and thus the Partnership’s returns could be materially affected by the performance of a single investment, industry or market.

### *Leverage*

The Partnership may use financial leverage by borrowing funds against the assets of the Partnership. Leverage increases both the possibilities for profit and the risk of loss for the Partnership. From time to time, the markets are subject to periods in which there is a severe contraction of both liquidity and available leverage. The combination of these two factors can result in leveraged strategies being required to sell positions typically at highly disadvantageous prices in order to meet margin requirements, contributing to a general decline in a wide range of different securities. Illiquidity can be particularly damaging to leveraged strategies because of the

discretionary ability of dealers to raise margin requirements, requiring leveraged strategy to attempt to sell positions to comply with such requirements at a time when there are effectively no buyers in the market at all or at any but highly distressed prices. These market conditions have in the past resulted in major losses to a substantial number of private investment funds. Such conditions, although unpredictable, can be expected to recur.

### *Hedging*

The Partnership may invest in strategies which require more than one position in order to reduce risk and increase the opportunity for gain. For example, a long position may be hedged with a related short position. Sometimes an unanticipated situation may arise where the Partnership initiates a position in anticipation of being able to hedge such position, but subsequently learns that the anticipated hedge is not available. This situation could give rise to significant unanticipated capital losses.

## **Risks Associated with Commodity Futures Activities**

### *Price Fluctuations*

Prices of financial futures contracts are affected by a wide variety of complex factors which are often difficult to predict. The effectiveness of investment strategies will depend to a large degree on correctly judging trends in fluctuations in market prices, interest rates, and currency exchange rates. The Manager will rely on its experience and will use commonly accepted qualitative and quantitative analytical tools and techniques in arriving at such judgments. However, the investment management strategies employed by the Manager represent solely the views of the Manager and there is no guarantee or assurance that investment objectives of any particular strategy will be achieved. Certain strategies may be more appropriate as long-term strategies where intermediate performance volatility can be assumed. In addition, market volatility can produce price fluctuations which can adversely affect anticipated price correlations between futures contracts and securities.

### *Illiquidity; Market Limits*

Thinly traded or illiquid contracts can hinder implementation of trading strategies and no assurance can be given that the Partnership's orders will be executed at or near the desired prices. It is possible that an exchange, the Ontario Securities Commission or another securities regulatory body may suspend trading in a particular contract, order immediate settlement of a particular contract or require trading in a particular contract for liquidation only. Also, extreme or unanticipated market developments can have detrimental effects. For example, certain futures contracts are subject to limits on daily price fluctuations. When the market price of such a futures contract reaches its daily price fluctuation limit, no trades or only a limited number of trades can be executed. In that case, the holder of a futures contract could be locked into an adverse position and, under certain circumstances, could be required to make or take delivery.

### *Substantial Leverage*

Because of the low margin deposits normally required in trading financial futures contracts (the average margin is less than 10% of the value of the contract), a high degree of leverage is often typical of financial futures trading. As a result, small price movements in a financial futures contract can produce a corresponding large profit or loss. If a substantial portion of the Partnership's portfolio assets is committed to financial futures, a substantial adverse impact on the value of the Partnership's portfolio could result.

### *Contracts on Foreign Exchanges*

From time to time the Manager may direct trading of contracts on foreign exchanges which are not subject to Canadian securities regulation. There may be fewer regulatory safeguards and less protection available for participants in these markets. Not all foreign exchanges have a clearinghouse system such as that used in Canada, and market disruptions may be more likely to occur. Further, because contracts traded on foreign exchanges are usually denominated in the local currency, any profits realized by such trading could be diminished by adverse changes in exchange rates.

### **General Risks**

#### *Systemic Risk*

Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Partnership interacts on a daily basis.

#### *Collateral*

The Partnership will have moderate credit and operational risk exposure to its counterparties, which will require the Partnership to post collateral to support its obligations. Generally, counterparties will have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of the collateral posted by the Partnership in connection with such transactions. This could increase the Partnership’s exposure to the risk of a counterparty default since, under such circumstances, such collateral of the Partnership could be lost or the Partnership may be unable to recover such collateral promptly. Also, counterparties have an interest in maximizing the return from such collateral. This interest could conflict with the interests of the Partnership in preserving and protecting its portfolio.

