

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly within the United States (as defined in Regulation S under the U.S. Securities Act) or to, or for the account or benefit of U.S. Persons (as defined under Regulation S under the U.S. Securities Act) except pursuant to an exemption from the registration requirements of those laws. See “Plan of Distribution”.

*Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Executive Officer of Canoe Financial LP at Suite 3900, 350 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3N9, telephone (403) 571-5550 and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## SHORT FORM PROSPECTUS

New Issue

March 6, 2017



### CANOE EIT INCOME FUND

**\$122,500,000**

**(4,900,000 Preferred Units)**

**4.80% Cumulative Redeemable Series 1 Preferred Units at \$25.00 per Series 1 Preferred Unit**

This short form prospectus qualifies for distribution an offering (the “**Offering**”) of 4,900,000 4.80% Cumulative Redeemable Series 1 Preferred Units (the “**Series 1 Preferred Units**”) of Canoe EIT Income Fund (“**Canoe**” or the “**Fund**”) at a price of \$25.00 per Series 1 Preferred Unit (the “**Offering Price**”). Canoe is a closed-end investment trust focused on a broad range of income-producing investments, including the securities of publicly traded real estate investment trusts, qualified limited partnerships, corporations and similar issuers, corporate debt, convertible debentures and preferred shares of issuers engaged in businesses in various industries and geographic regions. It strives to maximize monthly distributions relative to risk and maximize the Net Asset Value of the Fund, while maintaining and expanding a diversified investment portfolio. Canoe Financial LP (the “**Manager**”) is the Fund’s manager and portfolio manager. The head office of the Fund and the Manager is at Suite 3900, 350 - 7th Avenue S.W., Calgary, Alberta T2P 3N9. The registered office of the Fund is at Suite 3500, 855 – 2<sup>nd</sup> Street S.W., Calgary, Alberta, T2P 4J8.

Holders of the Series 1 Preferred Units will be entitled to fixed cumulative preferential cash distributions of \$1.20 per Series 1 Preferred Unit per annum, as and when declared, which will accrue from the date of issue and will be payable quarterly on the 15<sup>th</sup> day of March, June, September and December in each year, with the initial distribution, if declared, payable on June 15, 2017 in the amount of \$0.3058, based upon an anticipated closing date of March 14, 2017. Thereafter, distributions will be payable quarterly at a rate of \$0.30 per Series 1 Preferred Unit. Distributions in any given period may consist of net income, net capital gains and/or returns of capital. The Fund’s income and net taxable gains for the purposes of the Tax Act will be allocated to the holders of Units and Series 1 Preferred Units in the same proportion as the distributions received by such holders. See “*Description of the Preferred Units – Certain Provisions of the Series 1 Preferred Units – Distributions*” and “*Principal Canadian Federal Income Tax Considerations*”.

On and after March 15, 2022, the Fund may redeem all or from time to time any part of the outstanding Series 1 Preferred Units, at the Fund’s option, at a price per Series 1 Preferred Unit equal to \$25.75 if redeemed on or after March 15, 2022, but before March 15, 2023; \$25.50 if redeemed on or after March 15, 2023, but before March 15, 2024; and \$25.00 thereafter, together, in each case, with all accrued and unpaid distributions up to but excluding the date fixed for redemption. On or after March 15, 2024, the Series 1 Preferred Units will be retractable for cash, at the option of the holder, for \$25.00 per Series 1 Preferred Unit, together with any accrued and unpaid distribution in respect of such Series 1 Preferred Units, less any tax required by law to be deducted therefrom, by notice by the holder of the Series 1 Preferred Units (“**Series 1 Preferred Unitholders**”) to be retracted delivered to the Manager

not less than 30 days prior to the applicable retraction date. Certain other provisions relating to the Series 1 Preferred Units are summarized under “*Description of the Preferred Units*”.

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**Price: \$25.00 per Series 1 Preferred Unit**

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	<u>Price to the Public<sup>(1)</sup></u>	<u>Underwriters’ Fee<sup>(2)</sup></u>	<u>Net Proceeds to the Fund<sup>(3)</sup></u>
Per Series 1 Preferred Unit .....	\$25.00	\$0.75	\$24.25
Total Offering <sup>(4)</sup> .....	\$122,500,000	\$3,675,000	\$118,825,000

- (1) The Offering Price was established by negotiation between the Fund and the Underwriters (as defined herein).
- (2) The Underwriters’ fee is 1.0% on sales to certain institutional investors and 3.0% on all other sales. The totals set forth in the table represent the Underwriters’ fee and net proceeds assuming no Series 1 Preferred Units are sold to institutions.
- (3) Before deducting the estimated expenses of the Offering of approximately \$825,000. The expenses of the Offering will be paid from the general funds of the Fund.
- (4) The Fund has granted the Underwriters an option (the “**Over-Allotment Option**”), exercisable for a period of 30 days from the closing of the Offering, to purchase up to 735,000 additional Series 1 Preferred Units on the same terms as set forth above, which additional Series 1 Preferred Units are qualified for sale under this short form prospectus. A purchaser who acquires Series 1 Preferred Units forming part of the Underwriters’ over-allocation position acquires those Series 1 Preferred Units under this short form prospectus, regardless of whether the Underwriters’ over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total price to the public under the Offering will be \$140,875,000, the total Underwriters’ fee will be \$4,226,250 and the total net proceeds to the Fund, before expenses of the Offering, will be \$136,648,750. See “*Plan of Distribution*”.

**There is currently no market through which the Series 1 Preferred Units may be sold and purchasers may not be able to resell Series 1 Preferred Units purchased under this short form prospectus. This may affect the pricing of the Series 1 Preferred Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Series 1 Preferred Units and the extent of issuer regulation. See “*Risk Factors*”.** The TSX has conditionally approved the listing of the Series 1 Preferred Units offered by this short form prospectus under the symbol “EIT.PR.A”. Listing is subject to the Fund fulfilling all the listing requirements of the TSX on or before May 30, 2017.

**Investing in the Series 1 Preferred Units involves certain risks. See “*Risk Factors*” and “*Forward-Looking Statements*”.**

Scotia Capital Inc. (“**Scotia Capital**”), RBC Dominion Securities Inc., BMO Nesbitt Burns Inc, CIBC World Markets Inc., National Bank Financial Inc., TD Securities Inc., Canaccord Genuity Corp., Industrial Alliance Securities Inc. and Manulife Securities Incorporated (the “**Underwriters**”), as principals, conditionally offer the Series 1 Preferred Units, subject to prior sale, if, as and when issued and delivered by the Fund and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*”, and subject to the approval of certain legal matters relating to Canadian law on behalf of the Fund by Blake, Cassels & Graydon LLP and Osler, Hoskin & Harcourt LLP, tax counsel to the Fund, and on behalf of the Underwriters by McCarthy Tétrault LLP.

