



**JC Clark Ltd.**

Offering Founders Series A, Founders Series F and Series I units  
of the following alternative mutual fund:

**JC CLARK HIGH INCOME OPPORTUNITIES FUND**

**AMENDED AND RESTATED SIMPLIFIED PROSPECTUS DATED APRIL 23, 2025,  
AMENDING AND RESTATING THE SIMPLIFIED PROSPECTUS  
DATED JANUARY 30, 2025**

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.

The mutual fund and the units of the mutual fund offered under this Simplified Prospectus are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

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## INTRODUCTION

This document (the “**Simplified Prospectus**”) contains selected important information to help you make an informed investment decision and to help you understand your rights as an investor.

In the Simplified Prospectus, except as otherwise indicated:

- “**Founders Units**” means, collectively Founders Series A Units and Founders Series F Units;
- “**Fund**” refers to JC Clark High Income Opportunities Fund;
- “**series**” means a series of Units of the Fund, including Founders Series A Units, Founders Series F Units and Series I Units;
- “**Units**” means the units of a series of the Fund;
- “**we**”, “**us**”, “**our**”, “**JC Clark**” and the “**Manager**” refers to JC Clark Ltd.; and
- “**you**” refers to anyone who invests in the Fund.

This document is divided into two parts. The first part, from pages 1 through 36, contains general information applicable to the Fund. The second part, from pages 38 to 63, contains specific information about the Fund described in this document.

Additional information about the Fund is available in the following documents:

- the most recently filed Fund Facts document;
- the most recently filed annual financial statements, once available;
- any interim financial report filed after those annual financial statements;
- the most recently filed annual management report of fund performance, once available;
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document, just as if they had been printed as a part it.

You can obtain a copy of these documents, at your request and at no cost, by calling us toll free at 1-866-480-0002 or at 416-361-6144 (collect calls are accepted), or by contacting your dealer. These documents are also available on the Fund’s designated website at [www.jcclark.com](http://www.jcclark.com), or by contacting us by email to [funds@jcclark.com](mailto:funds@jcclark.com). These documents and other information about the Fund are also available at [www.sedarplus.ca](http://www.sedarplus.ca).

## RESPONSIBILITY FOR MUTUAL FUND ADMINISTRATION

### Manager

The Fund is managed by JC Clark Ltd., Royal Bank Plaza, North Tower, 200 Bay Street, Suite 510, Toronto, Ontario M5J 2J3, a corporation incorporated under the laws of Ontario. You may contact the Manager by calling us toll free at 1-866-480-0002 or at 416-361-6144 (collect calls are accepted) or by email to [funds@jcclark.com](mailto:funds@jcclark.com). The Manager manages the overall business, operations and affairs of the Fund.

JC Clark is an independent, Toronto-based boutique asset management firm that employs a bottom-up, fundamentally driven value investing approach. The firm focuses primarily on North American public equities and fixed income securities, and has managed alternative investment strategies such as long/short equity for over 20 years. JC Clark's clients primarily include high net worth families, foundations, and endowments.

The Manager has been appointed as manager pursuant to the Trust Agreement (as defined below). Pursuant to the terms of the Trust Agreement, the Manager has responsibility for the management, supervision and administration of the Fund and responsibility for portfolio management of the Fund. These responsibilities may be delegated by the Manager. Under the terms of the Trust Agreement, the Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. The Trust Agreement provides that the Manager will not be liable in any way for any loss resulting from any error in judgment or any act or omission in connection with its duties and obligations under the Trust Agreement, including but not limited to the adoption or implementation of any investment program or the purchase, sale or retention of any portfolio investment by it on behalf of the Fund, if:

- any such loss was not incurred as a result of a breach by the Manager of its standard of care; and
- the Fund has reasonable grounds to believe that the action or inaction that caused the loss was in the best interests of the Fund.

The names, municipalities of residence and title for all directors and executive officers of the Manager are as follows:

<u>Name</u>	<u>Municipality of Residence</u>	<u>Position or Office Held with the Manager</u>
Colin Stewart	Toronto, Ontario	Ultimate Designated Person, Chief Executive Officer, Portfolio Manager and Director
Jennifer Doherty	Toronto, Ontario	Chief Operating Officer, Chief Compliance Officer, and Director
Ian Gunnell	New Tecumseth, Ontario	Chief Financial Officer

<b>Name</b>	<b>Municipality of Residence</b>	<b>Position or Office Held with the Manager</b>
Veeral Khatri	Nobleton, Ontario	Chief Investment Officer and Portfolio Manager
Martin Braun	Thornhill, Ontario	Portfolio Manager and Director
Michael Meighen	Toronto, Ontario	Director
Alex Davidson	Toronto, Ontario	Director
Rick Sutin	Toronto, Ontario	Director
James Eaton	Toronto, Ontario	Director

The Fund does not pay any remuneration to the directors or executive officers of the Manager. As the Manager took the initiative in establishing the Fund, the Manager may be considered the promoter of the Fund.

The Manager may resign as manager of the Fund by giving the Trustee at least 60 days' prior written notice. Following the resignation of the Manager, the Manager may appoint any person, including an affiliate of the Manager, to assume its duties and responsibilities. If, prior to the effective date of the Manager's resignation, a successor manager is not appointed, the Trust Agreement shall be terminated upon the effective date of resignation of the Manager and the Fund property shall be distributed in accordance with the provisions of the Trust Agreement.

The Manager is entitled to receive fees for its services as manager under the Trust Agreement. The Manager and each of its principals, shareholders, directors, officers, agents and employees (each an "**Indemnified Party**") are indemnified by the Fund for all legal fees, judgments, and amounts paid in settlement, actually and reasonably incurred by the Indemnified Party, in connection with the services provided by the Indemnified Party to the Fund, if those fees, judgments and amounts were not incurred as a result of the breach of the Manager's standard of care and the Fund has reasonable grounds to believe that the action or inaction that caused the payment of the fees, judgments and amounts paid in settlement was in the best interest of the Fund.

The management services of the Manager under the Trust Agreement are not exclusive and nothing in the Trust Agreement prevents the Manager from providing similar services to other investment funds and other clients (irrespective of whether their investment objectives and policies are similar to those of the Fund) or from engaging in other activities. In addition, in connection with its activities as an investment dealer, the Manager may, from time to time, on behalf of its clients, trade in units of other mutual funds and in non-mutual fund securities and the may, from time to time, establish additional investment funds and provide administrative and/or management services to such funds.

The Fund may invest in other mutual funds. We may, in our discretion, choose to flow through any voting rights regarding such units to investors in the Fund.

## **Portfolio Manager**

The Manager is also the portfolio manager of the Fund (“**Portfolio Manager**”) pursuant to the Trust Agreement. In its capacity as Portfolio Manager, the Manager is responsible for providing portfolio management and advisory services to the Fund, including the provision of investment analysis and making decisions relating to the investment of the Fund’s assets.

Neil Stratton, Portfolio Manager, is principally responsible for the day-to-day management of the investment portfolio of the Fund. Neil’s investment decisions are not subject to oversight, approval or ratification of a committee.

Neil graduated from the University of Toronto with a BA in Economics. In addition, he is a Certified Financial Planner and has the following designations from the Canadian Securities Institute - Certified Investment Manager (CIM) and Fellow of the Canadian Securities Institute (FCSI). Prior to joining JC Clark Ltd. in 2025, Neil was one of the top Wealth Advisors at ScotiaMcLeod. He brings over 28 years of experience in the wealth management industry.

Neil has supported the Southlake Health Foundation in various committees since 2010 and is currently a member of the Philanthropy Cabinet. An avid golfer, he is also a Trustee of the Golf Canada Foundation.

## **Brokerage Arrangements**

The Manager is responsible for placing orders to effect portfolio transactions on behalf of the Fund, including the selection of the market and dealer for each transaction, and the negotiation of brokerage commissions (where applicable). In effecting portfolio transactions, the Manager seeks to obtain “best execution” of orders as required by applicable securities regulations, which may be determined based on a number of factors. While one dealer may give the Manager better overall commission terms and prices than another, the Manager is permitted to take into consideration the quality and reliability of brokerage services, the terms offered for specific transactions (including price, volume, speed and certainty of execution), the Fund’s investment objectives, as well as the relative value of research and investment information and certain other services provided by dealers.

The Manager monitors the results of its efforts to obtain best execution and will periodically evaluate performance of dealers to ensure they are delivering best execution.

It is anticipated that brokerage services may be provided by the Manager to the Fund, which gives rise to a conflict of interest because the Manager may be influenced to direct portfolio transactions to itself for execution. This conflict of interest is managed by applying the same review and assessment to portfolio transactions directed to the Manager as those directed to a third party. In the event that the Manager provides such service, the order execution will be on terms and conditions no less favourable to the Fund than would otherwise be obtainable if the orders were placed through independent brokers and at commission rates comparable to rates that would have been charged by independent brokers or dealers. The Manager will not effect portfolio transactions for which it does not have the ability to deliver best execution.

The Manager currently has no contractual arrangement to allocate the Fund's brokerage business to any specific broker or dealer, nor does it currently engage in "soft dollar" transactions. However, the Manager may enter into arrangements whereby commission dollars paid to an executing dealer can be used to pay for research goods and services for the benefit of the Fund. The types of research goods and services the Manager may receive from a dealer for directing brokerage commissions from the Fund include:

- advice relating to the value of a security or the advisability of effecting the transaction in a security;
- an analysis, or report, concerning a security, portfolio strategy, issuer, industry, or an economic or political factor or trend; and
- a database, or software, to the extent that it supports goods or services described above.

The Manager may also receive goods or services from a dealer for directing brokerage commissions from the Fund to the extent that such goods and services are directly related to order execution.

Factors used in determining whether the Fund receives reasonable benefits from the goods and services listed above include, but are not limited to, price, speed and overall cost of execution. The Manager makes a good faith determination that the Fund, along with its other clients, receives reasonable benefit, considering the use of the goods or services, the amount of the client brokerage commissions paid and the quality of the research received.

Not all brokerage commission arrangements will benefit the Fund at all times. In addition, such goods and services may benefit not only the Fund, but also other funds and clients to whom the Manager provides advice, and may also be shared with affiliates of the Manager. Similarly, the Fund may benefit from goods and services obtained with brokerage commissions generated by other funds and clients to whom the Manager provides advice.

The name of any dealer (other than the Manager) or third party that provides goods and services other than order execution to the Fund in return for the allocation of brokerage transactions will be provided upon request by calling us toll free at 1-866-480-0002 or at 416-361-6144 (collect calls are accepted) or by email to [funds@jcclark.com](mailto:funds@jcclark.com), or by visiting [www.jcclark.com](http://www.jcclark.com).

## **Trustee**

The Fund was created pursuant to the provisions of a Trust Agreement dated January 8, 2025 between TSX Trust Company (the "**Trustee**") and the Manager (the "**Trust Agreement**"). The Fund is organized as a unit trust. When you invest in the Fund, you are buying units of the trust. The Trustee holds title to the cash and securities owned by the Fund in trust for the unitholders.

The Trustee, subject to the specific limitations in the Trust Agreement, has full, absolute, and exclusive power, control and authority over the Fund property and over the business and affairs of a Fund. Pursuant to the terms of the Trust Agreement, the Trustee has appointed the Manager as investment fund manager of the Fund, with full authority and responsibility to direct the undertaking, operations and affairs of the Fund, and has delegated to the Manager such other



powers, control and authority to do all such acts and things as are necessary, incidental or desirable to carry out those matters.

The Trust Agreement may be terminated in the following circumstances:

- if, prior to the effective date of the Manager's resignation, a successor manager of the Funds is not appointed;
- in the event that the Manager fails to appoint a successor trustee in any circumstance under which the Trustee ceases to hold office;
- immediately upon the occurrence of the following:
  - the Manager or the Trustee is in material default of its obligations under the Trust Agreement and such default continues for 120 days from the date that the defaulting party receives notice of such material default from the other party;
  - the Manager has been declared bankrupt or insolvent or has entered into liquidation or is winding up, whether compulsory or voluntary (and not merely a voluntary liquidation for the purposes of amalgamation or reconstruction);
  - the Manager makes a general assignment for the benefit of creditors or otherwise acknowledges its insolvency; or
  - the assets of the Manager have become subject to seizure or confiscation by any public or governmental authority.

The head office of the Trustee is located in Toronto, Ontario. The Trustee is not an affiliate or associate of the Manager.

## **Custodian**

The assets of the Fund are held by National Bank Financial Inc. (through its National Bank Independent Network division) (the “**Custodian**”) in Toronto, Ontario, pursuant to a Custodian Agreement dated January 9, 2025, between the Fund, the Manager and the Custodian (the “**Custodian Agreement**”). The nature of the Custodian's business is to offer traditional custodial services and other banking solutions. The Custodian has physical custody of the Fund's property, and has a qualified foreign sub-custodian in each jurisdiction in which the Fund owns securities. Any assets of the Fund not held by the Custodian will be held by its sub-custodians or by the Canadian Depositary for Securities Limited or the Depositary Trust Company or other domestic or foreign depositary system where necessary. Each sub-custodian arrangement allows the Manager to enforce the Fund's rights to the property or requires the Custodian or a sub-custodian to do so on the Fund's behalf.

The Custodian Agreement may be terminated by any party on 90 days' written notice to the other parties. The Custodian is entitled to receive fees from the Fund, and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Fund.

The head office of the Custodian is located in Toronto, Ontario. The Custodian is not an affiliate or associate of the Manager.

### **Auditor**

The independent auditor of the Fund is KPMG LLP, located in Toronto, Ontario.

### **Administrator and Registrar**

The Manager is responsible for the administration of the Fund. The Manager has arranged for SGGG Fund Services Inc. (“**Administrator**”) to provide administrative services and facilities to the Fund pursuant to a fund administration agreement dated January 1, 2025 between the Manager and the Administrator (the “**Administration Agreement**”). The Administrator is responsible for providing administrative services and facilities to the Fund such as maintaining the accounting records of the Fund, valuation of the Fund’s assets, calculation of the Fund’s net asset value (“NAV”) and financial reporting services, as well as the maintenance of all unitholder records, processing unitholder purchases, transfers, redemption orders and distributions, issuing unitholder account statements and trade confirmations where applicable, and issuing annual tax reporting information. The Fund’s register of unitholders is maintained by the Administrator in Toronto, Ontario.

The Administrator is not an affiliate or associate of the Manager.

### **Securities Lending Agent**

The Manager, on behalf of the Fund, has entered into a Securities Lending Authorization Agreement (the “**Securities Lending Agreement**”) with the Custodian (in such capacity, the “**Securities Lending Agent**”). The Securities Lending Agreement appoints and authorizes the Securities Lending Agent to act as agent of the Fund for securities lending transactions and to execute, in the Fund’s name and on its behalf, securities lending agreements with borrowers in accordance with NI 81-102. The Securities Lending Agreement requires that the collateral received by the Fund in a securities lending transaction must generally have an aggregate market value of not less than 102% of the value of the securities loaned.

Under the Securities Lending Agreement, the Securities Lending Agent agrees to indemnify the Fund for any loss suffered or incurred as a result of any loan of securities effected by the Securities Lending Agent under the Securities Lending Agreement, except: (i) if such loss is suffered or incurred as a result of the Manager’s breach of its material obligations under the Securities Lending Agreement; or (ii) if such loss is suffered or incurred as a result of any unforeseen events which are beyond the Securities Lending Agent’s control, acting reasonably, such as events resulting from unforeseen changes in applicable statutes, regulations or rules or the imposition of priority liens, orders or judgments, unless such priority lien, order or judgment was imposed as a result of a failure by the Securities Lending Agent to fulfill its standard of care. The Securities Lending Agreement may be terminated at any time at the option of either party upon five (5) business days’ prior written notice to the other party.

The head office of the Securities Lending Agent is located in Toronto, Ontario. The Securities Lending Agent is not an affiliate or associate of the Manager.

## Cash Lender

The Fund may borrow money from the Custodian for investment purposes, pursuant to the margin annex dated January 9, 2025, which forms part of the Custodian Agreement.

The Custodian is not an affiliate or associate of the Manager.

## Independent Review Committee and Fund Governance

### *Independent Review Committee*

In accordance with National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“**NI 81-107**”), the Manager has established an Independent Review Committee (“**IRC**”) for the Fund. The IRC provides independent oversight of conflicts of interest referred to the IRC by the Manager that may arise between the Manager and the Fund. A conflict of interest is a situation where a reasonable person would consider the Manager, or an entity related to the Manager, to have an interest that conflicts with the Manager’s ability to act in good faith and in the best interest of the Fund. The Manager is required under NI 81-107 to have policies and procedures relating to conflicts of interest.

The IRC is composed of three individuals, each of whom is independent of the Fund, the Manager and its affiliates. The Manager considers an individual to be independent if the individual is not a director, officer or employee of the Manager, or an affiliate of the Manager. In addition, the individual must be independent from the directors and officers of the Manager, and free from any interest or business or other relationship that could, or could reasonably be perceived to, materially interfere with the individual’s ability to act with the view to the best interest of the Fund.