#### *Lending of Portfolio Securities; Broker-Dealer/Counterparty Insolvency*

The Partnership may lend securities on both a collateralized and an uncollateralized basis from its portfolio to securities firms and financial institutions. While a securities loan is outstanding, the Partnership will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delays in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

#### *Market Value Borrowings and Derivatives*

In general, the anticipated use of margin borrowings and other borrowings based on the market value of the portfolio which require the Partnership to post margin results in certain additional risks to the Partnership. For example, should the financial instruments pledged to brokers to secure the Partnership’s margin accounts decline in value, the Partnership could be subject to a “margin call”, pursuant to which the Partnership must either deposit additional funds or financial instruments with the broker or suffer mandatory liquidation of the pledged financial instruments to compensate for the decline in value. In the event of a sudden drop in the value of the Partnership’s portfolio, the Partnership might not be able to liquidate financial instruments quickly enough to satisfy its margin requirements.

### *Uncertain Exit Strategies*

Due to the illiquid nature of some of the positions which the Partnership may acquire, the Manager will be unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available. Exit strategies, which appear to be viable when an investment is initiated, may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

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

### **STATEMENT OF POLICIES**

As a portfolio manager, commodity trading manager and an adviser under *The Commodity Futures Act* (Manitoba) and as an investment fund manager, exempt market dealer, portfolio manager and commodity trading manager, the Manager may occasionally face conflicts between its own interests and those of its clients, or between the interests of one client and the interests of another. In addition, the principals of the Manager may also trade securities and/or commodities for their own account. The Manager has adopted certain policies to manage such conflicts or to deal fairly where those conflicts cannot be avoided. In no case will the Manager or any of its principals put its or their own interests ahead of those of its clients.

#### **Multiple Registrations**

The Manager is registered to carry on business as a dealer, an adviser and as an investment fund manager. As a result, potential conflicts of interest could arise in connection with the Manager acting in all capacities. As an exempt market dealer, the Manager will sell interests in the Partnership and other pooled funds managed by the Manager, and may also, in its capacity as exempt market dealer, sell interests in other non-related issuers to its clients. The Manager will manage any potential conflict in accordance with its Statement of Policies. The Manager's roles as both investment fund manager and adviser are complementary and create no inherent conflicts of interest.

#### **Fairness Policy**

As an adviser in the categories of portfolio manager and commodity trading manager, the Manager and its employees shall conduct themselves with integrity and honesty and act in an ethical manner in all of their dealings with the Manager's clients.

The Manager shall not knowingly participate or assist in the violation of any statute or regulation governing securities and investment matters.

The responsible persons shall exercise reasonable supervision over subordinate employees subject to their control to prevent any violation by such persons of applicable statutes or regulations.

Before initiating an investment transaction for the Partnership, the Manager will consider its appropriateness and suitability. The Manager will manage the Partnership's account within the guidelines set out herein.

The Manager shall ensure that each client account is supervised separately and distinctly from its other clients' accounts. The Manager owes a duty to each client and, therefore, the Manager has an obligation to treat each client fairly.

It may be determined, however, that the purchase or sale of a particular security is appropriate for more than one client account, i.e. that particular client orders should be aggregated or "bunched", such that in placing

orders for the purchase or sale of securities, the Manager may pool the Partnership's order with that of another client or clients. Simultaneously placing a number of separate, competing orders may adversely affect the price of a security. Therefore, where appropriate, when bunching orders, and allocating block purchases and block sales, it is the Manager's policy to treat all clients fairly and to achieve an equitable distribution of bunched orders. All new issues of securities and block trades of securities will be purchased for, or allocated amongst, all applicable accounts of our clients in a manner the Manager considers to be fair and equitable.

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

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

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

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

The Manager will at all times preserve confidentiality of information communicated by a client concerning matters within the scope of a confidential relationship.

The above sets out in general terms the standards of fairness that the Manager and its employees will exercise in its dealings with the Partnership and all of its clients.

### **Soft Dollar Arrangements**

Soft dollar arrangements may occur when brokers have agreed to provide other services (relating to research and trade execution) at no cost to the Manager in exchange for brokerage business from the Manager's

managed accounts and investment funds. Although the brokers involved in soft dollar arrangements do not necessarily charge the lowest brokerage commissions, the Manager will nonetheless enter into such arrangements when it is of the view that such brokers provide best execution and/or the value of the research and other services exceeds any incremental commission costs.

The Manager may enter into soft dollar arrangements in accordance with industry standards when it is of the view that such arrangements are for the benefit of its clients, however not all soft dollar arrangements will benefit all clients at all times.