**Scotia Capital is, directly or indirectly, a subsidiary of a Canadian chartered bank which is a lender under the Fund’s existing credit facility (the “*Credit Facility*”). Accordingly, the Fund may be considered a “connected issuer”, as such term is defined in National Instrument 33-105 *Underwriting Conflicts*, of Scotia Capital Inc. See “*Use of Proceeds*” and “*Plan of Distribution*”.**

Subject to applicable laws, the Underwriters may, in connection with this Offering and the Over-Allotment Option, over-allot or effect transactions that stabilize or maintain the market price of the Series 1 Preferred Units at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”. The Underwriters propose to offer the Series 1 Preferred Units initially at the Offering Price. **After a reasonable effort has been made to sell all of the Series 1 Preferred Units at the Offering Price, the Offering Price may be decreased, and further changed from time to time, to an amount not greater than the Offering Price. See “*Plan of Distribution*”.** The compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Series 1 Preferred Units is less than the gross proceeds paid by the Underwriters to the Fund. See “*Plan of Distribution*”. The Fund has granted the Over-Allotment Option to the Underwriters on the following basis:

<b>Underwriters' Position</b>	<b>Maximum Size</b>	<b>Exercise Period</b>	<b>Exercise Price</b>
Over-Allotment Option	735,000 Series 1 Preferred Units	Within 30 days of the closing of the Offering	\$25.00 per Series 1 Preferred Unit

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that the closing of the Offering will occur on or about March 14, 2017, but in any event not later than 90 days from the date of the receipt issued for this short form prospectus (the “**Closing Date**”). Book-entry only certificates representing the Series 1 Preferred Units will be issued in registered form to CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and will be deposited with CDS on the Closing Date. A purchaser of Series 1 Preferred Units will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Series 1 Preferred Units are purchased.

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## GLOSSARY OF TERMS

In this short form prospectus, the following terms have the meanings set forth below, unless otherwise indicated. Unless otherwise indicated, all references to dollar amounts in this short form prospectus are to Canadian dollars.

“**2016 Annual Redemption**” has the meaning ascribed to the term under “*Consolidated Capitalization*”.

“**Administration Charge**” means the compensation paid by the Fund to the Manager for certain expenses incurred on the Fund’s behalf in connection with the operation and administration of the Fund, as described under “*Fees and Expenses—Administration Charge*”.

“**AIF**” means the Annual Information Form of the Fund dated March 15, 2016.

“**Amended and Restated Management Agreement**” means the agreement pursuant to which the Manager is retained to provide, or cause to be provided, management and administrative services to the Fund as further described under “*Description of the Preferred Units – Amended and Restated Management Agreement*”.

“**Canoe**” or the “**Fund**” means Canoe EIT Income Fund (formerly EnerVest Diversified Income Trust), an investment fund established under the laws of the Province of Alberta and governed by the Declaration of Trust.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**Certificate of Amendment**” means a certificate of amendment setting out the terms of each particular series of Preferred Units, which shall be approved by the Manager prior to the issue of any series of Preferred Units and, upon such approval, shall become a part of the Declaration of Trust.

“**Closing Date**” means March 14, 2017 or such other date, not later than 90 days from the date of the receipt issued for this final short form prospectus, as may be agreed upon by the Manager and the Underwriters, on which the Series 1 Preferred Units are issued.

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

“**Credit Facility**” means the renewed credit facility with the existing lender effective October 7, 2016 with a maximum available credit of \$250 million and the option, subject to lender approval, to increase the facility to \$300 million.

“**DBRS**” means Dominion Bond Rating Service Limited.

“**Declaration of Trust**” means the amended and restated declaration of trust of the Fund dated as of August 5, 1997, as amended and restated as of October 7, 1999 and as of March 14, 2002, and as of March 6, 2006, and as of July 5, 2007, and as of March 26, 2009, and as of November 1, 2013, and as of March 25, 2015, and on or before the Closing Date, as it may be further amended and/or restated from time to time.

“**equity security**” means the Unit and/or Preferred Units of any series.

“**equity securityholder**” means the holder of a Unit or a Preferred Unit.

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

“**Independent Review Committee**” means the independent review committee of the Fund established in accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds*.

“**Management Fee**” means the fee paid by the Fund to the Manager in consideration for the services performed by the Manager, as described under “*Fees and Expenses—Management Fee*”.

“**Manager**” means Canoe Financial LP, in its capacity as manager of the Fund, or if applicable, its successor.

“**MER**” means the management expense ratio.

“**Net Asset Value**” means the net asset value of the Fund, determined by subtracting the aggregate amount of the liabilities of the Fund from the total assets, as described in the current annual information form of the Fund.

“**NI 44-101**” means National Instrument 44-101 *Short Form Prospectus Distributions*.

“**NI 81-102**” means National Instrument 81-102 *Investment Funds*.

“**Offering**” means the offering of 4,900,000 Series 1 Preferred Units at a price of \$25.00 per Series 1 Preferred Unit, as contemplated in this short form prospectus.

“**Offering Price**” means \$25.00 per Series 1 Preferred Unit, as contemplated in this short form prospectus.

“**Operating Expenses**” means all of the expenses associated with the operation and administration of the Fund.

“**Over-Allotment Option**” means the option granted to the Underwriters by the Fund, exercisable for a period of 30 days from the Closing Date, to purchase up to 735,000 additional Series 1 Preferred Units at the Offering Price, as described under “*Plan of Distribution*”.

“**Portfolio**” means the portfolio of securities held by the Fund from time to time.

“**Preferred Unit**” means one transferable unit representing a preferred equity interest of any series in the property of the Fund, with such designation, rights, privileges, restrictions and conditions attached thereto as determined by the Manager and set forth in a Certificate of Amendment and which are issued from time to time in accordance with the provisions of the Declaration of Trust.

“**Preferred Unitholder**” means the holder of a Preferred Unit.

“**SEDAR**” means System for Electronic Document Analysis and Retrieval.

“**Series 1 Preferred Unit**” means a Preferred Unit designated as a Series 1 Preferred Unit.

“**Series 1 Preferred Unitholder**” means the holder of a Series 1 Preferred Unit.

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

“**Total Asset Value**” means the Net Asset Value of the Fund plus the amount representing any outstanding preferred equity securities of the Fund if they are deducted from the assets of the Fund in calculating the Net Asset Value of the Fund.