The current members of the IRC and their principal occupations are as follows:

Name and municipality of residence	Principal occupation
Rod McIsaac (Chair) Toronto, Ontario	Chair, Investment Advisory Committee, Canada Post Pension Plan
Cathy Welling Thornbury, Ontario	Corporate Director and Financial Services Executive (retired)
Kevin Drynan Clarksburg, Ontario	Senior Executive, former President and CEO of State Street Trust Company of Canada

The IRC has adopted a written charter that includes its mandate, responsibilities and functions, and the policies and procedures it will follow when performing its functions. In accordance with NI 81-107, the mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager is subject when managing the Fund. The Manager is required under NI 81-107 to identify conflicts of interest inherent in its management of the Fund,

and request input from the IRC on how it manages those conflicts of interest and on its written policies and procedures outlining its management of those conflicts of interest. The Manager must refer its proposed course of action in respect of any such conflict of interest matters to the IRC for its review. Certain matters require the IRC's prior approval, but in most cases, the IRC will provide a recommendation to the Manager as to whether or not, in the opinion of the IRC, the Manager's proposed action will provide a fair and reasonable result for the Fund. The IRC is also required to approve certain mergers involving the Fund and any change in the auditor of the Fund. For recurring conflict of interest matters, the IRC can provide the Manager with standing instructions.

The IRC assesses, at least annually, the adequacy and effectiveness of the Manager's policies and procedures regarding conflict of interest matters, any standing instructions that the IRC gave to the Manager for conflicts of interest related to the Fund, the compliance of the Manager and the Fund with any conditions imposed by the IRC in a recommendation or approval it has provided to the Manager, the independence and compensation of its members, the IRC's effectiveness as a committee and the contribution of each member to the IRC.

The IRC will prepare, at least annually, a report of its activities for unitholders, which report will be made available on the Fund's designated website at [www.jcclark.com](http://www.jcclark.com), or at the unitholder's request and at no cost, by calling us toll free at 1-866-480-0002 or at 416-361-6144 (collect calls are accepted) or by email to [funds@jcclark.com](mailto:funds@jcclark.com). A copy will also be available at [www.sedarplus.ca](http://www.sedarplus.ca). The annual report of the IRC will be available on or about March 31 in each year.

### ***Fund Governance***

Pursuant to the Trust Agreement, the Manager is responsible for managing and directing the operations and affairs of the Fund, subject to applicable law and the Trust Agreement. The Manager has responsibility for governance of the Fund and maintains policies, procedures and guidelines concerning governance of the Fund. In addition to the policies, practices or guidelines applicable to the Fund relating to business practices, sales practices, risk management or internal conflicts disclosed in this Simplified Prospectus, the Manager also has a Compliance Manual (the "**Manual**") which applies to all of its employees. The Manual is in place to help ensure that all employees of the Manager are doing what is best for the Manager's clients, while either avoiding conflicts of interest or by following controls to mitigate those conflicts sufficiently so that the conflict has been addressed in the client's best interest. The Manual provides mandatory policies in respect of the conduct of the Manager's business including the management of conflicts of interest, sales and marketing activities, privacy and confidentiality, business continuity and cybersecurity.

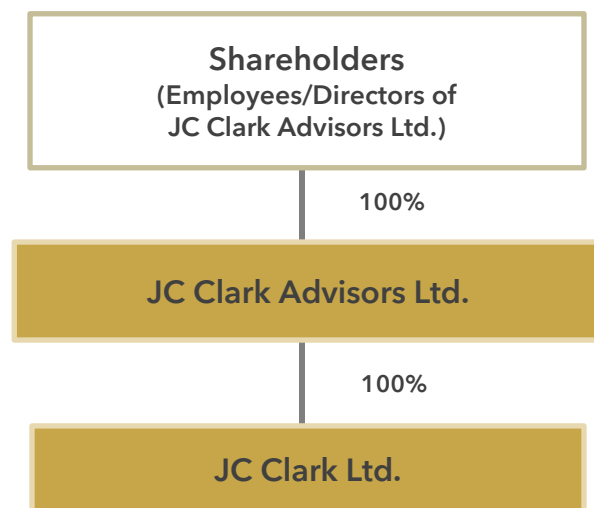
As Portfolio Manager of the Fund, the Manager is also responsible for managing the investment portfolio of the Fund. This includes making the investment decisions of the Fund and providing oversight of policies and procedures related to risk management, including liquidity risk management. Liquidity risk management is part of the Fund's broader risk management process which includes the monitoring, measurement, testing and reporting of liquidity risks within the Fund. The Chief Compliance Officer oversees and monitors the implementation of the Manager's liquidity risk management policy. All actions of the Manager are overseen by the board of directors of the Manager.

## Affiliated Entities

None of the service providers that currently provide services to the Fund and the Manager is an affiliated entity of the Manager.

The Manager is a wholly owned subsidiary of JC Clark Advisors Ltd., a company incorporated under the laws of Ontario. The common voting shares of JC Clark Advisors Ltd. are 100% owned by the current employees and directors of JC Clark Advisors Ltd.

The following diagram represents the share ownership structure of the Manager as of the date hereof:



## Dealer Manager

The Manager is an investment dealer and acts as portfolio manager for the Fund. Accordingly, the Fund is considered to be a “dealer managed” investment fund for the purposes of National Instrument 81-102 – *Investment Funds* (“NI 81-102”). Applicable securities legislation imposes restrictions on investments made by dealer managed investment funds. In accordance with such rules, unless such transaction has been approved by the IRC and certain other conditions are met, the Fund may not make an investment in any class of securities of any issuer (other than those guaranteed by the Government of Canada, the government of a province of Canada or an agency of the foregoing):

- (i) for which the Manager, or an associate or affiliate of the Manager, is acting or has acted as an underwriter in the distribution of such class of securities of the issuer (except as a member of the selling group distributing 5% or less of the securities underwritten), until at least 60 days after the conclusion of the distribution of the underwritten securities to the public; or
- (ii) of which any partner, director, officer or employee of the Manager or any partner, director, officer or employee of any affiliate or associate of the Manager is a partner, director or officer, unless such partner, director, officer or employee: does not

participate in the formulation of investment decisions made on behalf of the Fund; does not have access prior to implementation to information concerning investment decisions made on behalf of the Fund; and does not influence (other than through research, statistical and other reports generally available to clients) the investment decisions made on behalf of the Fund.

## **Policies and Practices**

The Manager maintains policies, procedures and guidelines concerning governance of the Fund. These policies, procedures and guidelines aim to monitor and manage the business and sales practices, risk management and internal conflicts of interest relating to the Fund, and to ensure compliance with regulatory and corporate requirements.

The Fund is managed in accordance with the standard investment restrictions and practices applicable to an alternative mutual fund as prescribed by applicable securities laws, including NI 81-102. These restrictions and practices have been designed by the regulatory authorities to ensure that investments of mutual funds are diversified and relatively liquid and to ensure the proper administration of mutual funds.

### ***Policies on the Use of Derivatives***

The Fund may use derivative instruments from time to time for hedging or investment purposes, provided that the use of such derivative instruments is in compliance with NI 81-102 and is consistent with the investment objective and investment strategies of the Fund. For example, the Fund may use futures or other derivative instruments to gain exposure to a particular security in circumstances where the Manager has determined that synthetic exposure would be preferable to a direct investment. Derivatives also may be used for a variety of purposes that do not constitute speculation, such as risk management, seeking to stay fully invested, seeking to equitize any cash and dividend receivables, seeking to reduce transaction costs, seeking to simulate investment in equity or debt securities or other investments, seeking to add value by using derivatives to more efficiently implement portfolio positions when derivatives are favourably priced relative to equity or debt securities or other investments and for other purposes. In connection with its use of derivatives, the Fund may purchase or hold cash and/or fixed-income and other instruments that it may pledge as collateral or margin to its counterparties or futures commission merchants. For more information, see “*What Does the Fund Invest In? - Investment Strategies*” which sets out the objectives, limits and controls on derivatives trading by the Fund.

As stated above, the Fund may use derivative instruments to seek to hedge foreign currency exposure of the securities held by the Fund to the Canadian dollar. The risks of using derivative instruments for currency hedging purposes differ from the risks of using derivatives for investment purposes. The Manager has written procedures in place to manage these risks. Please see “*What are the Risks of Investing in the Fund? – Derivatives Risk*” for more information about these risks.

The Manager has written policies and procedures in place that set out the objectives and goals for derivatives trading and the risk management procedures applicable to those transactions by the Fund. The Chief Compliance Officer of the Manager is responsible for setting and reviewing these

policies and procedures, which are also reviewed and approved at least annually by the board of directors of the Manager. The Chief Compliance Officer also reviews the Fund's derivative transactions as part of the ongoing review of Fund activity, and reports to the board of directors. There are no limits or controls restricting these transactions, other than those in NI 81-102, and risk measurements or simulations are not used to test the Fund's portfolio under stress conditions.

### ***Policies and Procedures related to Short Selling***

The Fund may engage in short selling up to a maximum of 50% of its NAV as permitted under NI 81-102. A short sale by the Fund involves borrowing securities from a lender which are then sold in the open market (or "sold short"). At a later date, the same number of securities are repurchased by the Fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the Fund pays interest to the lender. If the value of the securities declines between the time that the Fund borrows the securities and the time it repurchases and returns the securities, the Fund makes a profit for the difference (less any interest the Fund is required to pay to the lender). In this way, the Fund has more opportunities for gains when markets are generally volatile or declining. For more information about how the Fund employs short selling, see "*What Does the Fund Invest In? - Investment Strategies*".

Short selling by the Fund will be subject to the following controls and restrictions as per the Manager's written policies and procedures:

- all short sales will be implemented using market facilities through which those securities are normally bought and sold;
- securities will be sold short for cash, with the Fund assuming the obligation to return the borrowed securities to the lender. The Fund will receive the cash proceeds within normal trading settlement periods for the market in which the short sale is effected;
- the security interest provided by the Fund over its assets will be granted in accordance with industry practice for short sale transactions and will relate only to obligations arising under such transactions;
- securities sold short will be liquid securities that are:
  - listed and posted for trading on a stock exchange and the Fund has pre-arranged to borrow for the purpose of such sale, or
  - bonds, debentures or other evidences of indebtedness of, or guaranteed by, the Government of Canada or any province or territory of Canada or the Government of the United States of America;
- the Fund will borrow securities only from its Custodian or a regulated dealer. For short sale transactions in Canada, the dealer will have to be a registered dealer and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund. For short sale transactions outside Canada, the dealer will have to be subject to a regulatory audit from time to time by virtue of being a member of a stock

exchange, and have a net worth in excess of \$50 million, as determined from its most recent audited financial statements that are publicly available;

- the aggregate market value of all securities of an issuer sold short by the Fund (other than government securities) will not exceed 10% of the total net assets of the Fund;
- when Fund assets are deposited with a dealer as security in connection with a short selling transaction, the amount of Fund assets deposited with the dealer will not, when aggregated with the amount of Fund assets already held by the dealer as security for outstanding short selling transactions involving the Fund, exceed 25% of the net assets of the Fund, taken at market value at the time of deposit;
- the aggregate market value of all securities sold short by the Fund plus all cash borrowed by the Fund will not exceed 50% of the net assets of the Fund on a daily marked-to-market basis.

Written policies and procedures regarding objectives and risk management procedures have been adopted by the Manager in connection with its short selling activities. The Chief Compliance Officer of the Manager is responsible for setting and reviewing these policies and procedures, which are also reviewed and approved at least annually by the board of directors of the Manager. The Chief Compliance Officer also reviews the Fund's short selling transactions as part of the ongoing review of Fund activity, and reports to the board of directors. There are no limits or controls restricting these transactions, other than those in NI 81-102, and risk measurements or simulations are not used to test the Fund's portfolio under stress conditions.

#### ***Policies and Procedures related to Securities Lending, Repurchase and Reverse Repurchase Transactions***

The Fund may, from time to time, enter into securities lending, repurchase and reverse repurchase arrangements in accordance with NI 81-102 in order to generate additional income to enhance the NAV of the Fund. The Fund does not currently intend to engage in repurchase or reverse repurchase transactions. The Manager has entered into the Securities Lending Agreement with the Securities Lending Agent to administer the Fund's securities lending activities. The Securities Lending Agreement has been reviewed and approved by management of the Manager including the Chief Compliance Officer.

The Fund may lend securities to securities borrowers acceptable to it pursuant to the terms of a securities lending agreement between the Securities Lending Agent and any such borrower under which: (i) the borrower will pay to the Fund a negotiated securities lending fee and will make compensation payments to the Fund equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Tax Act (as defined below); and (iii) the Fund will receive collateral security. The Securities Lending Agent will be responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis.

Under NI 81-102, the collateral posted by a securities borrower is required to have an aggregate value of not less than 102% of the market value of the loaned securities. The total value of the



securities loaned by the Fund at any time is not permitted to exceed 50% of the NAV of the Fund (excluding any collateral received from securities lending activities). Any cash collateral acquired by the Fund is permitted to be itself invested only in the securities permitted under NI 81-102 that have a remaining term to maturity of no longer than 90 days.

Written policies and procedures regarding objectives and risk management procedures have been adopted by the Manager in connection with its securities lending activities. The Chief Compliance Officer of the Manager is responsible for setting and reviewing these policies and procedures, which are also reviewed and approved at least annually by the board of directors of the Manager. The Chief Compliance Officer also reviews the Fund's securities lending transactions as part of the ongoing review of Fund activity, and reports to the board of directors. There are no limits or controls restricting these transactions, other than those in NI 81-102, and risk measurements or simulations are not used to test the Fund's portfolio under stress conditions.

The securities lending transactions of the Fund may be terminated by the Fund at any time.

### ***Proxy Voting Policies and Procedures***

The Manager is responsible for establishing, monitoring and amending (if necessary) policies and procedures (the “**Guidelines**”) to ensure that proxies relating to securities held by the Fund are voted in a timely manner, in accordance with the instructions of the Manager and in the best interest of the Fund. The Manager reviews the proxy voting record of the Fund on a quarterly basis to ensure that the Guidelines have been followed.

The Guidelines are based on the following core principles:

- the Manager follows an investment discipline that includes investing in companies that are believed to have strong management teams, and will accord proper weight to the positions of a company's board of directors; and
- the Manager will ensure that the long-term economic best interests of the Fund are the key consideration when voting proxies of portfolio securities, having regard to the facts and circumstances existing at the time of such vote.

The Manager will generally support the management of companies in which it invests. In most circumstances (including routine matters), votes will be cast in accordance with the recommendations of the company's board of directors. However, the Manager retains the discretion to depart from this standing policy on any proxy vote. In particular, the Manager may not vote in favour of management's recommendation on a routine matter if such recommendation is, on balance, not in the best interests of shareholders. As a general rule, the Manager shall vote against any actions that would:

- reduce the rights or options of shareholders;
- reduce shareholder influence over the board of directors and management;
- reduce the alignment of interests between management and shareholders; or

- reduce the value of shareholders' investments.

In the event that a proxy vote presents a conflict between the interests of the Fund and the interests of the Manager or an affiliate or associate of the Manager, we will vote the relevant proxies in the manner that we believe is in the best interest of the Fund, after referring the conflict of interest to the IRC for its recommendation of our proposed voting of such proxies.

The complete Guidelines are available on request, at no cost, by calling us toll free at 1-866-480-0002 or at 416-361-6144 (collect calls are accepted) or by email to [funds@jcclark.com](mailto:funds@jcclark.com). In addition, the proxy voting record for the Fund for the annual period ending June 30 of each year is available to any unitholder, free of charge, upon request at any time after August 31 of that year. The proxy voting record is also available on the Fund's designated website at [www.jcclark.com](http://www.jcclark.com).

### **Remuneration of Directors, Officers and Trustees**

The Trustee is compensated by the Fund paying an annual fee and reimbursing reasonable expenses related to its activities as trustee of the Fund. For the year ended December 31, 2025, the annual fee payable to the Trustee by the Fund is expected to be approximately \$6,500.

No director or officer of the Manager is paid a fee by the Fund or has expenses reimbursed by the Fund.

### **Remuneration of IRC**

Each member of the IRC is paid an annual retainer of \$8,000 (\$10,000 for the Chair) to serve on the IRC. In addition, each IRC member is paid \$1,500 per meeting for each meeting in excess of three meetings per year, subject to the next assessment by the IRC of its compensation as contemplated by NI 81-107. Members are also entitled to be reimbursed for all reasonable expenses incurred in the performance of their duties. Expenses of the IRC include insurance premiums, travel expenses and reasonable out-of-pocket expenses.

### **Material Contracts**

The material contracts of the Fund include:

- the Trust Agreement, as it may be amended from time to time, as described under "*Responsibility for Mutual Fund Administration – Trustee*" above; and
- the Custodian Agreement, as it may be amended from time to time, as described under "*Responsibility for Mutual Fund Administration – Custodian*" above.

Copies of the material contracts are available for inspection during regular business hours at the principal office of the Manager.