### **Personal Trading**

The Manager has adopted a Code of Ethics intended to restrict and monitor all personal trading conducted by the principals and other employees of the Manager to ensure there is no conflict between such personal trading and the interests of the investment funds managed by the Manager and the Manager's other clients. The Manager's employees, including the principals, are prohibited from taking personal advantage of their knowledge of recent or impending securities activities of the Manager's clients, including the Partnership.

### **Referral Arrangements**

The Manager may enter into referral arrangements whereby it pays a fee for the referral of a client to the Manager or to one of the funds it manages. No such payments will be made unless the referred investors are first advised of the arrangement and all applicable securities laws are complied with.

### **Related and Connected Issuers**

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

The Manager acts as the manager of the Partnership and earns fees for managing the Partnership. The Manager acts as an exempt market dealer in connection with the marketing and sale of Units of the Partnership. However, no commissions are paid to the Manager in connection with the sale of such Units. The General Partner is an affiliate of the Manager and receives distributions of profits from the Partnership. Richard Phillips is an officer and director of, and indirectly controls, both the General Partner and the Manager.

### **Statement of Related Registrants**

Securities regulations also require dealers and advisers to inform their clients if the dealer or adviser has a principal shareholder, director or officer that is a principal shareholder, director or officer of another dealer or adviser and of the policies and procedures adopted by the dealer or adviser to minimize the potential for conflicts of interest that may result from this relationship.

The Manager has no related registrants.

### **PROCEEDS OF CRIME (MONEY LAUNDERING) LEGISLATION**

To comply with Canadian legislation aimed at the prevention of money laundering, the General Partner and/or the Manager may require additional information concerning investors. The Subscription Agreement

contains detailed guidance on whether identification verification materials will need to be provided with the Subscription Agreement and, if so, a list of the documents and information required.

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

### **STATUTORY RIGHTS OF ACTION AND RESCISSION**

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

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

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

#### **Rights for Purchasers in Ontario**

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

- (a) the Partnership shall not be held liable pursuant to either right of action if the Partnership proves the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) in an action for damages, the Partnership is not liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Units acquired by the purchaser as a result of the Misrepresentation relied upon;
- (c) the Partnership will not be liable for a Misrepresentation in forward-looking information if the Partnership proves that:
  - (i) this Offering Memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that

were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

- (ii) the Partnership has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information;
- (d) in no case shall the amount recoverable pursuant to such right of action exceed the purchase price of the Units acquired; and
- (e) no action may be commenced to enforce such right of action more than:
  - (i) in the case of an action for rescission 180 days after the date of the acceptance of the purchaser's Subscription Agreement by the General Partner; or
  - (ii) in the case of an action for damages, the earlier of:
    - (1) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or
    - (2) three years after the date of the acceptance of the purchaser's Subscription Agreement by the General Partner.

The foregoing rights do not apply if the purchaser purchased shares of the Partnership using the "accredited investor" exemption and is:

- (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;
- (b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (c) a Schedule III bank;
- (d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (e) a subsidiary of any person referred to in paragraphs (a) to (d) above, if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

### **Rights for Purchasers in Manitoba**

If this Offering Memorandum delivered to a purchaser of Units resident in Manitoba contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will be deemed to have relied on such Misrepresentation and will have a right of action against the Partnership and every person performing a function or occupying a position with respect to the Partnership which is similar to that of a director of a company, for damages or for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Partnership, provided that among other limitations:

- (a) the Partnership will not be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;

- (b) in the case of an action for damages, the Partnership will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Units as a result of the Misrepresentation;
- (c) other than with respect to the Partnership, no person or company is liable if the person or company proves:
  - (i) that this Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent; and
  - (i) that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Partnership that it was sent without the person's or company's knowledge and consent;
- (d) other than with respect to the Partnership, no person or company is liable if the person or company proves that, after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable notice to the Partnership of the withdrawal and the reason for it;
- (e) other than with respect to the Partnership, no person or company is liable with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company:
  - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation; or
  - (ii) believed there had been a Misrepresentation;
- (f) (f) in no case will the amount recoverable in any action exceed the price at which the Units were sold to the purchaser; and
- (g) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:
  - (i) in the case of an action for rescission, 180 days after the date of purchase of the Units; or
  - (ii) in the case of an action for damages, the earlier of (A) 180 days following the date the purchaser first had knowledge of the Misrepresentation, and (B) two years after the date of purchase of the Units.

A person or company is not liable in an action for a Misrepresentation in forward-looking information if the person or company proves that:

- (a) this Offering Memorandum contains, proximate to that information:
  - (i) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and
  - (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

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