“**Trustee**” means Alliance Trust Company, in its capacity as trustee under the Declaration of Trust, or if applicable, its successor.

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

“**Underwriters**” means, collectively, Scotia Capital Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., TD Securities Inc., Canaccord Genuity Corp., Industrial Alliance Securities Inc. and Manulife Securities Incorporated

“**Underwriting Agreement**” means the underwriting agreement dated March 6, 2017 between the Fund and the Underwriters.

“**Unit**” shall mean one transferable unit representing an equal and undivided interest in the property of the Fund in accordance with and subject to the provisions of the Declaration of Trust, that is not a Preferred Unit.

“**Unitholder**” means the holder of a Unit.

## FORWARD-LOOKING STATEMENTS

This short form prospectus and the documents incorporated by reference herein contain forward-looking statements about the Fund, including its investment operations and strategy. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, action or plans, strategies, prospects, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects”, “does not expect”, “is expected”, “potential”, “continues”, “anticipates”, “does not anticipate”, “plans”, “estimates”, “believes”, “does not believe” or “intends”, or stating that certain actions, events or results “may”, “should”, “could”, “would”, “might” or “will” be taken, occur or achieved) are not statements of historical fact but reflect Canoe’s current expectations regarding future results or events and may be “forward-looking statements”. In addition, any statement that may be made concerning future financial performance (including revenues, earnings or growth rates), ongoing business or investment strategies or prospects, and possible future actions by the Fund, are also forward-looking statements.

Market predictions and forward-looking statements are subject to known and unknown risks and uncertainties and other factors that may cause actual results, performance, events, activity and achievements to differ materially from those expressed or implied by such statements. Forward-looking statements involve significant risks and uncertainties and a number of factors could cause actual results to materially differ from expectations discussed in the forward looking statements including, but not limited to, changes in general economic and market conditions, including the matters discussed below and under “*Risk Factors*” and “*Risk Factors*” in the AIF.

With respect to market predictions and forward-looking statements contained in this short form prospectus, Canoe has made assumptions regarding, among other things: future exchange rates; the impact of increasing competition; the continuity of existing business relationships; conditions in general economic and financial markets; and the ability to obtain financing on acceptable terms. Although the forward-looking statements are based on what Canoe believes to be reasonable assumptions, Canoe cannot assure that actual results will be consistent with these forward-looking statements. These statements speak only as of the date of this short form prospectus and Canoe does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable laws.

**Readers are cautioned that the foregoing list of factors is not exhaustive. Should one or more of these risks and uncertainties materialize, or should Canoe’s estimates or underlying assumptions prove incorrect, actual results, performance or achievements may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.**

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada are specifically incorporated by reference into and form part of this short form prospectus:

- (a) the interim financial statement of the Fund as at and for the period ended June 30, 2016;
- (b) the management report of fund performance for the Fund for the period ended June 30, 2016;
- (c) the Annual Information Form of the Fund dated March 15, 2016, including documents incorporated by reference therein;
- (d) the management report of fund performance of the Fund for the fiscal year ended December 31, 2015;
- (e) the audited annual financial statements of the Fund as at and for the years ended December 31, 2015 and December 31, 2014 and the report of the independent auditor thereon;
- (f) the template version of the investor presentation dated February 27, 2017 (the “**Investor**”

**Presentation”); and**

- (g) the template version of the term sheet dated February 27, 2017 (the “**Indicative Term Sheet**”) and the revised template version of the term sheet dated March 6, 2017 (the “**Final Term Sheet**”, and together with the Indicative Term Sheet, the “**Term Sheets**”).

All documents of the Fund of the type described in Item 11.1 of Form 44-101F1 *Short Form Prospectus* to National Instrument 44-101 *Short Form Prospectus Distributions* (“**NI 44-101**”), if filed by the Fund with the provincial securities commissions, territorial securities commissions or similar authorities in Canada after the date of this short form prospectus and prior to the termination of the Offering, shall be deemed to be incorporated by reference into this short form prospectus.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.**

## **MARKETING MATERIALS**

The Investor Presentation and Term Sheets are available under the Fund’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

The Final Term Sheet revised the Indicative Term Sheet to, among other things, reflect the size of the Offering of \$122,500,000 and the annual distribution rate of 4.80% per annum and to update the current status of the Fund’s listing application with the TSX. These revisions are all reflected in this short form prospectus. Pursuant to subsection 7.6(7) of NI 44-101, the Final Term Sheet as well as a blackline to the Indicative Term Sheet, are available under the Fund’s profile on SEDAR at [www.sedar.com](http://www.sedar.com)

Any additional “marketing materials” (as defined in National Instrument 41-101 *General Prospectus Requirements*) filed with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada in connection with the offering of Series 1 Preferred Units hereunder on or after the date hereof but prior to the termination of the distribution of the Series 1 Preferred Units under this short form prospectus (including any amendments to, or an amended version of, the Investor Presentation or the Term Sheets) are deemed to be incorporated by reference herein. Any marketing materials, including the Investor Presentation and the Term Sheets, are not part of this short form prospectus, to the extent that the contents thereof have been modified or superseded by a statement contained in this short form prospectus.

## **THE FUND**

Canoe is a closed-end investment trust focused on a broad range of income-producing investments, including the securities of publicly traded real estate investment trusts, qualified limited partnerships, corporations and similar issuers, corporate debt, convertible debentures and preferred shares of issuers engaged in businesses in various industries and geographic regions. Established under the name EnerVest Diversified Income Trust on August 5, 1997 under the laws of the Province of Alberta, the Fund subsequently changed its name to Canoe EIT Income Fund on November 4, 2013 and is managed by Canoe Financial LP. Canoe seeks to maximize monthly distributions primarily through investing in income-generating securities. The Manager follows a thorough, disciplined and repeatable investment process in order to find mispriced securities in the marketplace and uses this process to



analyze securities with a particular focus on companies with quality and growth characteristics that trade at reasonable valuations.

The Fund is authorized to issue an unlimited number of transferable Units each representing an equal and undivided interest in the property and assets of the Fund. Each Unitholder is entitled to one vote for each Unit registered in his or her name. The Units are listed on the TSX (symbol: EIT.UN). The Fund is also authorized to issue, in series, Preferred Units up to a maximum aggregate amount equal to 25% of the Fund's total assets after giving effect to the proposed offering of Preferred Units.

As at the date hereof, there are 88,871,000 Units issued and outstanding. During 2016, Canoe paid regular monthly distributions to the holders of Units ("Unitholders") that aggregated \$1.20 per Unit. Based on the year-end market price of the Units of \$11.93, aggregate distributions paid represent a 10.1% annual yield to Unitholders.