### **Legal Proceedings**

There are currently no legal or administrative proceedings involving the Fund or the Manager.

## Designated Website

A mutual fund is required to post certain regulatory disclosure documents on a designated website. The designated website of the Fund can be found at [www.jcclark.com](http://www.jcclark.com).

## VALUATION OF PORTFOLIO SECURITIES

The issue and redemption price of each series of Units of the Fund is based on the Unit Value (as defined below) of the applicable series determined on the Valuation Date (as defined below) following the receipt of a purchase or redemption order.

The Unit Value and NAV of the Fund are calculated using the fair value of the Fund's assets and liabilities in accordance with National Instrument 81-106 – *Investment Fund Continuous Disclosure* (“NI 81-106”). Fair value is determined by the Manager in accordance with the provisions as set out below. Deviations from these valuation principles may occur if we feel that applying a particular principle in a particular situation may result in a valuation for a security that does not reflect its fair value.

For the purpose of determining the NAV of the Fund and the Unit Value of each series of the Fund on any Valuation Date the assets of the Fund shall be valued as follows:

- The value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, dividends receivable (if such dividends are declared and the date of record is before the date as of which the NAV of the Fund is being determined) and interest accrued and not yet received, shall be deemed to be the full amount thereof, unless the Manager determines that any such deposit, bill, demand note, account receivable, prepaid expense, dividend receivable or interest accrued and not yet received is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Manager determines to be the reasonable value thereof.
- Securities which are listed on a securities exchange or traded in an OTC market will be valued at the closing sale price at the close of business on the Valuation Date or, if there is no sale price, the average between the closing bid and the closing asked price on the Valuation Date. Where securities are traded on more than one securities exchange, the Manager will determine which exchange constitutes the primary market for such securities and use its pricing for valuation of such securities.
- The value of any bonds, debentures and other debt obligations shall be valued at mid prices from recognized pricing vendors on a Valuation Date at such times as the Administrator, in consultation with the Manager, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest.
- “Restricted securities” (being securities, the resale of which is restricted or limited by means of a representation, undertaking or agreement by the Fund or by law) will be valued at the lesser of: (i) the value thereof based on reported quotations in common use, and (ii) that percentage of the market value of securities of the same series, the trading of which is not restricted or limited by means of any representation, undertaking or agreement or by

law, equal to the percentage that the Fund's acquisition cost was of the market value of such security at the time of acquisition, provided that a gradual taking into account of the actual value of the securities will be made where the date on which the restrictions will be lifted is known.

- 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 prices 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.
- The value of a forward contract or of a futures contract shall be the gain or loss with respect thereto that would be realized if, on the determination of the NAV of the Fund, the position in the forward contract or the futures contract, as the case may be, were to be closed out, unless "daily limits" are in effect, in which case the fair value shall be based on the current market value of the underlying assets.
- In the case of any security or other property of the Fund for which no method for determining value is described above, or where the value of any security or other property of the Fund determined as described above would not, in the opinion of the Manager, reflect the fair value of such security or other property, the value thereof will be determined in such manner as, in the opinion of the Manager, will reflect the fair value thereof.

The Manager may employ fair value pricing techniques, which involve assigning a value to the Fund's portfolio holdings, which may, in the case of securities traded on an exchange, differ from the closing price on the exchange. We do this where we have, in good faith, determined that to do so better reflects the current market value of the securities in question, such as where events affecting the values of the Fund's foreign portfolio holdings may have occurred after the foreign market closed, but before the Valuation Time (as defined below) on a Valuation Date (as defined below), and the Manager determines that closing prices on foreign securities exchanges may no longer accurately reflect market values. Absent our fair value pricing procedures, these events would not be captured in the Fund's NAV. We employ fair value pricing for two purposes. It increases the likelihood that the Fund's NAV truly reflects the value of its holdings, and it acts to deter market timing activity by decreasing the likelihood that an investor is able to take inappropriate advantage of market developments that occur following the foreign market close.

The liabilities of the Fund (other than short positions) shall include those expenses paid or payable by the Fund, including accrued contingent liabilities, including:

- all bills and accounts payable;

- all expenses payable by the Fund and/or accrued;
- all contractual obligations for the payment of money or property, including the amount of any declared but unpaid distributions;
- all allowances authorized or approved by the Manager for taxes or contingencies; and
- all other liabilities of the Fund or a series of the Fund of whatsoever kind and nature, except liabilities represented by outstanding units.

All Fund property valued in a foreign currency shall be converted into Canadian dollars by applying the rate of exchange obtained from the best sources available to the Administrator, in consultation with the Manager.

The Manager has authorized the Administrator, and may authorize other third parties, to perform some of the Manager's valuation functions. References to the Manager in the above valuation principles, to the extent the Manager authorizes such parties to perform these functions, includes these third parties.

In accordance with amendments to NI 81-106, the fair value of a portfolio security used to determine the daily price of the Fund's securities for purchases and redemptions by investors will be based on the Fund's valuation principles set out above, which may not be the same as the requirements of IFRS Accounting Standards. Hence, the reported value of securities held by the Fund may differ from what is reported in the annual and interim financial statements.

### **CALCULATION OF NET ASSET VALUE**

The NAV of the Fund and Unit Value of each series are calculated on behalf of the Manager by the Administrator or such other person engaged by the Manager for such purpose.

The NAV of the Fund is computed by deducting all expenses or liabilities of the Fund from the value of the assets of the Fund.

A separate NAV is also calculated for each series of Units of the Fund, which is referred to as "**series NAV**". The series NAV is based on the value of the proportionate share of the assets of the Fund attributable to the particular series, less the liabilities of the Fund attributed only to that series and the proportionate share of the common liabilities of the Fund allocated to that series. A series' proportionate share of the Fund's assets and liabilities is generally determined by comparing that series' NAV to the aggregate NAV of the Fund. That amount is further adjusted for applicable transactions attributable to that series.

The "**Unit Value**" of a series is determined by dividing the series NAV by the total number of Units of that series outstanding at the time. The NAV of the Fund and the Unit Value are determined and reported in Canadian dollars.

The Unit Value of each series is normally determined each day on which the Toronto Stock Exchange is open for business (each such day being a "**Valuation Date**"). The NAV of the Fund is calculated as at 4:00 p.m. (Toronto time) or such earlier time as the Toronto Stock Exchange

closes for the day, whichever is earlier (the “**Valuation Time**”). The Unit Value so determined remains in effect until the time as at which the next determination of the Unit Value is made.

The calculation of the Unit Value may be suspended during such time as the right to redeem Units is suspended (see “*Purchases, Switches and Redemptions – How to Redeem Units – Suspensions of Redemption Rights*” below for more information). The calculation of the Unit Value will resume when trading resumes. In the event of a suspension of the calculation of Unit Value, a unitholder may either withdraw any redemption request or receive payment in respect of any outstanding redemption request based on the Unit Value next calculated for the series after the termination of the suspension.

The NAV of the Fund and Unit Value for each series of Units are available upon request, and at no cost, by calling us toll free at 1-866-480-0002 or at 416-361-6144 (collect calls are accepted) or by email to [funds@jcclark.com](mailto:funds@jcclark.com).

## **PURCHASES, SWITCHES AND REDEMPTIONS**

### **Series of Units**

The Fund may offer an unlimited number of series of Units and may issue an unlimited number of Units of each series. The money that you and other investors pay to purchase Units of any series is tracked on a series-by-series basis in the Fund’s records, but the assets of all series of the Fund are combined in a single pool to create one portfolio for investment purposes.

Different series of the Fund are subject to different fees and expenses, and the series you purchase will affect the amount of compensation you pay to your dealer. See “*Fees and Expenses*” and “*Dealer Compensation*” below for more information about fees and charges associated with each series. Each series of Units is subject to its respective minimum investment requirements, as described below under “*Purchases, Switches and Redemptions – How to Purchase Units*”.

Each series of Units is intended for a different type of investor. Investors must meet eligibility criteria established by us from time to time in order to hold each series of Units of the Fund. If, at any time, you cease to be eligible to hold your series of Units, we may switch you to another series of Units of the Fund (including to a series that may be created in the future).

### ***Founders Series A Units***

Founders Series A Units are available to all investors who invest during the Founders Investment Period (as defined below), or who hold Founders Units as at the end of the Founders Investment Period, and who meet the applicable minimum investment amount, other than investors who meet the eligibility criteria for Founders Series F Units.

### ***Founders Series F Units***

Founders Series F Units are available to investors who invest during the Founders Investment Period, or who hold Founders Units as at the end of the Founders Investment Period, and who have (i) a fee-based account with their dealer (including the Manager), or (ii) an account with an order execution dealer or other dealer who does not make a suitability determination, and in each case,

where we are not the dealer, whose dealer has signed an agreement with us. Instead of paying sales charges, investors buying Founders Series F Units may pay fees to their dealer for investment advice and other services. We do not pay any commissions to dealers in respect of Founders Series F Units.

### ***Series I Units***

Series I Units are special purpose securities available to institutional investors and other permitted investors. Series I Units are not sold to the general public. No sales commission is paid to dealers for selling these Units. We must approve any switch to or from Series I Units.

### **How to Purchase Units**

Units of each series are offered on a continuous basis and can be purchased directly through registered dealers or brokers (including the Manager) in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Saskatchewan.

If you purchase Founders Series A Units, your dealer may, in its sole discretion, charge you a sales commission of up to 5% of the Unit Value of the Units you purchase.

The minimum initial investment in Founders Units is \$1,000, and for subsequent purchases of Founders Units the minimum investment is \$500. The minimum initial investment amount for Founders Units may be changed or waived by the Manager from time to time in its sole discretion.

The minimum initial investment and each additional investment in Series I Units of the Fund is negotiated between each Series I investor and the Manager.

The minimum investment amount for subsequent purchases of any series of Units does not apply to purchases made through reinvestments of distributions.

When you purchase Units of a series of the Fund, the price you pay is the Unit Value of Units of that series. Units of the Fund are valued on each Valuation Date. Orders received by the Manager prior to the Valuation Time on any Valuation Date will be implemented at the Unit Value of the applicable series determined on such day, and those which are received by the Manager after the Valuation Time on a Valuation Date, or on a day other than a Valuation Date, will be implemented at the Unit Value of the applicable series determined on the following Valuation Date. Orders will be priced based on the Unit Value of the applicable series determined on the Valuation Date on which such orders are implemented.

Please contact your dealer to find out how to place an order. You and your dealer are responsible for ensuring that your purchase order is accurate and complete when submitted to the Manager. All subscriptions for Units are to be submitted by dealers to the Manager on the day they are received, unless received by such dealer after normal business hours or such earlier cut-off time that your dealer may have established, in which event they must be submitted not later than the next business day, in both instances without charge to the investor.

The purchase price of all subscriptions must be made in a manner acceptable to the Manager. If we do not receive any necessary documentation and full payment within two business days of

processing your purchase order, we will redeem your Units on the next business day. If the proceeds are greater than the payment you owe, the Fund will keep the difference. If the proceeds are less than the payment you owe, your dealer will be required to pay the difference, and may wish to collect this amount, plus the expenses of doing so, from you.

The Manager may, in its discretion, reject any subscription order, but must make its decision within one business day of receipt by the Manager of the order. If an order is rejected, all money received with the order will be returned immediately to you or your dealer without interest. To reduce the potential for adverse effects to existing investors of large redemptions in the Fund, we may reject your order if it makes you a holder of 10% or more of the Fund's net assets. The Manager may suspend new subscriptions for Units at its sole discretion. The Fund will not accept any subscriptions during any period when the right to redeem Units is suspended. See "*Purchases, Switches and Redemptions – How to Redeem Units*" below.

We only accept orders through Fundserv. No certificates will be issued in respect of Units purchased. You will receive confirmation of your purchase from your dealer.

### ***Founders Investment Period***

Founders Units are available until 4:00 p.m. (Toronto time) on December 31, 2025 (the "**Founders Investment Period**"). Following the Founders Investment Period, Founders Units will no longer be available for purchase by new investors. Investors who hold Founders Units as at the end of the Founders Investment Period will be able to continue to purchase new Founders Units, including through reinvested distributions. The Manager reserves the right to shorten or extend the Founders Investment Period. Purchases of additional Founders Units after the Founders Investment Period will remain subject to the minimum investment amount.

### **How to Switch Units**

You may switch your Founders Series A Units of the Fund into Founders Series F Units of the Fund if you are eligible to purchase Founders Series F Units. See "*Purchases, Switches and Redemptions – Founders Series F Units*" above. This switch is processed as a redesignation and is not considered to be a disposition of Units for tax purposes. You will not realize a capital gain or loss upon a redesignation unless Units are redeemed to pay any fees or charges. See "*Income Tax Considerations – Income Tax Considerations for Investors*" below.

If your redesignation order is received before the Valuation Time on a Valuation Date, it will be processed at the Unit Value calculated later that day. Otherwise, your order will be processed at the Unit Value calculated on the next Valuation Date. A redesignation from one series of the Fund to another series of the Fund will likely result in a change in the number of Units of the Fund you hold, since each series generally has a different Unit Value, and you may be issued fractional Units as a result.

If you cease to be eligible to hold a series of Units, we may switch you to a different series of the Fund.

You may be charged a fee of up to 2% of the Unit Value of the Units being switched. This fee is negotiated between you and your dealer. See "*Fees and Expenses – Fees and Expenses Payable*"



*Directly by You”* below for more information. You may also be subject to a short-term trading deduction if your Units are switched within 30 days of being purchased. See “*Purchases, Switches and Redemptions – How to Redeem Units – Short-Term Trading*” below.

## **How to Redeem Units**

You may request the Fund to redeem any or all of your Units at any time through your dealer. When you redeem Units of a series of the Fund, the redemption price is the Unit Value of Units of that series. Units of the Fund are valued on each Valuation Date. If your redemption request is received by the Manager from your dealer before the Valuation Time on a Valuation Date, we will calculate your redemption amount as of that day. If your redemption request is placed by your dealer on a day that is not a Valuation Date, or after the Valuation Time on a Valuation Date, we will calculate your redemption amount as of the next Valuation Date.

### ***Redemptions at the Option of the Fund***

The Manager may, at any time and from time to time, in its absolute discretion, compulsorily redeem or cause to be redeemed all or any part of the Units held at the applicable Unit Value less, in the discretion of the Manager, any redemption charge or other fee determined, in the following circumstances:

- if the aggregate Unit Value of the Units of a series in your account declines below the minimum initial investment amount for that series (including the negotiated minimum initial investment amount for Series I investors), after providing you with ten days’ prior written notice. However, the Manager will not redeem such Units if, within the notice period, the unitholder’s investment in the Fund is increased to a level which meets the minimum requirement;
- if the Manager believes that it is in the best interests of the Fund or the other unitholders to do so;
- if such unitholder’s continued participation in the Fund may cause the Trustee, the Fund or the Manager to violate any applicable law or if such unitholder’s ownership of Units could have a material adverse effect on the Trustee, the Fund or the Manager; and
- for any other reason, in the Manager’s absolute discretion.

### ***Payment of Redemption Proceeds***

Payment for any Units redeemed (including by reason of a mandatory redemption as described above or upon termination of the Fund), less all taxes required to be withheld and any applicable short-term trading deduction, will be made to your dealer within two business days after all the required documents or instructions are submitted to the Manager. If the Manager does not receive all documentation needed to settle your redemption within ten business days after the Unit Value has been determined in respect of your redemption, the Manager is required under securities legislation to force settlement that day by buying back the same number of Units on your behalf. If the redemption proceeds are less than the purchase price, we will pay the Fund the difference and seek reimbursement from your dealer, together with any banking costs charged to the Fund.

Your dealer may choose to seek reimbursement of these amounts from you. If the redemption proceeds are greater than the purchase price, the Fund will keep the difference.

Each series of the Fund will pay redemption proceeds in Canadian dollars.

You do not pay a redemption fee for redeeming Units of the Fund. However, you may be subject to a short-term trading deduction if you redeem Units within 30 days of purchase. See the following section for more information.

### ***Short-Term Trading***

In general, the Fund is intended to be a long-term investment. Some investors may seek to trade frequently in and out of the Fund, to try to make a profit at the expense of the Fund, such as by taking advantage of the difference between the Fund's NAV and the value of the Fund's portfolio holdings. Such frequent trading in Units of the Fund can have an adverse effect on the Fund by increasing brokerage and other administrative costs of the Fund and interfering with the Manager's long-term investment decisions for the Fund.

The Manager has adopted certain restrictions to deter short-term trading. For example, the Manager may restrict purchases if an investor engages in short-term trading. The Manager's restrictions also include charging a deduction of up to 1% of the Unit Value of the Units that are redeemed within 30 days of purchasing them. The Manager has systems in place to monitor for short-term trading. These systems have the capacity to detect and mark any redemption that occurs within 30 days of the purchase of the relevant Units. The Manager reviews the marked transactions on a regular basis and determines whether any further action is required. If it is determined that a redemption constitutes a short-term trade, the Manager may charge a deduction of up to 1% of the amount redeemed. This deduction is retained by the Fund and will reduce the amount otherwise payable to an investor on the redemption. For purposes of the short-term trading deduction, Units will be considered to be redeemed on a first-in first-out basis.

The Manager may take such additional actions as are considered appropriate to prevent further similar activity. These actions may include the delivery of a warning to you, placing you or your account(s) on a watch list to monitor your trading activity and the subsequent rejection of further purchases by you if you continue to attempt such trading activity and/or closure of your account. While these restrictions and our monitoring attempt to deter short-term trading, the Manager cannot ensure that such trading will be completely eliminated.

This short-term trading deduction will not be charged for a redemption of Units: (i) acquired through automatic reinvestment of distributions by the Fund; (ii) in connection with a failed settlement of a purchase of Units; (iii) as a result of a special circumstance, such as death of a unitholder or a hardship situation (subject to our discretion); (iv) by us or by another fund managed by us; (v) in connection with a redesignation of Units from one series to another series of the Fund; or (vi) if it is waived by the Manager, in its absolute discretion.

Please see "*Short-Term Trading Deduction*" under "*Fees and Expenses – Fees and Expenses Payable Directly by You*" below.

### ***Suspensions of Redemption Rights***

Under exceptional circumstances, the Manager may suspend your right to redeem Units and thus be unable to process your redemption order. This may only occur when (i) normal trading is suspended in any market upon which securities or derivatives that make up more than 50% of the value or underlying exposure of the Fund's total assets are traded (and those securities are not traded on any other market or exchange that represents a reasonable alternative for the Fund); or (ii) with the consent of the securities regulatory body having jurisdiction over the Fund.

If we suspend redemption rights after you have requested a redemption and before your redemption proceeds have been determined, you may either withdraw your redemption request or redeem your Units at the Unit Value determined after the suspension period ends. We will not accept orders to purchase Units while redemptions are suspended.

## **OPTIONAL SERVICES**

### **Registered Plans**

Provided that the Fund qualifies as a mutual fund trust under the Tax Act, Units will be qualified investments under the Tax Act for the following registered plans (each, a **"Registered Plan"**): a registered retirement savings plan (**"RRSP"**), registered retirement income fund (**"RRIF"**), registered education savings plan (**"RESP"**), tax-free savings account (**"TFSA"**), registered disability savings plan (**"RDSP"**) or first home savings account (**"FHSA"**) registered under the Tax Act. See *"Income Tax Considerations – Income Tax Considerations for Investors"* for more information.

## **FEES AND EXPENSES**

The following table lists the fees and expenses that you may have to pay if you invest in the Fund. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund.

Fees and expenses are subject to applicable sales taxes (such as HST), including management fees and performance fees payable to the Manager in respect of each series, and Fund costs attributed to each series. Rates may vary depending on the unitholder's province of residence.

Your consent will be obtained if: (i) the basis of the calculation of a fee or expense that is charged to the Fund, or directly to its unitholders by the Fund or by the Manager, is changed in a way that could result in an increase in charges to the Fund or to its unitholders; or (ii) a fee or expense to be charged to the Fund, or directly to its unitholders by the Fund or by the Manager, that could result in an increase in charges to the Fund or to its unitholders, is introduced. However, your consent will not be required if: (i) the fee is charged by a third party at arm's length to the Fund; or (ii) the fee or expense is charged by a non-arm's length party in respect of Founders Series F Units or Series I Units. In either of these cases, you will be sent a written notice at least 60 days before the effective date of the change.

<b>Fees and Expenses Payable by the Fund</b>	
<b>Management Fees</b>	<p>As compensation for the services provided by the Manager to the Fund, the Manager is entitled to receive a management fee in respect of Founders Units. The Fund does not pay a management fee in respect of Series I Units. Instead, Series I unitholders pay a management fee directly to the Manager. This management fee is negotiated with the Manager and set out in an agreement between the Series I unitholder and the Manager.</p> <p>The services provided by the Manager to the Fund in exchange for the management fee include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• day-to-day management, supervision and administration of the Fund;</li> <li>• oversight of any service providers to the Fund;</li> <li>• marketing and other promotional activities;</li> <li>• arranging for the distribution and sale of securities of the Fund;</li> <li>• providing portfolio management services, including making all investment decisions with respect to purchases and sales of the Fund's property and for the necessary brokerage arrangements and trade orders;</li> <li>• accepting subscriptions for Units of the Fund and processing redemptions of Units of the Fund; and</li> <li>• authorizing all contractual arrangements relating to the Fund and executing documents on behalf of the Fund.</li> </ul> <p>The management fee for:</p> <ul style="list-style-type: none"> <li>• Founders Series A Units of the Fund is 1.75% per annum, and</li> <li>• Founders Series F Units of the Fund is 0.75% per annum,</li> </ul> <p>plus applicable taxes. The management fee is calculated and accrued on each Valuation Date and is payable on the last Valuation Date of each month.</p> <p>From time to time, in our discretion, we may waive management fees that would otherwise be payable by the Fund. This management fee waiver may be terminated at any time without prior notice to unitholders.</p> <p>From time to time, in our discretion, we may permit negotiation of a Management Fee Distribution (as defined below) to certain unitholders, primarily based on the amount invested in the Fund. See</p>

	<p><i>“Fees and Expenses – Management Fee Rebate or Distribution Programs”</i> below.</p>
<b>Performance Fee</b>	<p>The Manager is entitled to receive a performance fee, which is paid by the Fund in respect of Founders Units. The Fund does not pay a performance fee in respect of Series I Units. Instead, Series I unitholders pay a performance fee directly to the Manager. This performance fee is negotiated with the Manager and set out in an agreement between the Series I unitholder and the Manager.</p> <p>The performance fee is calculated and accrued on each Valuation Date during the relevant Performance Fee Determination Period (as defined below) and is payable on the last Valuation Date of the Performance Fee Determination Period.</p> <p>For any Performance Fee Determination Period, the performance fee payable in respect of each Unit of a series of the Fund is equal to the applicable Performance Fee Rate (as defined below) multiplied by the amount by which the Investment Performance (as defined below) of the applicable Unit exceeds the aggregate of the High Water Mark (as defined below) and the Hurdle Amount (as defined below) during the Performance Fee Determination Period, plus applicable taxes. For this purpose:</p> <p><b>“High Water Mark”</b> for each Unit of a series means the higher of (i) the initial series NAV per Unit for the series, and (ii) the highest Unit Value for any Unit of that series on the last Valuation Date of any calendar year on which a performance fee was payable in respect of that series.</p> <p><b>“Hurdle Amount”</b> for each Unit of a series means the product of the Hurdle Rate multiplied by the High Water Mark for that Unit.</p> <p><b>“Hurdle Rate”</b> means 5% per annum. For greater certainty, the Hurdle Rate for a Performance Fee Determination Period that is shorter than a calendar year will equal less than 5%.</p> <p><b>“Investment Performance”</b> for each Unit of a series, on a Valuation Date, means the sum of the Unit Value, before any accrued performance fee, on that Valuation Date plus all distributions paid or payable per Unit on that series during the Performance Fee Determination Period.</p> <p><b>“Performance Fee Rate”</b> means 20% for Founders Series Units of the Fund, and a rate that is negotiated with the Manager for Series I Units.</p>

	<p><b>“Performance Fee Determination Period”</b> for each Unit of a series means the period starting on the later of (i) the start date of the series of the Fund, and (ii) the first day of the calendar year, and ending on the earlier of (y) the date the Unit is redeemed by the unitholder, and (z) the last Valuation Date of the calendar year, in which performance fee becomes payable.</p> <p>From time to time, in our discretion, we may waive performance fees that would otherwise be payable by the Fund. This performance fee waiver may be terminated at any time without prior notice to unitholders.</p>
<b>Operating Expenses</b>	<p>The Fund pays for its own operating expenses. Operating expenses include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• all investment expenses (including expenses the Manager, an investment adviser or sub-adviser reasonably determines to be related to the investment of the Fund’s assets, such as brokerage commissions, fees relating to forward or swap contracts and expenses relating to short sales; the costs of products and services relating to research, market data, execution and related items; clearing and settlement charges, custodial fees, hedging expenses, bank service fees, expenses relating to proposed investments that are not consummated and all such other fees and disbursements directly relating to the implementation of the investment strategies, policies and practices of the Fund and transactions for the portfolio of the Fund);</li> <li>• any taxes, assessments or other regulatory and governmental charges levied against the Fund or to which the Fund may be subject;</li> <li>• interest expenses, if any;</li> <li>• any management fees payable by the Fund to the Manager;</li> <li>• any custody and safekeeping charges relating to the Fund’s activities;</li> <li>• Trustee fees, Manager’s fees and the fees of their agents and delegates (except where the Manager has specifically agreed to pay such fees);</li> <li>• any continuous offering fees, costs and expenses, including fees, costs and expenses relating to the issue and redemption of Units;</li> <li>• any costs and expenses associated with the qualification for sale of the Units;</li> </ul>

	<ul style="list-style-type: none"> <li>• any costs associated with the defence and indemnity of the Trustee, the Manager and other service providers;</li> <li>• any costs relating to providing information to unitholders including annual and interim financial reports;</li> <li>• audit, accounting and legal fees of the Fund and of the Trustee (relating to the Fund);</li> <li>• tax preparation expenses;</li> <li>• valuation expenses;</li> <li>• costs of preparing, delivering and, where required, filing regulatory disclosure documents;</li> <li>• costs of printing and distributing offering materials in respect of the offering of Units;</li> <li>• expenses of conducting unitholder meetings;</li> <li>• costs of any independent review committee or other person or committee as the Manager may be required by securities legislation or in accordance with industry practice to appoint or engage for fund governance purposes;</li> <li>• costs of bookkeeping, Fund accounting, registry and transfer agency services, and offer record-keeping services;</li> <li>• expenses incurred upon termination of the Fund; and</li> <li>• all reasonable extraordinary or non-recurring expenses, including legal, accounting and audit fees and fees and expenses of the Trustee, custodian or any sub-custodian which are incurred in respect of matters not in the normal course of the Fund's activities.</li> </ul> <p>Each IRC member will receive compensation for performing his or her duties as an IRC member and is also entitled to the reimbursement of all reasonable expenses in connection with such duties. Each IRC member is paid an annual retainer of \$8,000 (\$10,000 for the Chair) (plus applicable taxes). In addition, each IRC member will receive \$1,500 (plus applicable taxes) per meeting for each meeting in excess of three meetings per year.</p> <p>Management expense ratios (“<b>MERs</b>”) are calculated separately for each series of Units of the Fund and include management fees and operating expenses.</p> <p>The Fund also pays its own brokerage commissions for portfolio transactions, fees associated with securities lending transactions or derivatives transactions that are not included in operating expenses, and other portfolio transaction costs (“<b>Trading Expenses</b>”). Trading</p>
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	<p>Expenses are not included in the Fund’s MER but are, for tax purposes, added to the cost base or subtracted from the sale proceeds of its portfolio investments. Trading Expenses constitute part of the Fund’s trading expense ratio (“TER”).</p> <p>Both the MER and the TER are disclosed in the annual and semi-annual Management Report of Fund Performance for the Fund.</p> <p>Each series of Units of the Fund pays for its own operating expenses, its proportionate share of the common operating expenses and its proportionate share of the Trading Expenses. These amounts are paid out of the assets attributed to each series of Units of the Fund, which reduces the return you receive.</p> <p>When the Fund invests in another investment fund, the other investment fund may pay fees and other expenses which are in addition to the fees and expenses payable by the Fund. The fees and expenses of the other investment fund will have an impact on the MER of the Fund, as the Fund is required, in determining its MER, to take into account the expenses incurred by the Fund that are attributable to its investment in the other investment fund. However, the Fund will not pay management fees or incentive fees on the portion of its assets that it invests in the other investment fund that, to a reasonable person, would duplicate a fee payable by the other investment fund for the same service. The Fund will not pay sales charges or redemption fees in relation to purchases or redemptions of securities of the other investment fund if, to a reasonable person, it would duplicate the sales charges or redemption fees payable by an investor in the Fund.</p> <p>From time to time, in our discretion, we may absorb operating expenses that would otherwise be charged to the Fund or a series of Units. This absorption of operation expenses may be terminated at any time without prior notice to unitholders.</p>
<b>Fees and Expenses Payable Directly by You</b>	
<b>Series I Management Fee and Performance Fee</b>	<p>For Series I Units of the Fund, investors pay a negotiated management fee directly to the Manager, plus applicable taxes. The management fee paid by Series I unitholders will be no more than the management fee for Founders Series F Units of the Fund.</p> <p>Series I unitholders also pay a negotiated performance fee directly to the Manager. The Performance Fee Rate paid by Series I unitholders will be no more than the Performance Fee Rate for Founders Series F Units of the Fund.</p>



<b>Sales Charges</b>	<p>No sales charge or commission is payable by you at the time of your purchase if you purchase Founders Series F Units or Series I Units.</p> <p>For Founders Series A Units, your dealer may, in its sole discretion, charge you a sales commission of up to 5% of the Unit Value of the Units you purchase. You negotiate this fee with your dealer. The fee is deducted from the amount you wish to invest at the time of purchase.</p>
<b>Series F Fees</b>	<p>Investors in Founders Series F Units do not pay sales charges and we do not pay any commissions to dealers in respect of Founders Series F Units. Investors in Founders Series F Units may pay fees to their dealer for investment advice or other services. You negotiate these fees with your dealer.</p>
<b>Switch Fees</b>	<p>You may pay to your dealer a fee of up to 2% of the Unit Value of the Units you switch. You negotiate this switch fee with your dealer.</p>
<b>Redemption Fees</b>	<p>No redemption fee is payable by you at the time of redemption of Units; however, the Manager has the discretion to charge a short-term trading deduction. See “Short-Term Trading Deduction” below.</p>
<b>Short-Term Trading Deduction</b>	<p>There is a deduction of up to 1% of the Unit Value of any Units redeemed within 30 days of purchase. This deduction is retained by the Fund. The short-term trading deduction will not be charged in certain circumstances. See “<i>Purchases, Switches and Redemptions – How to Redeem Units – Short-Term Trading</i>”.</p>
<b>Registered Plan Fees</b>	<p>Your dealer may charge you a fee in respect of your Registered Plan. You may negotiate this amount with your dealer. Please consult your dealer regarding this fee.</p>

### **Management Fee Reduction Program**

In order to encourage large investments in the Fund, the Manager may agree to a reduced management fee to be payable by particular unitholders of the Fund. In the case of Founders Units, this is achieved by the Fund making individual distribution payments, referred to as “**Management Fee Distributions**”, to those unitholders. In this way, the cost of Management Fee Distributions is effectively borne by the Manager, not the Fund or the other unitholders, as the Fund is paying a discounted management fee. The amount of fee reduction and resulting Management Fee Distribution to a unitholder is negotiable between the Manager and the unitholder (or their dealer) and will depend primarily on the amount invested by the unitholder. Management Fee Distributions payable to a unitholder will be reinvested in additional Units on that unitholder’s behalf, unless the unitholder requests to receive the Management Fee Distributions in cash.

The Fund does not pay a management fee in respect of Series I Units. Instead, Series I unitholders pay a management fee directly to the Manager. This management fee is negotiated with the Manager and set out in an agreement between the Series I unitholder and the Manager.

Management Fee Distributions are generally calculated and accrued in the Fund on each Valuation Date, and are paid at such times as may be agreed to by the Manager at the time the Management Fee Distribution arrangement is established for a particular unitholder. Management Fee Distributions are generally paid first out of net income and net capital gains of the Fund and thereafter, if necessary, out of capital.

## **DEALER COMPENSATION**

The following is a summary of the ways in which dealers who sell Units may be compensated.

<b>Sales Commissions</b>	<p>No sales charge or commission is payable by the Manager or the Fund in respect of Founders Series F Units or Series I Units.</p> <p>For Founders Series A Units, your dealer or broker may, in its sole discretion, charge you a sales commission of up to 5% of the Unit Value of the Units you purchase. You negotiate this fee with your dealer. The fee is deducted from the amount you wish to invest at the time of purchase.</p>
<b>Trailing Commissions</b>	<p>Subject to compliance with applicable securities regulations, the Manager pays your broker or dealer a trailing commission in respect of your Founders Series A Units, for as long as you remain invested in the Fund.</p> <p>The trailing commission for Founders Series A Units is up to 1% per annum, based on the aggregate value of the Founders Series A Units you hold. Trailing commissions are calculated on each Valuation Date and paid quarterly by the Manager. No trailing commission will be paid in respect of your Founders Series A Units after your units are redeemed.</p> <p>The trailing commission is paid by the Manager and is not an additional fee paid by the Fund.</p> <p>We do not pay brokers or dealers any trailing commissions in respect of Founders Series F Units or Series I Units of the Fund. The Manager may change its trailing commission program at any time.</p>
<b>Other Sales Incentives</b>	<p>The Manager may provide incentive programs to dealers or brokers with respect to advertising and promotional expenses, such as by paying permitted marketing expenses on a co-operative basis. We may also hold educational conferences that sales representatives of dealers or brokers may attend, and may pay certain of the expenses incurred by dealers or brokers in holding educational conferences, and provide promotional items of minimal value to your dealer or broker.</p>

	The Manager will comply with securities regulations governing mutual fund sales practices at all times. Sales incentives will be paid by the Manager, not by the Fund or its unitholders.
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## INCOME TAX CONSIDERATIONS

The following summary fairly presents the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the “**Tax Act**”), as of the date hereof, for the Fund and for a prospective investor who is an individual (other than a trust) that is resident in Canada, holds Units of the Fund either directly as capital property or in a registered tax plan, is not affiliated with the Fund and deals at arm’s length with the Fund, all within the meaning of the Tax Act. This summary is based upon the current provisions of the Tax Act and the regulations issued thereunder (the “**Regulations**”), all specific proposals to amend the Tax Act and Regulations publicly announced by the Minister of Finance (Canada) (the “**Tax Proposals**”) prior to the date hereof and the current published administrative practices and assessing policies of the Canada Revenue Agency (the “**CRA**”). Except for the foregoing, this summary does not take into account or anticipate any change in law, whether by legislative, regulatory, administrative or judicial action. Furthermore, this summary does not take into account provincial or foreign income tax legislation or considerations.