The head office of the Fund and the Manager is at Suite 3900, 350 - 7th Avenue S.W., Calgary, Alberta T2P 3N9.

This short form prospectus qualifies the distribution of 4,900,000 Series 1 Preferred Units at a price of \$25.00 per Series 1 Preferred Unit in addition to the Series 1 Preferred Units issued under the Over-Allotment Option.

### **Termination Date**

The Fund will remain in existence until its scheduled termination date of December 31, 2050, subject to any extension approved by the Unitholders or earlier termination as described below.

The Trustee or the Manager may at any time propose a special resolution to terminate the existence of the Fund. If such special resolution is approved by the Unitholders and Preferred Unitholders entitled to vote thereon, the Trustee is required to wind-up the affairs of the Fund and distribute its property to the Unitholders and Preferred Unitholders, as applicable, within one year from the date of the meeting at which such resolution is approved. The Unitholders and Preferred Unitholders entitled to vote thereon may, however, reject such proposal and appoint a successor trustee, whereupon the Trustee shall resign immediately and transfer its interest under the Declaration of Trust to the new trustee and the Manager shall be deemed to have given notice of its resignation as of the date of the meeting at which the Unitholders and Preferred Unitholders entitled to vote thereon rejected the termination proposal.

The Manager may resign as manager of the Fund upon 120 days' notice. If no new manager is appointed within such 120-day period, the existence of the Fund will be terminated.

### **Investment Objectives and Investment Strategies**

The investment objectives of the Fund are to maximize monthly distributions relative to risk and maximize Net Asset Value, while maintaining and expanding a diversified investment portfolio, primarily through acquiring, investing, holding, transferring, disposing of or otherwise dealing with or in equity and debt securities of corporations, partnerships, or other issuers and such other investments as the Manager may determine in its sole discretion from time to time. The investment objectives set forth above may be achieved through direct acquisitions, investments or, at the election of the Manager, through "exchange offers" or rights offerings completed by the Fund from time to time.

As at December 31, 2016, the largest investment that the Fund has in any individual investment represents approximately 4.1% of the NAV and 4.0% of the total Portfolio. As at December 31, 2016, the top four sectors that the Fund invests in, which together represents approximately 71.7% of the Net Asset Value, are (i) Financials (28.3%), (ii) Energy (23.8%), (iii) Industrials (10.3%) and (iv) Information Technology (9.3%). The following charts set out the Portfolio holdings by sector and region, respectively, as at December 31, 2016:

**December 31, 2016 Portfolio Holdings by Sector**

<b>% of Total Portfolio</b>		<b>% of Net Asset Value</b>
26.0%	Financials	28.3%
21.8%	Energy	23.8%
9.4%	Industrials	10.3%
8.5%	Information technology	9.3%
6.8%	Consumer Staples	7.4%
6.7%	Cash	7.3%
6.4%	Utilities	7.0%
5.3%	Materials	5.8%
4.2%	Consumer discretionary	4.6%
2.2%	Telecommunication services	2.4%
1.2%	Real Estate Investment Trusts (REITs)	1.3%
0.9%	Health care	1.0%
0.5%	Corporate bonds	0.6%
0.1%	Preferred shares	0.1%
100.0%	<b>Total Portfolio Assets</b>	109.2%
	Other Net Assets (Liabilities)	-9.2%
	<b>Total Net Assets Attributable to Holders of Redeemable Units</b>	100.0%

**December 31, 2016 Portfolio Holdings by Region**

<b>% of Total Portfolio</b>		<b>% of Net Asset Value</b>
60.1%	Canadian equity	65.6%
32.7%	U.S. equity	35.7%
6.7%	Cash	7.3%
0.5%	International fixed income	0.6%
0.0%	International equity	0.0%
100.0%	<b>Total Portfolio Assets</b>	109.2%
	Other Net Assets (Liabilities)	-9.2%
	<b>Total Net Assets Attributable to Holders of Redeemable Units</b>	100.0%

The Fund is currently subject to certain restrictions and practices contained in the Declaration of Trust which are designed in part to ensure that the investments of the Fund are diversified and to ensure the proper administration of the Fund. For further information on the investment restrictions of the Fund, see “*Investment Restrictions and Practices*” in the AIF, which has been incorporated by reference herein.

**Optional Unitholder Redemption**

Subject to the provisions of the Declaration of Trust, and the requirements for redemptions set out in NI 81-102, up to 10% of the aggregate outstanding Units may be surrendered for redemption on a date determined by the Fund in each calendar year. This redemption right may be exercised by the Unitholder giving written notice of redemption to the Manager. The surrender of Units for redemption shall be irrevocable except with respect to any Units surrendered for redemption in respect of which the redemption proceeds are not paid by the Fund on or before the date on which such payment is due and except as otherwise provided in the Declaration of Trust. See “*Redemption of EIT Units*” in the AIF for additional details on the redemption rights of Units.

## Rationale for the Offering

Successful completion of the Offering will provide the Fund with longer term fixed rate capital at an attractive all in cost of financing. The additional capital will be used to take advantage of attractive investment opportunities, and is also expected to ensure the sustainability of the Fund by increasing the earning capacity of the Units.

## Historical Distributions

Set out below are the tax classifications of the historical distributions of the Fund (which were \$0.10 per Unit per month for the entire period presented) for the past five years and the Manager expects the Series 1 Preferred Units to have a similar distribution breakdown:

%	2015	2014	2013	2012	2011
Capital gain	60.92%	59.89%	32.73%		32.82%
Actual amount of eligible dividends	9.29%	5.33%	18.18%	32.25%	16.73%
Actual amount of ineligible dividends					
Foreign income, net of tax					17.28%
Other income				1.49%	
Return of Capital <sup>(1)</sup>	29.79%	34.78%	49.09%	66.26%	33.17%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

(1) Includes warrants from 2011-2015.

## FEES AND EXPENSES

### Underwriters' Fees

The Underwriters' fees will be \$0.25 (1.0%) per Series 1 Preferred Unit on sales to certain institutional investors and \$0.75 (3.0%) per Series 1 Preferred Unit on all other sales.

### Expenses of the Offering

The expenses of the Offering (including the costs of preparing, printing and mailing a prospectus, marketing expenses, legal expenses, expenses of the auditor and translation fees), which are estimated to be \$825,000 in the aggregate, will be paid by the Fund.

### Management Fee

In consideration for the services performed by the Manager, the Fund pays the Manager a management fee (the "Management Fee") calculated daily and paid monthly as follows:

- (a) when the end of day Total Asset Value of the Fund is less than or equal to \$250,000,000, the daily Management Fee shall be equal to 1.5% per annum of the Total Asset Value of the Fund for that day; and
- (b) when the end of day Total Asset Value of the Fund is greater than \$250,000,000, the daily Management Fee shall be equal to 1.5% per annum of \$250,000,000 plus 1.0% per annum of the amount of the Total Asset Value of the Fund in excess of \$250,000,000 for that day.

### Administration Charge

To compensate the Manager for certain expenses incurred on the Fund's behalf in connection with the operation and administration of the Fund, the Manager is paid from the Fund an administration charge (the "Administration Charge") to be calculated daily and paid monthly as follows:

- (a) when the Total Asset Value of the Fund is less than or equal to \$750,000,000, the daily Administration Charge shall be charged at a rate of 0.35% per annum of the Total Asset Value of the Fund for that day;
- (b) when the Total Asset Value of the Fund is greater than \$750,000,000 but less than or equal to \$1,500,000,000, the daily Administration Charge shall be charged at a rate of 0.35% per annum of \$750,000,000 plus 0.13% per annum of the amount of the Total Asset Value of the Fund in excess of \$750,000,000 for that day; and
- (c) when the Total Asset Value of the Fund is greater than \$1,500,000,000, the daily Administration Charge shall be charged at a rate of 0.35% per annum of \$750,000,000 plus 0.13% per annum of \$750,000,000 plus 0.11% per annum of the amount of the Total Asset Value of the Fund in excess of \$1,500,000,000 for that day.

### Ongoing Expenses

The Fund also reimburses the Manager for the following expenses incurred on the Fund's behalf by the Manager in connection with the operation and administration of the Fund: (i) all taxes (including, without limitation, HST, GST, capital taxes, income taxes, withholding taxes); (ii) borrowing and interest costs; (iii) equity securityholder meeting costs; (iv) costs and expenses relating to the issuance of Units and Preferred Units of the Fund; (v) the fees and expenses of the Independent Review Committee of the Fund; (vi) the cost of compliance with any new governmental and regulatory requirements imposed on or after August 30, 2013 (including relating to Operating Expenses) or with any material change to existing governmental and regulatory requirements imposed on or after August 30, 2013 (including increases to regulatory filing fees); (vii) any new types of costs, expenses or fees not incurred prior to August 30, 2013, including arising from new government or regulatory requirements relating to the Operating Expenses or related to those external services that were not commonly charged in the Canadian investment fund industry as of August 30, 2013; (viii) Operating Expenses that would have been outside the normal course of business of the Fund prior to August 30, 2013; (ix) expenditures incurred upon the termination or conversion of the Fund; and (x) brokerage commissions and other security transaction expenses, including costs of derivatives and foreign exchange transactions.

For the year ended December 31, 2015, the Management Fee paid to the Manager totaled \$14,092,000 and the Administration Charge paid to the Manager totaled \$3,320,000.

### Additional Services

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

### CONSOLIDATED CAPITALIZATION

The following table sets forth the unaudited capitalization of the Fund before and after giving effect to the 2016 Annual Redemption and the Offering:

Designation	Authorized as at June 30, 2016	Outstanding as at June 30, 2016	Outstanding as at June 30, 2016 after giving effect to the 2016 Annual Redemption and the Offering <sup>(1)</sup>
Units	Unlimited	\$1,169,113,000 (93,357,000 Units)	\$1,043,819,000 (83,682,000 Units)
Series 1 Preferred Units	-	-	\$122,500,000 (4,900,000 Series 1 Preferred Units)
Credit Facility	\$350,000,000 <sup>(2)</sup>	\$93,598,000	\$93,598,000
<b>Total Capitalization</b>		<b>\$1,262,711,000</b>	<b>\$1,259,917,000</b>

#### Notes

- (1) Assuming the issuance of all Series 1 Preferred Units pursuant to this Offering at the Offering Price hereunder. Assumes no exercise of the Over-Allotment Option.
- (2) The Fund renewed its credit facility on October 7, 2016 and currently the maximum amount of available credit under the renewed Credit Facility is \$250 million with the option, subject to lender approval, to increase the facility up to \$300 million.

There has been no material change in the unit capital or loan capital of the Fund since the Fund's most recently filed interim financial statements, other than the change in the capital of the Fund that will result from the issuance of the Series 1 Preferred Units being offered hereunder, other than the approximately 9.7 million Units that were redeemed in connection with the voluntary cash redemption on December 8, 2016 (the "**2016 Annual Redemption**").

#### USE OF PROCEEDS

The estimated net proceeds to be received by the Fund from the Offering will be \$118,000,000, after deducting the Underwriters' fees and the expenses of the Offering, estimated at \$825,000 (assuming no sales to certain institutional investors) assuming the completion of the Offering but no exercise of the Over-Allotment Option.

The net proceeds of the Offering, after deducting the fees and expenses of the Offering, will be invested by the Fund in accordance with the investment objectives and investment strategies of the Fund, subject to the investment restrictions of the Fund. See "*Investment Objectives and Investment Strategies*" and "*Plan of Distribution*".

#### PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Fund has agreed to sell and the Underwriters have severally agreed to purchase, as principals, subject to compliance with all necessary legal requirements and to the terms and conditions contained therein, on the Closing Date, all but not less than all of the Series 1 Preferred Units offered hereby at an aggregate price of \$122,500,000, payable in cash to the Fund against delivery on such Closing Date. The price at which the Series 1 Preferred Units are being offered hereunder was determined by negotiation between the Fund and the Underwriters.

In consideration for their services in connection with this Offering, the Fund has agreed to pay the Underwriters a fee equal to \$0.25 (1%) per Series 1 Preferred Unit sold to certain institutions and \$0.75 (3%) per Series 1 Preferred Unit with respect to all other sales of Series 1 Preferred Units. Assuming that no Series 1 Preferred Units are sold to such institutions, the Underwriters' fee will be \$0.75 (3%). All fees payable to the Underwriters will be paid on account of services rendered in connection with this Offering and will be paid out of the general funds of the Fund.

The Fund has granted the Underwriters the Over-Allotment Option, solely to cover over-allotments, if any, exercisable for a period of 30 days from the Closing Date, to purchase up to 735,000 additional Series 1 Preferred Units at the Offering Price, which additional Series 1 Preferred Units are qualified for sale under this short form prospectus. The Underwriters will receive a fee equal to \$0.75 (3%) for each additional Series 1 Preferred Unit sold pursuant to the exercise of the Over-Allotment Option (assuming no sales to institutions), and will be reimbursed for out of pocket expenses incurred. A purchaser who acquires Series 1 Preferred Units forming part of the over-allocation position including the Over-Allotment Option acquires those Series 1 Preferred Units under this short form prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

This short form prospectus qualifies the distribution of the Series 1 Preferred Units offered hereunder in each of the provinces and territories of Canada.