This summary is based on the assumption that the Fund will qualify as a “mutual fund trust” within the meaning of the Tax Act at all material times.

**This summary is of a general nature only, is not exhaustive of all possible income tax considerations and is not intended to be legal or tax advice. We do not describe the tax rules in detail or cover all the tax consequences that may apply. Accordingly, prospective investors should consult their own tax advisors about their individual circumstances.**

### Income Tax Considerations for the Fund

In each year, the Fund will distribute its net income and net realized capital gains to investors to such an extent that it will not be liable for ordinary income tax under Part I of the Tax Act (after taking into account any capital gains refunds and any applicable losses of the Fund). In certain circumstances, losses of the Fund may be suspended or restricted and, as a result, would be unavailable to shelter capital gains or income until a subsequent year.

The Fund is required to compute its net income and net realized capital gains in Canadian dollars for the purposes of the Tax Act and may, as a consequence, realize income or capital gains by virtue of changes in the value of the U.S. dollar, or other relevant currency, relative to the Canadian dollar. The Fund is generally required to include in the calculation of its income interest as it accrues, dividends when they are received and capital gains and losses when they are realized. Generally, returns from derivatives and short sales are included in the Fund’s income as ordinary income, rather than as capital gains.

Foreign source income received directly by the Fund is generally received net of any taxes withheld in the foreign jurisdiction. Some capital gains realized or earned by the Fund may also

be subject to foreign taxes. The foreign taxes so withheld are included in the calculation of the Fund's income, but may, within certain limits, be claimed as a deduction by the Fund in the calculation of its income or, if the Fund makes designations in respect of the foreign source income, as a foreign tax credit by Unitholders.

Upon the actual or deemed disposition of a security in its portfolio, the Fund will realize a capital gain (or capital loss) to the extent the proceeds of disposition net of any costs of disposition exceed (or are less than) the adjusted cost base ("ACB") of such security unless the Fund were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the security in a transaction or transactions considered to be an adventure or concern in the nature of trade. In such circumstances, the Fund will realize ordinary income (or losses). The Fund will purchase securities with the objective of earning income thereon and will take the position that gains and losses realized on the disposition of those securities are capital gains and capital losses. Generally, gains and losses from derivative transactions will be taxed as ordinary income and losses, rather than capital gains and losses.

## **Income Tax Considerations for Investors**

### ***How Your Investment Can Make Money***

Your investment in Units of the Fund can earn income from:

- any earnings the Fund makes or realizes on its investments which are allocated to you in the form of distributions; and
- any capital gains that you realize when you redeem your Units of the Fund at a profit.

The tax you pay on your mutual fund investment depends on whether you hold your Units in a registered tax plan or in a regular cash account.

### ***Units Held in Registered Plans***

RRSPs and RRIFs offer significant tax deferral opportunities and are an effective method of saving for your retirement. RESPs are an effective method of saving for one or more child's education. TFSAs allow savings to grow tax-free and FHSAs are designed to help Canadian save for a down payment. This is because transactions within such Registered Plans are generally non-taxable. If you hold your investments in the Fund in a Registered Plan, you generally will not pay any taxes on distributions or on any capital gains that arise when Units are sold, as long as the proceeds remain within the plan. When you take money out of an RRSP or RRIF, the amount withdrawn will be included in your income and taxed at ordinary income rates. In the case of an RESP, generally, investment earnings on contributions are taxable to the recipient when such amounts are distributed by the RESP to the recipient. Withdrawals from a TFSA and certain withdrawals from a FHSA are not subject to tax.

Annuitants of RRSPs and RRIFs, holders of TFSAs RDSPs and FHSAs, and subscribers of RESPs, should consult with their own tax advisors as to whether Units of the Fund would be a "prohibited investment" under the Tax Act in their particular circumstances.

Investors who choose to purchase Units of the Fund through a Registered Plan should consult their own tax advisors regarding the tax treatment of contributions to, and acquisitions of property by, such Registered Plan.

### ***Units Held Outside a Registered Plan***

If you hold your Units outside a Registered Plan you must pay tax on distributions of income and capital gains from the Fund (including distributions received as management fee distributions), whether such distributions were received in cash or additional Units of the Fund. Distributions of return of capital from the Fund are not included in your income; however, the amount of such distributions reduces the ACB of your securities. If the ACB of your securities becomes a negative amount (i.e., less than zero) at any time in a taxation year, you will be deemed to realize a capital gain equal to that amount and your ACB will be reset to zero. As well, you must report in your tax return any capital gains or capital losses realized by redeeming Units of the Fund. A capital gain will be realized if the proceeds of disposition exceed the ACB of the Units redeemed and any costs of disposition. One-half of a capital gain realized or deemed to be realized by an investor will be included in the investor's income.

The ACB of your Units of a series is generally determined by reference to the average cost of all of the Units of that series of the Fund held by you at the time you redeem or dispose of any of those Units. In order to calculate the ACB of the Units of a series you own, you take the cost of your initial investment (including any up-front sales charges); you add to it all additional contributions you make (including any up-front sales charges) plus all distributions which you have reinvested; and you subtract any capital returned to you in distributions (excluding distributions included in computing income or the non-taxable portion of capital gains) and the ACB of any Units you have redeemed. Divide the total by the number of Units of that series you now own to determine the ACB per Unit of that series. An example:

- You buy 1,000 Units of a series of the Fund with a cost to you of \$10 each. That's \$10,000.
- You then buy (or receive in lieu of a cash distribution) another 100 Units of the same series of the Fund when the Unit Value is \$12. That's \$1,200.
- You have spent \$11,200 for 1,100 Units of the Fund. Your new ACB per unit of that series is \$11,200 divided by 1,100 Units, or \$10.18 per Unit.
- If you now redeem Units of that series, the ACB for those Units (and any Units you continue to hold) is \$10.18 per Unit.

You will receive reports from the Manager or your dealer which tell you how much money you have put in and how much you have taken out - you can then calculate your ACB from that information.

A redesignation of Units of one series into Units of the other series will not be a disposition of Units for tax purposes and will not result in a capital gain or loss.

A consolidation of Units after the reinvestment of a distribution in additional Units will not be regarded as a disposition of Units.

The Unit Value of the Fund reflect income and capital gains that the Fund has accrued or realized, but not yet distributed. If you buy Units of the Fund before a distribution date, you will be taxed on the distribution, including the distribution of income and capital gains that arose before you owned your Units and were reflected in the purchase price of your Units. This may be an important consideration if you buy Units late in the calendar year, or on or before a distribution date.

An example:

- The price of a Unit of the Fund on January 1 is \$10.
- You buy Units of the Fund on September 30, when the price is \$13, including \$3 in undistributed capital gains.
- On December 30, the Fund's Unit Value is \$14.
- On December 31, the Fund distributed \$4 in cash per Unit. You pay tax on \$4 in capital gains, although you actually earned  $\$14 - \$13 = \$1$ .

However, if the distribution is reinvested in additional Units of the Fund, the amount of the distribution will be added to the cost of your Units.

The Fund employs an active management strategy, which may result in high portfolio turnover. The Fund's portfolio turnover rate presents potential tax implications for a taxable investor. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio investments are managed. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. There is not necessarily a relationship between a high turnover rate and the performance of a mutual fund. Frequent trading has these implications for you as an investor: The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving a capital gains distribution in the year. The trading costs associated with portfolio turnover may impact the Fund's performance.

Fees paid on Series I Units will not be deductible for tax purposes.

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

The Fund has due diligence and reporting obligations under the Foreign Account Tax Compliance Act (as implemented in Canada by the Canada-United States Enhanced Tax Information Exchange Agreement and Part XVIII of the Tax Act, collectively "**FATCA**") and the OECD's Common Reporting Standard (as implemented in Canada by Part XIX of the Tax Act, "**CRS**"). Generally, unitholders (or in the case of certain unitholders that are entities, the "controlling persons" thereof) will be required by law to provide their registered dealers or the Fund with information related to their citizenship or tax residence and, if applicable, their foreign tax identification number. If a unitholder (or, if applicable, any of its controlling persons) (i) is identified as a U.S. Specified Person as that term is defined under FATCA (including a U.S. resident or a U.S. citizen residing in Canada); (ii) is identified as a tax resident of a country other than Canada or the U.S.; or (iii) does not provide the required information and indicia of U.S. or non-Canadian status is present, information about the unitholder (and, if applicable, its controlling persons) and his, her or its

investment in the Fund will generally be reported to the CRA unless the units are held within a Registered Plan. The CRA will provide that information to, in the case of FATCA, the U.S. Internal Revenue Service (the “**IRS**”) and in the case of CRS, the relevant tax authority of any country that is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or that has otherwise agreed to a bilateral information exchange with Canada under CRS.

### **WHAT ARE YOUR LEGAL RIGHTS?**

Under securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual funds within two business days after you receive a simplified prospectus or Fund Facts document, or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the Simplified Prospectus, Fund Facts document or financial statements contain a misrepresentation. You must act within the time limits set by law in the applicable province or territory.

For more information, see the securities legislation of your province or territory or ask a lawyer.

## **CERTIFICATE OF THE FUND, MANAGER AND PROMOTOR**

April 23, 2025

This amended and restated Simplified Prospectus dated April 23, 2025, amending and restating the Simplified Prospectus dated January 30, 2025, and the documents incorporated by reference into the amended and restated Simplified Prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the amended and restated Simplified Prospectus, as required by the securities legislation of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Saskatchewan, and do not contain any misrepresentations.

### **JC CLARK HIGH INCOME OPPORTUNITIES FUND**

**JC Clark Ltd., on behalf of the Fund, and in its capacity as manager and promotor of the Fund**

*(signed) "Colin Stewart"*

Colin Stewart  
Chief Executive Officer

*(signed) "Ian Gunnell"*

Ian Gunnell  
Chief Financial Officer

**On behalf of the board of directors of JC Clark Ltd., on behalf of the Fund, and in its capacity as the promoter and manager of the Fund**

*(signed) "Jennifer Doherty"*

Jennifer Doherty  
Director

*(signed) "Martin Braun"*

Martin Braun  
Director



## **SPECIFIC INFORMATION ABOUT JC CLARK HIGH INCOME OPPORTUNITIES FUND**

### **What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund?**

A mutual fund is a type of investment vehicle that pools money from many investors with similar investment objectives in order to purchase stocks, bonds, money market instruments and other securities. The owners of units in a mutual fund share in the income and expenses of the mutual fund and the gains and losses from the mutual fund's investment portfolio, depending on the number of the units held. The value of an investment in a mutual fund can be realized by investors through redeeming units of the mutual fund or through distributions paid by the mutual fund to its investors.

#### ***Classes and Series of Units***

A mutual fund may issue units in one or more classes, which may be further divided into one or more series. For some purposes, such as calculating fees and expenses, a class or series of units may be dealt with separately from other classes or series of units of the fund. In addition, the money that investors pay to purchase units of any class or series is tracked on a class-by-class or series-by-series basis in a fund's administration records. For other purposes, such as the investment activity of the portfolio of a fund, all classes and series of units of the fund are dealt with together.

Currently, the Fund has created three (3) series of Units of a single class. An unlimited number of Units of each series may be issued. The series of the Fund derive their returns from a common pool of assets with a single investment objective and together constitute a single mutual fund. The Fund may, in the future, offer additional series of Units without notification to, or approval of, investors. Each series of Units is intended for a different investor and may be subject to different fees. See "*Purchases, Switches and Redemptions – Series of Units*" above for more information about the differences between series of Units of the Fund. With our approval, Units of certain series of the Fund can be switched to another series of the Fund.

#### ***What are the Advantages of Investing in a Mutual Fund?***

An investment in a mutual fund gives you the opportunity to participate with other investors with similar investment objectives in a professionally managed investment portfolio. Professional investment advisers make the investment decisions for a fund in accordance with its investment objectives. Mutual funds also enable you to diversify your investment portfolio which is difficult for most individual investors to achieve.

#### ***What are the Risks of Investing in a Mutual Fund?***

All mutual funds involve some level of investment risk. Simply put, investment risk is the possibility you will lose money or not make money on your investment. Generally, the higher an investment's anticipated return, the greater the risk you must be prepared to take.

Everybody has a different tolerance for risk. Some individuals are more conservative than others when making their investment decisions. It is important to take into account your own comfort with risk as well as the amount of risk suitable for your financial goals.

The full amount of your investment in the Fund is not guaranteed. Unlike bank accounts or guaranteed investment certificates, mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Mutual funds own different types of investments, such as stocks, bonds, cash, and derivatives, depending upon their investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions, investor perceptions and market and company news, among other things. As a result, the value of the Fund's Units may go up and down, and the value of your investment in the Fund may be more or less when you redeem it than when you purchased it. Some of the risks associated with investing in the Fund and details about what each risk means can be found below under "*What are the Risks of Investing in the Fund?*". However, the risks listed do not purport to be a complete list or explanation of all the risks or potential risks associated with an investment in Units of the Fund. Potential investors should read the entire Simplified Prospectus and consult with their legal and other professional advisers before investing in the Fund.

Under exceptional circumstances, your right to redeem your units may be suspended. For more information, see "*Purchases, Switches and Redemptions – How to Redeem Units – Suspensions of Redemption Rights*" above.

## Fund Details

<b>Type of Fund</b>	Alternative Equity Focused
<b>Securities Offered and Start Date</b>	Founders Series A Units: January 30, 2025 Founders Series F Units: January 30, 2025 Series I Units: January 30, 2025
<b>Nature of Securities Offered</b>	Units of a mutual fund trust
<b>Registered Plan Status</b>	Qualified investment for Registered Plans
<b>Management Fee</b>	Founders Series A Units: 1.75% Founders Series F Units: 0.75% Series I Units: Negotiated with the Manager and paid directly by unitholders, but in any event, not greater than the management fee charged in respect of the Founders Series F Units
<b>Performance Fee</b>	Performance Fee Rate of Investment Performance above the hurdle rate of 5%, subject to the High Water Mark. Performance Fee Rate: <ul style="list-style-type: none"> <li>• Founders Series A Units: 20%</li> <li>• Founders Series F Units: 20%</li> <li>• Series I Units: Negotiated with the Manager and paid directly by unitholders, but in any event, not greater than the Performance Fee Rate charged in respect of the Founders Series F Units</li> </ul> See “ <i>Fees and Expenses – Fees and Expenses Payable by the Fund – Performance Fee</i> ” above for more information on calculation of the performance fee.

## What Does the Fund Invest In?

### *Investment Objectives*

The investment objective of the Fund is to seek a combination of income and long-term capital appreciation by investing primarily in distribution-paying Canadian and U.S. equity securities, as well as equity and fixed income securities that produce attractive dividend/income yields.

The aggregate gross exposure of the Fund to short selling, cash borrowing and derivatives used for leverage shall not exceed 300% of its NAV, calculated on a daily basis, or such lower limit on the use of leverage as may be described in the “*Investment Strategies*” section below, or as otherwise permitted under applicable securities legislation.

The investment objectives of the Fund can only be changed with the approval of a majority of the votes cast at a meeting of unitholders called for such purpose.

### *Investment Strategies*

In order to achieve its investment objective, the Fund seeks to invest in equity securities of companies which have strong cash flows and an ability to maintain or grow cash flow. The Fund will also invest in equity and fixed income securities that produce attractive dividend/income yields, with the goal of achieving a consistent monthly yield for unitholders. The Manager will utilize research-driven stock selection, with a focus on bottom-up fundamental research and active portfolio construction to produce attractive risk-adjusted returns.

The Fund seeks to invest, both long and short, in an actively managed diversified portfolio of predominantly Canadian and U.S. securities, with the balance of the securities being traded on globally recognized stock exchanges. The Fund may invest up to 100% of its net assets in U.S. securities and up to 10% of its net assets in securities outside of the U.S. and Canada.