The TSX has conditionally approved the listing of the Series 1 Preferred Units offered by this short form prospectus under the symbol "EIT.PR.A". Listing is subject to the Fund fulfilling all the listing requirements on or before May 30, 2017.

Pursuant to the Underwriting Agreement, the Fund has agreed not to sell or grant any option for the sale of, or otherwise dispose of, any additional Series 1 Preferred Units or securities convertible into or exchangeable for

Preferred Units of any series for a period commencing with the execution of such agreement and ending 90 days thereafter, without the prior written consent of Scotia Capital Inc. on behalf of the Underwriters.

The obligations of the Underwriters to purchase the Series 1 Preferred Units are several and not joint, and the Underwriting Agreement provides that the Underwriters may, at their discretion, terminate their obligations thereunder on the basis of their reasonable assessment of the state of the financial markets and upon the occurrence of certain stated events. The Fund is not obligated to sell less than, and the Underwriters do not have the right to take up and pay for less than, all the Series 1 Preferred Units if any Series 1 Preferred Units are purchased under the Underwriting Agreement.

The Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase any Series 1 Preferred Units. The foregoing restriction is subject to certain exceptions, including (i) a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market-making activities; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities. In connection with this Offering and the Over-Allotment Option, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 1 Preferred Units at a level other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Series 1 Preferred Units have not been and will not be registered under the United States *Securities Act of 1933*, as amended or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons. The Offering and sale of the Series 1 Preferred Units are also subject to certain restrictions under the laws of certain jurisdictions outside of Canada. Each Underwriter has agreed that it will not offer for sale or sell or deliver the Series 1 Preferred Units in any such jurisdiction except in accordance with the laws thereof.

The Underwriters propose to offer the Series 1 Preferred Units initially at the Offering Price specified on the cover page of this short form prospectus. After the Underwriters have made reasonable efforts to sell all of the Series 1 Preferred Units at such price, the price per Series 1 Preferred Unit may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Series 1 Preferred Units is less than the price paid by the Underwriters to the Fund. Any such reduction will not affect the proceeds realized by the Fund from the Offering.

The Fund renewed its existing Credit Facility with a Canadian chartered bank (the “**Lender**”) effective October 7, 2016. The Credit Facility is a 12-month facility with a one year term-out option. The maximum available credit is \$250 million with the option, subject to the lender approval, to increase the facility to \$300 million. The Credit Facility is secured by all of the Fund’s present and after-acquired personal property, undertaking, and assets and all proceeds thereof, including for certainty, the Portfolio. Scotia Capital is, directly or indirectly, a subsidiary of the Lender. Accordingly, the Fund may be considered a “connected issuer” to Scotia Capital within the meaning of such term in National Instrument 33-105 *Underwriting Conflicts*. The Fund is currently in compliance with the Credit Facility and no breach thereof has been waived by the Lender. The decision to distribute the Series 1 Preferred Units, including the terms of this Offering, was made through negotiations between the Fund and the Underwriters.

### **EARNINGS COVERAGE RATIOS**

The Fund’s distribution requirements on all its Preferred Units, after giving effect to the 2016 Annual Redemption and the issue of the Series 1 Preferred Units in this Offering, amounted to \$5,880,000 for the 12 month period ended December 31, 2015. For the 12 month period ended December 31, 2015, the Fund’s distribution income net of total expenses, excluding gains and losses, available for the payment of distributions on the Preferred Units was \$12,775,000, which represents 2.2 times the aggregate distribution requirements on the Preferred Units, after giving effect to the 2016 Annual Redemption and the issue of Series 1 Preferred Units under this Offering. For the 12 month period ended June 30, 2016, the Fund’s distribution income net of total expenses, excluding gains and losses, available for the payment of distributions on the Preferred Units was \$12,695,000, which represents 2.2 times the aggregate distribution requirements on the Preferred Units, after giving effect to the 2016 Annual Redemption and

the issue of Series 1 Preferred Units under this Offering.

## DESCRIPTION OF THE PREFERRED UNITS

The following is a summary of certain provisions of the Preferred Units as a class and of the Series 1 Preferred Units as a series.

### Certain Provisions of the Preferred Units as a Class

#### *Issuable in Series*

The Manager may, without further approval of the Unitholders, issue Preferred Units at any time and from time to time in one or more series and shall at such time determine the number of Preferred Units which is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Units including, without limiting the generality of the foregoing, any voting rights, the rate or amount of distributions (which may be cumulative or non-cumulative and variable or fixed) or the method of calculating distributions, the dates of payment thereof, the terms and conditions of redemption and purchase, if any, any rights on the liquidation, dissolution or winding-up of the Fund, and any sinking fund or other provisions. The terms of each particular series of Preferred Units as fixed by the Manager shall be set out in a Certificate of Amendment which certificate shall be approved by the Manager prior to the issue of such Preferred Units and, upon such approval, the certificate shall become a part of the declaration of trust of the Fund dated August 5, 1997, as amended (the “**Declaration of Trust**”).

#### *Ranking*

The Preferred Units of each series shall rank on parity with all other series of Preferred Units and shall, with respect to the payment of distributions (other than distributions paid solely through the distribution of additional Units) and the distribution of assets of the Fund or return of capital in the event of liquidation, dissolution or winding-up of the Fund, whether voluntary or involuntary, or any other return of capital or distribution of assets of the Fund among its equity securityholders for the purpose of winding-up its affairs, be entitled to preference over the Units, and over any other equity securities of the Fund.

#### *Restriction on Distributions, Purchase for Cancellation and Redemptions at the Option of the Fund*

No distributions shall be declared or paid on any equity securities of the Fund ranking by their terms junior to the Preferred Units nor shall any equity securities of the Fund ranking by their terms junior to the Preferred Units be purchased for cancellation or otherwise redeemed at the option of the Fund pursuant to their terms unless all distributions are current on all series of Preferred Units.

#### *Voting Rights*

Preferred Units shall not carry any voting rights except as required by applicable law, including NI 81-102, as provided in the Declaration of Trust or as may be affixed by the Manager and set out in the applicable Certificate of Amendment (which includes the right of the Preferred Units to vote separately as a class on any amendment to create equity securities ranking prior to the Preferred Units), and voting separately as a class to the extent required under NI 81-102 or as specified in the applicable Certificate of Amendment, for each series of Preferred Units.