The Fund will typically invest in equities, convertible debentures, fixed-income securities, preferred shares, special purpose acquisition companies (SPACs), options, forward contracts, ETFs and warrants. The Fund may also implement opportunistic strategies in event-driven situations such as initial public offerings (IPOs).

The Fund may not purchase an illiquid security if, immediately after the purchase, more than 10% of the Fund's NAV would be made up of illiquid securities. The Fund may not invest more than 15% of its NAV in illiquid assets, for a period of 90 days or more.

The Fund may borrow cash and sell securities short, provided the aggregate value of cash borrowed combined with securities sold short is not more than 50% of the Fund's NAV. The total absolute value of long and short positions are expected to be less than, or equal to, 1.5 times the Fund's NAV.

A short sale is a transaction in which the Fund sells securities that it has borrowed from a lender in the open market and, at a later date, the Fund is required to purchase the same securities on the open market and return them to the lender. In the interim, the Fund must pay compensation to the lender for the loan of the securities and also provide collateral to the lender for such loan.

The Fund may borrow cash for any reason, including to purchase additional securities and to pay expenses without selling its existing investments. When the Fund engages in cash borrowing, it will provide a security interest over certain assets of the Fund to the lender as security in connection with such borrowing.

Short selling and cash borrowing will be used in conjunction with other strategies to manage the risk of the Fund's investment portfolio, while seeking enhanced returns by leveraging the potential return of the long portfolio and lowering market exposure through the short portfolio.

The Fund will not borrow cash and/or sell securities short (as applicable), if immediately after entering into a cash borrowing arrangement and/or short selling transaction, the aggregate value of the cash borrowed combined with the aggregate market value of all securities sold short by the Fund exceeds 50% of the Fund's NAV. In the event that the aggregate value of cash borrowed combined with the aggregate market value of securities sold short by the Fund exceeds 50% of the

Fund's NAV, the Manager shall, as quickly as is commercially reasonable, take all necessary steps to reduce the aggregate value of cash borrowed combined with the aggregate market value of securities sold short to 50% or less of the Fund's NAV.

With respect to short selling and cash borrowing, the Fund will be managed in accordance with the investment restrictions and rules applicable to alternative mutual funds as outlined in NI 81-102 which currently include:

- the Fund may only borrow cash from entities that would qualify as a custodian or sub-custodian under section 6.2 or section 6.3 of NI 81-102;
- the aggregate market value of the securities of a single issuer (excluding "government securities" as defined in NI 81-102 and any other securities exempted by the Canadian securities regulators) sold short by the Fund will not exceed 10% of the Fund's NAV.

The Fund may invest up to 20% of its NAV in: (i) the securities of a single issuer, (ii) a specified derivative transaction, or (iii) "index participation units" (as defined in NI 81-102) issued by an ETF. However, the Fund will generally limit its maximum position in the securities of a single issuer to no more than 10% of the NAV of the Fund. This restriction does not apply to investments in: debt securities issued or guaranteed by the Canadian or the U.S. government; securities issued by a clearing corporation; securities issued by an investment fund that if the purchase is made in accordance with the requirements of section 2.5 of NI 81-102; or index participation units issued by an ETF.

Through the use of cash borrowing, short selling, and specified derivatives, the Fund's aggregate leverage will not exceed 300% of the Fund's NAV. The Fund's aggregate exposure is calculated as the sum of the following and dividing the sum by the NAV: (i) the aggregate value of the Fund's outstanding indebtedness under any borrowing agreements; (ii) the aggregate market value of all securities sold short by the Fund; and (iii) the aggregate notional amount of the Fund's specified derivative positions minus the aggregate notional amount of the specified derivative positions that are hedging transactions. Notwithstanding the limit, the Fund intends to maintain a typical range of aggregate gross exposure between 1.0 to 1.5 times its NAV.

The Fund may engage in securities lending, repurchase and reverse repurchase transactions to earn additional income for the Fund. For each securities lending, repurchase and reverse repurchase transaction, the Fund must:

- deal only with counterparties who meet generally accepted creditworthiness standards and who are unrelated to the Manager;
- hold collateral equal to a minimum 102% of the market value of the portfolio securities loaned (for securities lending transactions), sold (for repurchase transactions) or purchased (for reverse repurchase transactions);

- adjust the amount of the collateral on each business day to ensure the value of the collateral relative to the market value of the portfolio securities loaned, sold or purchased remains at or above the minimum 102% limit; and
- limit the aggregate value of all portfolio securities loaned or sold through securities lending and repurchase transactions to no more than 50% of the total assets of the Fund (without including the collateral for loaned securities and cash for sold securities).

For more information on securities lending, repurchase and reverse repurchase transactions engaged in by the Fund, please refer to the explanation of risks that accompany these transactions under “*What are the Risks of Investing in the Fund? – Securities Lending, Repurchase and Reverse Repurchase Transaction Risk*”.

The Fund may use derivatives such as futures, forwards, options, and swaps for “hedging” purposes to reduce the Fund’s exposure to changes in securities prices, interest rates, exchange rates or other risks. Derivatives may also be used for “non-hedging” purposes, which may include the following: (i) as substitute investments for stocks or a stock market; (ii) to gain exposure to other currencies; (iii) to seek to generate additional income; or (iv) for any other purpose that is consistent with the Fund’s investment objective. The Fund will be permitted to exceed the 10% of NAV mark-to-market limit on specified derivatives exposure to a single counterparty, only if either: (i) the specified derivative is a cleared specified derivative; or (ii) the counterparty has a designated rating (generally, a rating of “A” or higher for the counterparty’s long-term debt).

For more information on derivatives used by the Fund please refer to the explanation of risks that accompany the use of derivatives under “*What are the Risks of Investing in the Fund? – Currency and Exchange Rate Risk*” and “*What are the Risks of Investing in the Fund? – Derivatives Risk*” below.

The Fund may invest up to 30% of its net assets in securities of other investment funds, including ETFs, in order to gain indirect exposure to markets, sectors or asset classes that are consistent with the Fund’s investment objectives. Any investment funds held by the Fund will be selected with consideration to how the underlying fund’s investment objectives and strategies, past performance and operational efficiencies meet the Fund’s investment objectives. The Fund will not invest in other investment funds managed by the Manager or an affiliate or associate of the Manager.

The Fund may periodically employ various arbitrage strategies. These could include convertible arbitrage, whereby the Manager purchases a long position in a convertible bond and simultaneously initiates a short position in the underlying equity security, with the intention of capturing the bond coupon and reducing the impact of the embedded equity component in the convertible bond security. The Fund may also use merger arbitrage, whereby the Manager purchases a long equity position in a target company and an offsetting short equity position in the acquiror company, with the goal of capturing the spread predicated on a successful completion of the transaction. Warrant arbitrage may be used by the Fund to isolate the value of an equity warrant on potential equity deals in which the Fund has participated.

The Fund may invest in exchange-traded notes (“ETNs”), or non-exchange traded structured notes, to gain exposure to certain sectors, sub-sectors or geographic regions. The Manager may use ETNs or structured notes to enhance the income generating potential of the Fund and capture attractive dividend yield characteristics of certain groups of equity securities. The Manager will carefully consider the credit rating of the underlying issuer before making any such investments.

The Fund may take temporary defensive positions that are inconsistent with its typical investment strategies in response to adverse or unusual market, economic, political or other conditions. In doing so, the Fund may depart temporarily from its fundamental investment objective. For example, the Fund may temporarily allocate a portion of its assets to cash, cash equivalents and/or other money market instruments. The Fund may also use options strategies such as buying put options on equity indices, or in specific securities, to hedge downside risk during adverse market conditions. The Fund may also use pairs trading, whereby the Manager would initiate a short position or other hedge in a security within a similar industry or sub-sector as one or more of the Funds long positions. These tactics would be intended to hedge certain market or sector risks during adverse conditions.

Depending on market conditions, the Manager’s investment style may result in a higher portfolio turnover rate than a less actively managed investment fund. Generally, the higher the Fund’s portfolio turnover rate, the higher its trading expenses and the greater the probability that you will receive a distribution of capital gains from the Fund, which may be taxable if you hold the Fund outside a Registered Plan.

The specific strategies that differentiate this Fund from conventional mutual funds include: increased use of derivatives for hedging and non-hedging purposes, increased ability to sell securities short and the ability to borrow cash to use for investment purposes. While these strategies will be used in accordance with the Fund’s investment objective and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value. Please also refer to the explanations of these risks under “*Derivatives Risk*”, “*Short Selling Risk*” and “*Leverage Risk*” in the “*What are the Risks of Investing in the Fund?*” section below.

### ***Investment Restrictions***

The Fund is subject to certain standard investment restrictions and practices contained in securities legislation, such as NI 81-102, including those that apply to the Fund as an alternative mutual fund and as a dealer managed investment fund (see “*Responsibility for Mutual Fund Administration – Dealer Manager*” above). This legislation is designed, in part, to ensure that the investments of the Fund are diversified and relatively liquid and to ensure the proper administration of the Fund. The Fund adheres to these standard investment restrictions and practices. The Manager may change the Fund’s investment strategies from time to time at its discretion. Details of additional investment restrictions adopted by the Fund, beyond what is required under securities legislation, if any, can be found under “*What Does the Fund Invest In?*” above.

### **Description of Securities Offered by the Fund**

The Fund is authorized to issue an unlimited number of series of Units of a single class and an unlimited number of Units of each series. See “*Purchases, Switches and Redemptions – Series of*

*Units*” above for a description of the different series. Each Unit represents an undivided interest in the net assets of the Fund and entitles its holder to participate equally in the distribution of net income and net realized capital gains attributable to the Units. See “*Income Tax Considerations – Income Tax Considerations for Investors*” for more information. Each Unit entitles the holder to vote at all meetings of unitholders of the Fund as well as any unitholder meeting for the particular series of Units you own. The Fund does not hold regular meetings of unitholders.

Unitholders are entitled to require the Fund to redeem their Units as set forth under “*Purchases, Switches and Redemptions – How to Redeem Units*” above. Unitholders of certain series of Units may be entitled to switch their Units to a different series, subject to eligibility requirements as determined by the Manager. See “*Purchases, Switches and Redemptions – How to Switch Units*” above.

The Units have the following attributes:

- each Unit shall be without nominal or par value;
- at each meeting of unitholders, each unitholder shall have one vote for each whole Unit owned by such unitholder, as determined at the close of business on the record date for voting at such meeting, with no voting rights being attributed to fractions of a Unit;
- each Unitholder will participate in distributions of income, capital gains and returns of capital, and in the division of net assets of the Fund on liquidation based on the relative series NAV of the holder’s Units and in accordance with the Trust Agreement;
- distributions shall be allocated among the series of Units in such manner as the Manager considers appropriate and equitable;
- there shall be no pre-emptive rights attaching to the Units;
- there shall be no cancellation or surrender provisions attaching to the Units except as set out in the Trust Agreement;
- all Units shall be issued as fully paid and non-assessable so that there shall be no liability for future calls or assessments with respect to the Units;
- all Units shall be fully transferable with the consent of the Manager as provided in the Trust Agreement; and
- fractional Units may be issued and shall be proportionately entitled to all the same rights as whole Units, except as provided in the Trust Agreement.

### ***Matters requiring Unitholder Approval***

Your rights as a unitholder of the Fund can be changed only in accordance with the provisions of the Trust Agreement. Certain major changes require unitholder approval. Unitholders of the Fund



are entitled to vote on all matters that require unitholder approval under NI 81-102 or under the Trust Agreement. These matters include:

- in the case of Founders Series A Units, a change in the basis of the calculation of a fee or expense charged to the Fund or charged to unitholders by the Manager or the Fund that could result in an increase in charges to the Fund or to unitholders;
- in the case of Founders Series A Units, the introduction of a fee or expense charged by a non-arm's length party to the Fund, or charged to unitholders by the Fund or the Manager in connection with the holding of Units, if such fee or expense could result in an increase in charges to the Fund or the unitholders;
- a change of the Manager, unless the new manager is an affiliate of the Manager;
- any change to the fundamental investment objectives of the Fund;
- any amendment to the Trust Agreement that will adversely affect the unitholders right to vote;
- any decrease in the frequency of calculation of Unit Value; and
- certain material reorganizations of the Fund.

Approval by the unitholders of the Fund requires the affirmative vote of more than half of the votes cast at a meeting of unitholders of the Fund called for such purpose.

Unitholder approval will not be obtained in respect of a change of (a) or (b) listed above if the Fund is at arm's length to the person or company charging the fee or expense, and we provide the unitholders with at least 60 days written notice of the effective date of the proposed change.

Although the approval of unitholders will not be obtained before changing the auditor of the Fund, we will not change the auditor unless:

- the Fund's IRC has approved the change in compliance with NI 81-107; and
- we have provided you with written notice at least 60 days prior to the change.

In addition to matters requiring unitholder approval listed above, the Manager may, in its discretion from time to time, with the consent of the Trustee, amend, delete, expand or vary any provision of the Trust Agreement. Unitholders shall be provided notice of any such amendment as soon as is practicable if, in the opinion of the Manager, such amendment would materially adversely affect the interests of the unitholders of the Fund as a whole and/or of a class or series of the Fund.

The Manager can also change the provisions of the Trust Agreement to create a new class or series of Units of the Fund, which shall not be considered an amendment to the Trust Agreement and the Manager shall not be required to give notice to existing unitholders of the creation of such class or series of Units.

### ***Distribution Policy***

The Fund distributes each month an amount equal to 7.0% per annum of the Unit Value for each series of Units of the Fund. The distribution rate for the Fund's first taxation year is based on an initial issue price of \$10 per Unit, and thereafter based on the Unit Value of each series of the Fund as at December 31 of the prior year. These distributions are not guaranteed and may change at any time at our discretion. **The monthly distributions are not intended to reflect the Fund's investment performance and should not be confused with "yield" or "income".**

If distributions exceed the Fund's net income and net realized capital gains for the year, a portion of the Fund's distributions to Unitholders will represent a return of capital. Returns of capital will result in an encroachment upon a unitholder's original investment. A return of capital made to a unitholder of the Fund is not immediately taxable, but will reduce the unitholder's ACB of such Units.

The Fund will also distribute, in respect of each taxation year, any net income and net realized capital gains in excess of the monthly distribution, at the end of each taxation year (normally December 31), or at such other times as may be determined by the Manager, so that the Fund will not be liable for income tax in a taxation year.

If the monthly amount distributed to unitholders in December is less than the amount that is required to be paid or made payable to unitholders to eliminate the Fund's liability for income tax, the distribution in December will be increased (and the effective distribution rate for the year will exceed 7%). If the monthly amount distributed to Unitholders is greater than the amount that is required to be paid or made payable to unitholders to eliminate the Fund's liability for income tax, the difference will be a return of capital. If you have elected to receive your monthly distribution in cash and not reinvest the distributions, it is expected that the value of your investment in the Fund will decline more rapidly over time.

The character for Canadian tax purposes of monthly distributions made on each series of Units during the year will not be determined with certainty until after the end of the Fund's taxation year.

The following information applies to all series of Units of the Fund, as applicable:

- The record date for a distribution is the Valuation Date prior to the payment date.
- All distributions by the Fund to its unitholders will be automatically reinvested in additional Units of the same series of the Fund. You may, by written request, elect to receive cash payment of distributions by electronic transfer to your bank account, however the Manager may, in respect of certain distributions, cause any such cash payment to be automatically reinvested in additional Units of the same series of the Fund. Cash distributions are not available for Registered Plans.
- The Manager reserves the right to change this distribution policy at any time in its sole discretion.

- Units acquired through the reinvestment of distributions are not subject to any sales charges.

As the Fund may dispose of some of the investments in its portfolio each year, the amount of capital gains distributions may be material.

### **Name, Formation and History of the Fund**

The full name of the Fund is “JC Clark High Income Opportunities Fund”. The Fund is an alternative mutual fund organized as an open-end unit trust established on January 30, 2025, under the laws of Ontario by the Trust Agreement. The registered office of the Fund and the Manager is 200 Bay Street, Suite 510, Toronto, ON M5J 2J3.

### **What are the Risks of Investing in the Fund?**

The following are the risks associated with an investment in the Fund:

#### ***Alternative Mutual Fund Risk***

The Fund is considered an “alternative mutual fund” as defined in NI 81-102. This means the Fund is permitted to use investment strategies generally prohibited to be used by conventional mutual funds. The specific strategies to be used by the Fund that may not be used by a conventional mutual fund include the ability to invest up to 20% of its NAV in securities of a single issuer, the ability to borrow cash to use for investment purposes, the ability to short sell beyond the limits prescribed for conventional mutual funds, the increased use of derivatives for non-hedging purposes, and the ability to employ leverage. While these strategies will be used in accordance with the Fund’s investment objective and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

#### ***Arbitrage Risk***

Employing arbitrage involves the risk that anticipated opportunities may not play out as planned, resulting in potentially reduced returns or losses to the Fund as it unwinds failed trades.