#### *Quorum*

Except as provided below, at any meeting of Series 1 Preferred Unitholders at which Unitholders are also entitled to vote, regardless of whether they are voting separately as a class or together with the Series 1 Preferred Unitholders, a quorum for such meeting shall be (a) 10 or more Series 1 Preferred Unitholders then present in person or by duly qualified proxy representing not less than 10% of the outstanding Series 1 Preferred Units, and (b) two or more Unitholders present in person or by duly qualified proxy representing not less than 10% of the outstanding Units. At any meeting at which only Series 1 Preferred Unitholders are entitled to vote, a quorum for such meeting shall be 10 or more Series 1 Preferred Unitholders then present in person or by duly qualified proxy representing not less than

10% of the outstanding Series 1 Preferred Units. If no quorum is present at any such meeting, at an adjourned meeting, to be held within 14 days thereafter, the Unitholders and Series 1 Preferred Unitholders present at such meeting will constitute a quorum.

At any meeting of the Unitholders called at the request of the Unitholders to consider a termination of the Amended and Restated Management Agreement, to increase redemption rights attaching to the Units or to terminate the Fund under the Declaration of Trust and related matters, the Series 1 Preferred Unitholders shall be entitled to vote separately as a class at such meeting, and quorum for such meeting shall be (a) 20 or more Series 1 Preferred Unitholders then present in person or by duly qualified proxy representing not less than 20% of the outstanding Series 1 Preferred Units, and (b) two or more Unitholders present in person or by duly qualified proxy representing not less than 20% of the outstanding Units. If no quorum is present at any such meeting, the meeting shall be dissolved. Furthermore, Series 1 Preferred Unitholders will not be entitled to call a meeting to consider a termination of the Amended and Restated Management Agreement.

#### *Non-Resident Preferred Unitholders*

At no time may non-residents of Canada be the beneficial owners of a majority of the Preferred Units. The registrar for the Preferred Units, at the direction of the Manager, may require declarations as to the jurisdictions in which beneficial owners of Preferred Units are resident. If the Manager becomes aware, as a result of the registrar requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Preferred Units then outstanding are, or may be, non-residents or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that 45% of the Preferred Units are beneficially held by non-residents, upon notice from the Manager, the registrar shall send a notice to such non-resident Preferred Unitholders, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Preferred Units or a portion thereof within a specified period of not less than 30 days. If the Preferred Unitholders receiving such notice have not sold the specified number of Preferred Units or provided the registrar or the Manager with satisfactory evidence that they are not non-residents within such period, the registrar may on behalf of such Preferred Unitholders sell such Preferred Units and, in the interim, shall direct the Trustee to suspend the voting and distribution rights attached to such Preferred Units. Upon such sale, the affected holders shall cease to be beneficial holders of Preferred Units and their rights shall be limited to receiving the net proceeds from the sale of such Preferred Units. The Manager shall be responsible for taking such reasonable measures as it deems necessary, in its sole discretion, including directing the registrar to obtain declarations as to the jurisdiction of residence of beneficial owners of Preferred Units or otherwise for the purpose of ascertaining the beneficial ownership of Preferred Units and effecting adjustments thereof.

#### *Amended and Restated Management Agreement*

On or before the Closing Date, in order to reflect the Preferred Units, the Manager and Trustee will enter into an Amended and Restated Management Agreement (the “**Amended and Restated Management Agreement**”).

Under the terms of the Amended and Restated Management Agreement, the Manager is responsible for providing, or causing to be provided, management and administrative services to the Fund, including portfolio management duties, the provision of office space, equipment, facilities, supplies and clerical services, the maintenance of the books and records of the Fund, the handling of communications and correspondence with equity securityholders, the preparation of accounting, management and other reports, and the provision of such other managerial and administrative services as may be reasonably necessary to administer the Fund.

The Manager is entitled to the Management Fee, as described under “*Fees and Expenses—Management Fee*”, and the Administration Charge, as described under “*Fees and Expenses—Administration Charge*”, for services rendered pursuant to the Amended and Restated Management Agreement.

The Manager is indemnified by the Fund out of the Fund property against: (i) any liability and all costs, charges and expenses sustained or incurred in connection with any claim, action, suit or proceeding to which the Manager may be made a party in respect of the execution of its duties as Manager and the exercise of its powers, duties, authorities and discretion under the Declaration of Trust, and (ii) all other liability, costs, charges and expenses that it sustains or incurs in respect of the affairs of the Fund. However, the Manager shall not be indemnified for any such liability, cost, charge and expense arising from its own dishonesty, bad faith, wilful misconduct or gross negligence.



The Manager is required to exercise the powers and discharge the duties of its office honestly, in good faith, and in the best interests of the equity securityholders, and in connection therewith must exercise the degree of care, diligence and skill that a reasonably prudent manager would exercise in comparable circumstances.

The Amended and Restated Management Agreement is for an initial term expiring July 24, 2007, and is subject to automatic renewal for successive five year terms, unless terminated as described below. The Amended and Restated Management Agreement was renewed for a further five year term on July 24, 2007 and July 24, 2012. Its current term expires on July 24, 2017 and the Manager expects it will be renewed on such date for a further five year term. The Manager may resign on 120 days' written notice to the Trustee. The Manager's appointment may, subject to the requirements of NI 81-102, be terminated by the Trustee on 90 days' written notice to the Manager in the event of the persistent failure of the Manager to perform its duties and discharge its obligations under the Amended and Restated Management Agreement or the continuing malfeasance or misfeasance of the Manager in the performance of its duties under the Amended and Restated Management Agreement. The Amended and Restated Management Agreement may, subject to the requirements of NI 81-102, be terminated immediately by the Trustee if the Manager has committed a material fraudulent act or made a material deliberate misrepresentation under the Amended and Restated Management Agreement or if the Trustee has actual knowledge that the Manager (i) has become bankrupt or insolvent, (ii) has resolved to wind-up or dissolve, or (iii) has been ordered dissolved or has made a general assignment for the benefit of its creditors. In addition, the Manager's engagement under the Amended and Restated Management Agreement may be terminated by the Fund upon the expiry of 30 days' written notice of termination authorized by a resolution passed by the affirmative vote of the holders of at least two-thirds of the votes cast at a meeting of Unitholders and Preferred Unitholders, voting separately as a class, called by Unitholders for such purpose at which the quorum is as described under "*—Quorum*".