#### ***Borrowing Risk***

Borrowing of cash or securities by the Fund could magnify the impact of any movements in the prices of the underlying investments of the Fund and, therefore, the value of your investment. Consequently, these investments may produce more volatile gains or losses compared to investing in the same investments without making use of borrowings.

#### ***Concentration Risk***

If the Fund holds a large portion of its investments in certain sectors, specific regions or countries, or in a single issuer, or a relatively small number of securities, it will be susceptible to higher volatility, since the value of the Fund’s portfolio will vary more in response to changes in the market value of these sectors, regions, countries or securities. If the Fund holds significant amount

of its investments in a few issuers or a single issuer, it is also possible that the Fund may experience reduced liquidity and diversification.

### ***Convertible Securities Risk***

The Fund may invest in convertible securities. Convertible securities are fixed-income securities, preferred stocks or other securities that are convertible into common stock or other securities. The market value of convertible securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. A convertible security's market value, however, tends to reflect the market price of the issuer's common stock when that price approaches or exceeds the convertible security's "conversion price". The conversion price is defined as the predetermined price at which the convertible security could be exchanged for the associated stock. As the market price of the common stock declines, the price of the convertible security tends to be influenced more by the yield of the convertible security. Thus, it may not decline in price to the same extent as the underlying common stock.

In the event of a liquidation of the issuing company, holders of convertible securities would be paid before the company's common stockholders, but after holders of any senior debt obligations of the company.

Consequently, the issuer's convertible securities generally entail less risk than its common stock, but more risk than its senior debt obligations.

### ***Counterparty Risk***

The Fund may enter into derivative transactions that are subject to the risk of credit failure or the inability of, or refusal by, the counterparty to perform its obligations with respect to such derivative transactions, which could subject the Fund to substantial losses.

### ***Credit Risk***

When the Fund invests in fixed income securities or other evidences of indebtedness, it is subject to credit risk. Issuers of debt securities or other evidences of indebtedness promise to pay interest and repay a specified amount on the maturity date. Credit risk is the risk that such issuers will not pay that obligation. Credit risk is low among issuers that have good credit ratings from recognized credit rating agencies. The riskier fixed income securities or other evidences of indebtedness (such as junk bonds or certain debt securities with equity-like total return) are those with a low credit rating or no credit rating at all. These instruments are subject to higher risk of default of the issuer and may be less liquid and carry the risk of bigger losses than higher-grade investments. However, these instruments usually offer higher interest rates to compensate for the increased risk.

### ***Currency and Exchange Rate Risk***

The Fund values its assets and liabilities in Canadian dollars, but may invest a portion of its assets in foreign securities. The return from securities denominated in currency other than the Canadian dollar will be affected if the value of that currency goes up or down in relation to the Canadian dollar. If the value of that currency goes down, the return (measured in Canadian dollars) from the

investment denominated in that currency will be negatively affected. This would have an impact on the value of the Fund.

### ***Cyber Security Risk***

As the use of technology has become more prevalent in the course of business, mutual funds have become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause the Fund to lose proprietary information, suffer data corruption or lose operational capacity. This in turn could cause the Fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. Cyber security breaches may involve unauthorized access to the Fund's digital information systems (e.g., through "hacking" or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cyber security breaches of the Manager or the Fund's third-party service providers (e.g., registrar and transfer agent and custodian) or issuers in which the Fund invests can also subject the Fund to many of the same risks associated with direct cyber security breaches. As with operational risk in general, the Manager has established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed, especially since the Manager does not directly control the cyber security systems of issuers in which the Fund invests or third-party service providers.

### ***Derivatives Risk***

The Fund may use derivative instruments to help it achieve its investment objectives. These investments usually take the form of a contract between two parties where the value of the payments required under the contract is derived from an agreed source, such as the market price (or value) of an asset (which could be, for example, currency or stocks) or from an economic indicator (such as a stock market index or a specified interest rate). Derivatives are not a direct investment in the underlying asset itself.

The Fund may generally use four types of derivatives: options, forwards, futures and swaps. An option gives the holder the right, but not the obligation, to buy or sell the underlying interest at an agreed price within a certain time period. A call option gives the holder the right to buy; a put option gives the holder the right to sell. A forward is a commitment to buy or sell the underlying interest for an agreed price on a future date. A future is similar to a forward, except that futures are traded on exchanges. A swap is a commitment to exchange one set of payments for another set of payments.

Some derivatives are settled by one party's delivery of the underlying interest to the other party; others are settled by a cash payment representing the value of the contract.

It is possible that the other party to the derivative contract will not meet its obligations under the contract. To minimize this risk, the Manager monitors all of the Fund's derivative transactions regularly to ensure that the credit rating of the contract counterparty or its guarantor will generally be at least as high as the minimum approved credit rating required under NI 81-102.

The use of derivatives carries several additional risks:

- The Fund may use derivatives to reduce certain risks associated with investments in foreign markets, currencies or specific securities. Using derivatives for these purposes is called hedging. Hedging may not be effective in preventing losses. Hedging may also reduce the opportunity for gain if the value of the hedged investment rises, because the derivative could incur an offsetting loss. Hedging may also be costly or difficult to implement. There is no guarantee that a hedging strategy will be effective or achieve the intended effect.
- There is no guarantee that a market will exist for some derivatives, which could prevent the Fund from selling or exiting the derivatives at the appropriate time. Therefore, the Fund may be unable to realize its profits or limit its losses.
- The Tax Act, or its interpretation, may change in respect of the income tax treatment of derivatives.
- When entering into a derivative contract, the Fund may be required to deposit funds with the contract counterparty. If the counterparty goes bankrupt, or if the counterparty is unable or unwilling to perform its obligations in respect of the Fund, the Fund could lose these deposits.
- Securities and commodities exchanges could set daily trading limits on options and futures. This could prevent the Fund or the counterparty from carrying out its obligations under a derivative contract.

### ***Developed Countries Investment Risk***

Investments in a developed country may subject the Fund to regulatory, political, currency, security, economic and other risks associated with developed countries. Developed countries generally tend to rely on services sectors (e.g., the financial services sector) as the primary means of economic growth. A prolonged slowdown in the services sectors is likely to have a negative impact on economies of certain developed countries, although individual developed country economies can be impacted by slowdowns in other sectors. In the past, certain developed countries have been targets of terrorism. Acts of terrorism in developed countries or against their interests may cause uncertainty in the financial markets and adversely affect the performance of the issuers to which the Fund has exposure. Heavy regulation of certain markets, including labour and product markets, may have an adverse effect on certain issuers. Such regulations may negatively affect economic growth or cause prolonged periods of recession. Many developed countries are heavily indebted and face rising healthcare and retirement expenses. In addition, price fluctuations of certain commodities and regulations impacting the import of commodities may negatively affect developed country economies.

### ***Equity Investment Risk***

Companies issue equities, or stocks, to help finance their operations and future growth. A company's performance outlook, market activity and the larger economic picture influence its

stock price. When the economy is expanding, the outlook for many companies will be positive and the value of their stocks would rise. The opposite is also true. The value of Fund is affected by changes in the prices of the stocks it holds. The risks and potential rewards are usually greater for small companies, start-ups, resource companies and companies in emerging markets. Investments that are convertible into equity may also be subject to interest rate risk.

### ***Exchange-Traded Funds Risk***

The Fund may from time to time invest in ETFs which seek to provide returns similar to the performance of a particular market index, known as index ETFs. An index ETF may not be able to achieve the same return as its benchmark market index due to differences in the actual weights of securities held in the ETF versus the weights in the relevant index, and due to the operating and management expenses of, and taxes payable by the ETF.

While investment in an ETF generally presents the same risks as an investment in an active mutual fund that has the same investment objectives and strategies, it also carries the following additional risks, which do not apply to investment in an active mutual fund:

- The performance of an ETF may be significantly different from the performance of the index, assets, or financial measure that the ETF is seeking to track. There are several reasons that this might occur, including that ETF securities may trade at a premium or a discount to their NAV or that ETFs may employ complex strategies, such as leverage, making tracking with accuracy difficult.
- An active trading market for ETF securities may fail to develop or fail to be maintained.

There is no assurance that the ETF will continue to meet the listing requirements of the exchange on which its securities are listed for trading.

### ***Exchange-Traded Notes and Structured Notes Risk***

The Fund may invest in ETNs and non-exchange traded structured notes. ETNs and structured notes are unsecured debt obligations whose returns are linked to the performance of an underlying interest such as a market sector, sub-sector or currency. The holder of an ETN or structured note indirectly bears the risks associated with the underlying interest on which it is based, and the value of the product may decline due to changes in the underlying interest, which may be caused by interest rate changes or other market conditions. Investments in an ETN or structured note is comparable to the use of financial leverage, a speculative technique, and changes in value of the underlying interest of the product may cause its price to fluctuate significantly. In addition, ETNs and structured notes are subject to counterparty risk, meaning a decline in the issuer's credit rating (or in the market's view of the issuer's creditworthiness) may adversely affect the market value of the ETN or structured note.

When the Fund invests in ETNs or structured notes, it will bear its proportionate share of any fees and expenses borne by the product. ETNs and structured notes may not achieve the same performance as the underlying interest due to fees and the difficulty of replicating the underlying interest. The Fund's decision to sell its ETN or structured note holdings may be limited by a lack

of demand and the availability of a secondary market, which may have the effect of decreasing the liquidity of the Fund's portfolio to the extent that the Fund may be unable to find qualified buyers for ETNs and structured notes at a particular point in time. Structured notes are generally privately offered and sold, and thus are not qualified for sale under a prospectus, and may be thinly traded or have a limited trading market.

### ***Fixed Income Investment Risk***

Certain general investment risks can affect fixed income investments in a manner similar to equity investments. For example, specific developments relating to a company and general financial, political and economic (other than interest rate) conditions in the country in which the company operates. For government fixed income investments, general economic, financial, health and political conditions may affect the value of government securities. Since the Fund's Unit Value is based on the value of its investments, an overall decline in the value of its fixed income investments will reduce the value of the Fund and therefore, the value of your investment. However, your investment will be worth more if the value of the fixed income investments in the portfolio increases.

Investment in the Fund should be made with an understanding that the value of any debt securities owned by the Fund will be affected by changes in the general level of interest rates. Generally, debt securities will decrease in value when interest rates rise and increase in value when interest rates decline. The value of the bonds held by the Fund will be affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness.

### ***Foreign Investment Risk***

When the Fund invests in securities of foreign issuers, it will be affected by world economic factors and, in many cases, by the value of the Canadian dollar as measured against foreign currencies. Information about foreign issuers may not be complete and may not be subject to the uniform and extensive accounting, auditing, financial reporting standards and practices and other disclosure requirements which apply in Canada and the United States. Some foreign securities markets may be volatile or lack liquidity and other global factors could also cause the value of the Fund, when it invests in such markets, to fluctuate to a greater degree than if the Fund limited its investments to Canadian securities.

### ***Fund on Fund Investment Risk***

The Fund may invest directly in, or obtain exposure to, other mutual funds and/or ETFs as part of its investment strategy. Consequently, the Fund is also subject to the risk of these underlying funds in proportion to the amount of the underlying fund held by the Fund. If an underlying fund suspends redemptions, the Fund may be unable to value part of its portfolio and may be unable to redeem its investment in the underlying fund, which may have an adverse impact on the Fund's ability to satisfy redemption requests from its unitholders.



### ***General Market Risk***

The value of most securities, in particular equity securities, will change with market conditions. The value of the market will affect the value of the Fund's investments. The value of the market can vary with changes in the general economic, political, health, social, environmental and financial conditions in countries where the investments are based.

In addition to changes in the condition of markets generally, unexpected and unpredictable events such as war, a widespread health crisis or global pandemic, terrorism and related geopolitical risks may lead to increased market volatility in the short term and may have adverse more general long-term effects on world economies and markets, including U.S., Canadian and other economies and securities markets. These types of unexpected and unpredictable events could have a significant impact on the Fund and its investments and could also result in fluctuations in the value of the Fund.

### ***High Portfolio Turnover Risk***

The Fund's portfolio turnover may vary between periods. The investment techniques and strategies utilized by the Fund, including investments made on a shorter-term basis or in derivative instruments or instruments with a maturity of one year or less at the time of acquisition may result in frequent portfolio trading and high portfolio turnover. High portfolio turnover rates will cause the Fund to incur higher levels of brokerage fees and commissions, which may reduce performance, and may cause higher levels of current tax liability to unitholders in the Fund. The amount of leverage that the Fund operates at also exaggerates the turnover rate of the Fund. The Fund has no limit on the rate of portfolio turnover, and portfolio securities may be sold without regard to the time that they have been held when, in the opinion of the Manager, investment considerations warrant such action. The high rate of portfolio turnover of the Fund involves correspondingly greater expenses than a lower turnover rate (e.g., greater transaction costs such as brokerage fees and market impact costs), and the greater the chance that a unitholder receiving distributions of income or capital gains from the Fund in a year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

### ***High-Yield Security Risk***

The Fund may invest in high-yield securities. High-yield securities are rated below investment grade (below "BBB-" by S&P or by Fitch Rating Service Inc., or below "Baa3" by Moody's® Investor's Services, Inc.) or are unrated at the time of purchase and may be more volatile than higher-rated securities of similar maturity. High-yield securities may also be subject to greater levels of credit or default risk than higher-rated securities. The value of high-yield securities can be adversely affected by overall economic conditions, such as an economic downturn or a period of rising interest rates, and high-yield securities may be less liquid and more difficult to sell at an advantageous time or price or to value, than higher-rated securities. In particular, high-yield securities are often issued by smaller, less creditworthy companies or by highly leveraged firms, which are generally less able than more financially stable firms to make scheduled payments of interest and principal.

### ***Illiquidity Risk***

The Fund may hold up to 15% of its net assets in illiquid securities for a period of less than ninety (90) days. A security is illiquid if it cannot be sold at an amount that at least approximates the amount at which the security is valued. Illiquidity can occur: (a) if the securities have resale restrictions; (b) if the securities do not trade through normal market facilities; (c) if there is a shortage of buyers; or (d) for other reasons. In highly volatile markets, such as in periods of sudden interest rate changes or severe market disruptions, securities that were previously liquid may suddenly and unexpectedly become illiquid. Illiquid securities are more difficult to sell and the Fund may be forced to accept a discounted price as a result.

Some high-yield debt securities, which may include, but are not limited to, security types commonly known as high-yield bonds, floating rate debt instruments and floating rate loans, as well as some fixed-income securities issued by corporations and governments in emerging market economies, may be more illiquid in times of market stress or sharp declines. In addition, the liquidity of individual securities may vary widely over time. Illiquidity in these instruments may take the form of wider bid/ask spreads (i.e., significant differences in the prices at which sellers are willing to sell and buyers are willing to buy that same security). Illiquidity may take the form of extended periods for trade settlement and delivery of securities. In some circumstances of illiquidity, it may be more difficult to establish a fair market value for particular securities, which could result in losses to the Fund that has invested in these securities.

### ***Interest Rate Risk***

As interest rates rise and fall, equity securities may be affected and the cost to companies which borrow money will go up and down accordingly. This cost may affect profitability and, therefore, the value of a company's securities. Furthermore, interest rates affect the value of fixed-income securities, including bonds, mortgages, treasury bills and commercial paper. The value of these securities will generally rise if interest rates fall and fall if interest rates rise. Therefore, the value of the Fund, which invests in equity securities and/or fixed-income securities, will change with fluctuating interest rates.

### ***IPO and New Issue Risk***

The Fund may invest in initial public offerings of equity securities ("**IPOs**" or "**New Issues**") and seasoned (i.e., secondary) equity offerings ("**SEOs**") of equity securities. Securities issued in IPOs are subject to many of the same risks as investing in companies with smaller market capitalizations (see "*Small Company Risk*" below). Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in IPOs or SEOs may be highly volatile or may decline shortly after the initial public offering or seasoned equity offering is completed.

### ***Issuer Risk***

With each investment it makes, the Fund is subject to the specific risks associated with the issuer of the securities, regardless of general market conditions. A company may be unprofitable due to its management, its market share and other competitive forces.

***Lack of Operating History Risk***

The Fund is a newly-formed investment vehicle with no operating history or earnings record. There is no assurance that the Fund will be able to successfully achieve its investment objective or operate profitably over the short or long-term. Investors will have to rely on the expertise and good faith of the Manager to carry on the business of the Fund.

***Large Transaction Risk***

The Fund may have one or more investors who hold a significant number of Units. If one or more investors redeems Units representing a large portion of the outstanding Units of the Fund, the Fund may be required to sell significant amount of investments from the Fund's portfolio. Large redemptions can affect the Fund's return if the Fund is required to sell its investments at unfavourable prices.

As of the date of this Simplified Prospectus, JC Clark Advisors Ltd. held 100% of the Units of the Fund.

***Legislation Risk***

Securities, tax or other regulators make changes to legislation, rules, and administrative practice. Those changes may have an adverse impact on the value of the Fund.

***Leverage Risk***

When the Fund makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities, fixed income securities or other portfolio assets, leverage may be introduced into the Fund. Leverage occurs when the Fund's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that can magnify gains and losses. Consequently, any adverse change in the value or level of the underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the Fund and may result in losses greater than the amount invested in the derivative itself. Leverage may increase turnover, transaction and market impact costs, volatility, or may impair the Fund's liquidity and may cause the Fund to liquidate positions at unfavourable times.

***Liquidity Risk***

Liquidity risk is the possibility that the Fund won't be able to sell its investments for cash when it needs to. The value of securities that are not regularly traded (less liquid) will generally be subject to greater fluctuations. A company's securities may be illiquid if:

- the company is not well known;
- there are few outstanding shares;
- there are few potential buyers; or

- they cannot be resold because of a promise or an agreement.

If the Fund holds illiquid securities, its Unit Value may rise and fall substantially because the Fund may not be able to sell the securities for the value that is used in calculating its NAV. There are restrictions on the amount of illiquid securities the Fund may hold.

### ***Multiple Series Risk***

The Fund is available in more than one series of Units, and the investment performance, expenses or liabilities of one series may affect the value of the securities of another series. Each series has its own fees and expenses, which are tracked separately. Those expenses will be deducted in calculating the Unit Value for that series, thereby reducing its Unit Value. If one series is unable to pay its expenses or liabilities, the assets of the other series will be used to pay those expenses or liabilities. As a result, the Unit Value of the other series may also be reduced.

### ***Nature of Units Risk***

Units of the Fund share certain attributes common to both equity securities and debt instruments. As holders of Units, unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. The Units represent an undivided fractional interest in the Fund. The unitholders will not take part in the management or control of the Fund, which is the sole responsibility of the Manager. The Manager will have wide latitude in making investment decisions. In certain circumstances, the Manager also has the right to terminate the Fund. Unitholders have certain limited voting rights, but do not have any authority or power to act for or bind the Fund. The Manager may require a unitholder, at any time, to redeem, in whole or in part, from the Fund.

### ***Performance Fee Risk***

The Manager is entitled to receive a performance fee in respect of each series of Units based upon the appreciation in the Unit Value of the Fund, provided certain conditions are met. However, the performance fee theoretically may create an incentive for the Manager to make investments for the Fund that are riskier than would be the case if such fee did not exist. In addition, because the performance fee is calculated on a basis that includes unrealized appreciation of the Fund’s assets, this risk may be greater than if such compensation were based solely on realized gains.

### ***Portfolio Management Risk***

The Manager actively manages the Fund’s investments. Consequently, the Fund is subject to the risk that the methods and analyses employed by the Manager in this process may not produce the desired results. This could cause the Fund to lose value or its investment results to lag behind relevant benchmarks or other funds with similar objectives.

### ***Potential Conflicts of Interest Risk***

The Manager is required to satisfy a standard of care in exercising its duties to the Fund. However, neither the Manager nor its directors, officers or employees are required to devote all or any specified portion of their time to their responsibilities relating to the Fund. Certain inherent conflicts of interest arise from the fact that the Manager may carry on investment activities for other clients (including private investment funds managed by the Manager) or on a proprietary basis in which the Fund will have no interest. Future investment activities by the Manager, including the establishment of other investment funds, may give rise to additional conflicts of interest.

The Manager may also engage in the promotion, management or investment management of other funds or trusts or engage in other activities. In addition, directors, officers and employees of the Manager may act as partners, directors or officers of other entities that provide services to other investment funds or clients.

The Manager has discretion regarding the selection of the broker-dealers and other intermediaries with and through which the Fund executes and clears portfolio transactions, the commissions and fees payable to them, and the prices at which investments are bought and sold. Some allocations may be based in part on the provision of or payment for other products or services (including but not limited to investment research) to the Fund, the Manager or affiliated persons. Such services may not be used for the direct or exclusive benefit of the Fund and may reduce the overhead and administrative expenses otherwise payable.

### ***Return of Capital Risk***

The Fund may pay a distribution that consists, completely or partially, of a return of your capital if your portion of the net income and net realized capital gains generated by the Fund are less than the total distribution. Such returns of capital will reduce the ACB of your Units of the Fund, potentially resulting in a higher taxable capital gain to you when your Units are sold and may result in the return to you of the entire amount of your original investment. Such returns of capital are not sustainable over the long term and may cause the apparent yield on the Fund to exceed the Fund's actual investment performance. Such distributions should not be confused with "yield" or "income", and you should not draw any conclusions about the Fund's investment performance from the amount of this distribution. Where the total distributions by the Fund in a year exceed the Fund's net income and net realized capital gains for the year, the NAV of the Fund may be reduced, which could reduce the Fund's ability to generate future income.

### ***Regulatory and Legal Risk***

Some industries, such as telecommunications and financial services, are heavily regulated by governments and in some cases depend on government funding and favourable decisions made by those governments. Investments by the Fund in such industries may be substantially affected by changes in government policy, regulation or deregulation, ownership restrictions, funding and the imposition of stricter operating conditions. The value of the securities of issuers in regulated industries may change substantially based on these factors.

***Securities Lending, Repurchase and Reverse Repurchase Transaction Risk***

The Fund may enter into securities lending, repurchase and reverse repurchase transactions in accordance with NI 81-102. The Fund does not currently intend to engage in repurchase or reverse repurchase transactions.

In a securities lending transaction, the Fund lends its portfolio securities through an authorized agent to another party (a “counterparty”) in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, the Fund sells its portfolio securities for cash through an authorized agent while at the same time it assumes an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. In a reverse repurchase transaction, the Fund buys portfolio securities for cash while at the same time it agrees to resell the same securities for cash (usually at a higher price) at a later date.

When entering into securities lending transactions, the Fund is subject to the credit risk that the counterparty may default under the agreement and the Fund would be forced to make a claim in order to recover its investment. In addition, when recovering its investment on a default, the Fund could incur a loss if the value of the portfolio securities loaned has increased in value relative to the value of the collateral held by the Fund. Similarly, the Fund could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by the Fund to the counterparty.

***Short Selling Risk***

The Fund is permitted by securities legislation to engage in short selling, provided certain conditions are met. A “short sale” is where the Fund borrows securities from a lender which are then sold in the open market (or “sold short”). At a later date, the same number of securities are repurchased by the Fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the Fund pays interest to the lender. If the value of the securities declines between the time that the Fund borrows the securities and the time it repurchases and returns the securities, the Fund makes a profit for the difference (less any interest the Fund is required to pay to the lender). Short selling involves certain risks. There is no assurance that securities will decline in value during the period of the short sale to an extent sufficient to offset the interest paid by the Fund and make a profit for the Fund, and securities sold short may instead appreciate in value. The Fund also may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender from whom the Fund has borrowed securities may recall the securities, may go bankrupt and the Fund may lose the collateral it has deposited with the lender. The Fund will adhere to controls and limits that are intended to offset these risks in accordance with the requirements in securities legislation. The Fund is permitted to sell securities short up to a maximum of 50% of its NAV.

***Small Company Risk***

The Fund may make investments in smaller capitalization companies. These investments are generally riskier than investments in larger companies for several reasons. Smaller companies are often relatively new and/or may not have an extensive track record. This may make it difficult for the market to place a proper value on these companies. Some of these companies may not have

extensive financial resources and, as a result, may be unable to react to events in an optimal manner. In addition, stocks of smaller companies are sometimes less liquid, meaning that there is less demand for such stocks in the marketplace at a price that is deemed fair by sellers.

### ***Taxation Risk***

The Fund is expected to qualify as a mutual fund trust by the time it files its first tax return in which it will make an election to be deemed to be a mutual fund trust effective from the date of its creation. Once the Fund qualifies as a mutual fund trust, it is expected to continue to qualify as a mutual fund trust at all material times thereafter, but no assurance can be given in this regard. If the Fund does not qualify or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading “Income Tax Considerations” could be materially and adversely different in some respects. For example, if the Fund does not qualify as a mutual fund trust for the purposes of the Tax Act throughout a taxation year, the Fund may be liable to pay alternative minimum tax and/or tax under Part XII.2 of the Tax Act. In addition, if the Fund does not qualify as a mutual fund trust, it may be subject to the “mark-to-market” rules under the Tax Act if more than 50% of the fair market value of the Units are held by “financial institutions” within the meaning of the Tax Act for purposes of the “mark-to-market” rules. In such case, the Fund will be required to recognize on income account any gains and losses accruing on its holding of and realized on its disposal of certain types of debt obligations and equity securities and also will be subject to special rules with respect to income inclusion on these securities. Any income arising from such treatment will be included in the amounts distributed to unitholders. Each time the Fund becomes or ceases to be a financial institution in accordance with the mark-to-market rules, the taxation year of the Fund will be deemed to end immediately before that time, and gains or losses accrued on certain securities before that time will be deemed to be realized by the Fund and any net income will be distributed to unitholders.

If the Fund does not qualify as a mutual fund trust for the purposes of the Tax Act, then Units will not be a qualified investment for Registered Plans. If a Registered Plan acquires Units that are non-qualified investments, the Registered Plan and the plan holder may be subject to adverse consequences under the Tax Act, including penalties and taxes. Investors should consult with their own tax advisors before acquiring Units in their Registered Plan.

There can be no assurance that the tax laws applicable to the Fund, including the treatment of mutual fund trusts under the Tax Act, will not be changed in a manner which could adversely affect the Fund. Also, there can be no assurance that the CRA or a court will agree with the tax treatment adopted by the Fund in filing its tax returns. The CRA could reassess the Fund on a basis that results in an increase in the taxable component of distributions considered to have been paid to unitholders. Such liability may reduce the net asset value per security of the Fund.

The Tax Act contains rules that provide that gains realized on the disposition of property under a “derivative forward agreement,” as defined, will be treated as ordinary income and losses realized on a disposition may be deducted from income. A derivative forward agreement is defined to mean an agreement to sell (or purchase) capital property where the term of the agreement exceeds 180 days or the agreement is part of a series of agreements with a term that exceeds 180 days and where the sale price (or purchase price) of the property is determined by reference to, for example, the

value of other property. The Fund does not expect these rules to apply to any of its current investment strategies. However, the rules are broadly worded and there can be no guarantee that the rules will not inadvertently apply to transactions undertaken by the Fund and result in the recharacterization of capital gains to ordinary income.

The Tax Act contains “loss restriction event” (“**LRE**”) rules that could potentially apply to certain trusts including the Fund. In general, the Fund is subject to a LRE if a person (or group of persons) acquires more than 50% of the fair market value of the securities of the Fund. If a LRE occurs (i) the Fund will be deemed to have a year end for tax purposes immediately before the LRE occurs, (ii) any net income and net realized capital gains of the Fund at such year end will be taxed in the Fund to the extent such income is not paid or payable to unitholders of the Fund in such year, and (iii) the Fund will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE on a go-forward basis. However, a Fund will be exempt from the application of the LRE rules if it satisfies certain investment requirements and qualifies as an “investment fund” under the rules. There is no assurance that the Fund will qualify as an investment fund under the rules.

The Fund will be prohibited from claiming a deduction in computing its income for amounts of income that are allocated to redeeming unitholders and could be limited in its ability to claim a deduction in computing its income for amounts of capital gains that are allocated to redeeming unitholders. Accordingly, the Fund will be limited in its ability to allocate income and capital gains to redeeming unitholders in a particular year and such amounts will be allocated to the remaining unitholders at the end of such taxation year.

Recent amendments to the Tax Act (the “**EIFEL Rules**”) generally limit the deductibility of interest and financing expenses of a Canadian resident corporation or trust that is not an “excluded entity” to a fixed ratio of tax EBITDA (as calculated in accordance with the EIFEL Rules). If the EIFEL Rules apply to the Fund, the amount of interest and other financing expenses otherwise deductible by the Fund may be reduced and the taxable component of distributions by the Fund to its unitholders may be increased accordingly.

### **Investment Risk Classification Methodology**

We assign an investment risk rating to the Fund to help you decide whether the Fund is right for you. **This information is only a guide.** The Fund is assigned a risk rating in one of the following categories: low, low to medium, medium, medium to high or high.

The methodology used to determine the investment risk level of the Fund for purposes of disclosure in this Simplified Prospectus is historical volatility risk, as measured by the standard deviation of fund performance, which is the methodology outlined in NI 81-102.

The investment risk level for an investment fund with at least 10 years of performance history will be based on such fund’s historical volatility, as measured by its 10-year standard deviation of performance. The investment risk level for an investment fund with less than 10 years of performance history will be based on the historical volatility of a reference index that reasonably approximates such fund’s historical performance, as measured by the reference index’s 10-year standard deviation of performance.



As the Fund is new, it has less than 10 years of performance history. To determine the risk rating for the Fund, the Manager has based its risk rating on the historical volatility of a reference index that is expected to reasonably approximate the standard deviation of the Fund.

The reference index for the Fund is a blended reference index comprised of the following:

- **S&P/TSX Composite High Dividend Total Return Index (30%):** the index is focused on dividend income and is made up of 50 to 75 stocks selected from the S&P/TSX Composite Index, which is the headline index and principal broad market measure for the Canadian equity market.
- **S&P 500 High Dividend Total Return Index (30%):** the index serves as a benchmark for income seeking equity investors. The index is designed to measure the performance of 80 high yield companies within the S&P 500 and is equally weighted to best represent the performance of this group, regardless of constituent size.
- **S&P/TSX Preferred Share Index (20%):** the index is designed to serve the investment community's need for an investable benchmark representing the Canadian preferred stock market. The index is comprised of preferred stocks trading on the Toronto Stock Exchange that meet criteria relating to minimum size, liquidity, issuer rating, and exchange listing.
- **Bloomberg CAD High Yield Corporate Bond Index (20%):** the index is a rules-based, market-value weighted index engineered to measure CAD denominated high yield, fixed rate securities publicly issued in the Canadian bond market. To be included in the index a security must have a minimum par amount of \$100MM.

Standard deviation is used to quantify the historical dispersion of returns around the average returns over a recent 10-year period. In this context, it can provide an indication of the amount of variability of returns that occurred relative to the average return over the 10-year measurement period. The higher the standard deviation of a fund, the greater the range of returns it experienced in the past. In general, the greater the range of observed or possible returns, the higher the risk.

We assign a risk rating category that is at, or is higher than, the applicable rating indicated by the standard deviation ranges in the standardized risk classification methodology as outlined below. The risk rating categories of this methodology are:

- **Low (standard deviation range of 0 to less than 6):** for a fund with a level of risk that is typically associated with investments in Canadian fixed-income funds and in money market funds;
- **Low to Medium (standard deviation range of 6 to less than 11):** for a fund with a level of risk that is typically associated with investments in balanced funds and global and/or corporate fixed-income funds;

- **Medium (standard deviation range of 11 to less than 16):** for a fund with a level of risk that is typically associated with investments in equity portfolios that are diversified among a number of large capitalization Canadian and/or international equity securities;
- **Medium to High (standard deviation range of 16 to less than 20):** for a fund with a level of risk that is typically associated with investments in equity funds that may concentrate their investments in specific regions or in specific sectors of the economy; and
- **High (standard deviation range of 20 or greater):** for a fund with a level of risk that is typically associated with investment in equity portfolios that may concentrate their investments in specific regions or in specific sectors of the economy where there is a substantial risk of loss (e.g., emerging markets, precious metals).

Accordingly, we have assigned a risk rating of “medium” to the Fund.

There may be times when we believe the methodology described above produces a result that does not reflect the Fund’s risk based on other qualitative factors. As a result, we may exercise our discretion to place the Fund in a higher risk rating category, but the Fund can never be placed in a lower risk rating category than the one determined as a result of the methodology.

The Manager recognizes that other types of risk, both measurable and non-measurable, may also exist and we remind you that the historical performance of an investment fund (or a reference index used as its proxy) may not be indicative of future returns and that the historical volatility of such fund (or a reference index used as its proxy) may not be indicative of its future volatility.

The investment risk level is determined when the Fund is first created and will be reviewed annually by the Manager, as well as if there is a material change in the Fund’s risk profile that may affect its risk classification, including a change in the Fund’s investment objective or investment strategy.

A more detailed explanation of the risk classification methodology used to identify the risk ratings of the Fund is available on request, at no cost, by contacting us toll free at 1-866-480-0002 or at 416-361-6144 (collect calls are accepted) or at [funds@jcclark.com](mailto:funds@jcclark.com).

## **JC CLARK HIGH INCOME OPPORTUNITIES FUND**

Founders Series A Units, Founders Series F Units and Series I Units

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Additional information about the Fund is available in the Fund Facts document, and management reports of fund performance and financial statements of the Fund, once available. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

You can get a copy of these documents, at your request, and at no cost, by calling us toll free at 1-866-480-0002 or at 416-361-6144 (collect calls are accepted) or by email to [funds@jcclark.com](mailto:funds@jcclark.com).

These documents and other information about the Fund, such as material contracts, are also available on the Fund's designated website at [www.jcclark.com](http://www.jcclark.com) or at [www.sedarplus.ca](http://www.sedarplus.ca).