If the Manager's retainer or appointment is terminated for any reason (other than for cause as a result of a material fraudulent act or a material deliberate misrepresentation, or as a result of the bankruptcy, insolvency or dissolution of the Manager or a general assignment for the benefit of its creditors) or if the Fund is terminated, the Fund will pay to the Manager at the time of termination an amount equal to (i) an estimate of five years of Management Fees, calculated on a pro-forma basis, based on the then current Preferred Units (being the then current Net Asset Value per Preferred Unit calculated in accordance with the Declaration of Trust multiplied by the number of Preferred Units then outstanding), and (ii) an estimate of five years of Management Fees, calculated on a pro-forma basis, based on the then current Total Asset Value at the time of termination, attributable to the Units, less the aggregate amount of any redemption fees paid to the Manager by Unitholders pursuant to the Declaration of Trust prior to the date of termination (provided that if the amount so calculated in (ii) is negative, no termination fee attributable to the Units shall be payable and the Manager shall only be entitled to receive the termination fee attributable to the Preferred Units set forth in (i), in respect of which no deduction shall be made for such negative amount calculated under (ii)).

No prior approval of equity securityholders or the Fund is required for an assignment of the Amended and Restated Management Agreement by the Manager to an affiliate of the Manager.

### **Certain Provisions of the Series 1 Preferred Units**

#### *Distributions*

Series 1 Preferred Unitholders will be entitled to receive quarterly cumulative preferential cash distributions on the 15<sup>th</sup> day of March, June, September and December of each year at a rate of 4.80% per annum of the issue price of a Series 1 Preferred Unit (\$1.20 per Series 1 Preferred Unit per annum or \$0.30 per Series 1 Preferred Unit per quarter), less any tax required by law to be deducted therefrom. The initial distribution, if declared, will be payable on June 15, 2017 and will be \$0.3058 per Series 1 Preferred Unit, assuming a closing date of March 14, 2017. Distributions in any given period may consist of net income, net capital gains and/or returns of capital. The Fund's income and net taxable gains for the purposes of the Tax Act will be allocated to the holders of Units and Series 1 Preferred Units in the same proportion as the distributions received by such holders. See "*Principal Canadian Federal Income Tax Considerations*".

### *Redemption at the Option of the Fund*

Prior to March 15, 2022, the Fund may not redeem any Series 1 Preferred Units. On or after March 15, 2022, the Fund may give notice in writing not less than 30 days nor more than 60 days prior to the applicable redemption date of its intention to redeem for cash the Series 1 Preferred Units in whole or in part, at the Fund's option, at a price per Series 1 Preferred Unit equal to \$25.75 if redeemed on or after March 15, 2022, but before March 15, 2023; \$25.50 if redeemed on or after March 15, 2023, but before March 15, 2024; and \$25.00 thereafter, together, in each case, with all accrued and unpaid distributions up to but excluding the date fixed for redemption and less any tax required by law to be deducted therefrom.

If less than all outstanding Series 1 Preferred Units are at any time to be redeemed, the particular Series 1 Preferred Units to be redeemed will be selected on a *pro rata* basis (disregarding fractions) or in such other manner as the Trustee in its discretion may, by resolution, determine.

### *Retraction by Series 1 Preferred Unitholders*

Prior to March 15, 2024, a Series 1 Preferred Unitholder may not require the Fund to retract any Series 1 Preferred Units. Subject to the provisions of any equity securities of the Fund ranking prior to or *pari passu* with the Series 1 Preferred Units, and to the provisions described under “– *Restrictions on Distributions and Retirement and Issue of Series 1 Preferred Units*”, a Series 1 Preferred Unitholder may require the Fund to retract such Series 1 Preferred Units (by delivering notice to the Manager of the intention to have Series 1 Preferred Units retracted not less than 30 days prior to the applicable retraction date) on or after March 15, 2024 for a cash price of \$25.00, together with any accrued and unpaid distributions up to but excluding the date of retraction and less any tax required by law to be deducted therefrom.

### *Purchase for Cancellation*

Subject to applicable law, including the requirements in NI 81-102, the provisions of any equity securities of the Fund ranking prior to or *pari passu* with the Series 1 Preferred Units, and to the provisions described under “– *Restrictions on Distributions and Retirement and Issue of Series 1 Preferred Units*”, the Fund may at any time purchase for cancellation the whole or any part of the Series 1 Preferred Units outstanding from time to time, in the open market through or from an investment dealer or any firm holding membership on a recognized stock exchange, or by private agreement or otherwise, at the lowest price or prices at which, in the opinion of the Manager of the Fund, such Series 1 Preferred Units are obtainable.

### *Restrictions on Distributions and Retirement and Issue of Series 1 Preferred Units*

So long as any of the Series 1 Preferred Units are outstanding, and except as required by the Declaration of Trust, the Fund shall not:

- (a) declare, pay or set apart for payment any distributions (other than amounts that are paid solely through the issuance of additional Units) on any equity securities of the Fund ranking as to distributions junior to the Series 1 Preferred Units;
- (b) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any Preferred Units, ranking as to the payment of distributions or return of capital on a parity with or junior to the Series 1 Preferred Units; or
- (c) redeem, purchase or otherwise retire less than all of the Series 1 Preferred Units then outstanding,

unless, in each such case, all accrued and unpaid distributions up to and including the immediately preceding distribution payment date in respect of the Series 1 Preferred Units and all other equity securities ranking prior to or *pari passu* with the Series 1 Preferred Units shall have been declared paid or monies set aside for payment.

### *Voting Rights*

Series 1 Preferred Unitholders will not (except as otherwise provided by law, including NI 81-102, and except for meetings of Preferred Unitholders as a class and meetings of Series 1 Preferred Unitholders as a series as contemplated by the Declaration of Trust) be entitled to receive notice of, attend or to vote at, any meeting of the equity securityholders of the Fund unless and until the Fund shall have failed to pay the whole amount of eight quarterly distributions on the Series 1 Preferred Units. In that event, and for only so long as any such distribution remains in arrears, Series 1 Preferred Unitholders will be entitled to receive notice of and to attend meetings of the equity securityholders of the Fund (other than any meetings at which only holders of another specified class or series are entitled to vote) and will have the right, at any such meeting, to one vote for each Series 1 Preferred Unit held together with all other equity securityholders who are entitled to vote in respect of any business conducted at that meeting. Upon payment of the entire amount of all distributions in arrears for the Series 1 Preferred Units, the additional voting rights of Series 1 Preferred Unitholders shall forthwith cease.

In addition, Series 1 Preferred Unitholders will, in all circumstances, be entitled to receive notice of and to attend each meeting of equity securityholders at which one of the items on the agenda is a proposal not put forth by the Manager to terminate the existing Amended and Restated Management Agreement, to increase redemption rights attaching to the Units or to terminate the Fund and each Series 1 Preferred Unitholder will be entitled to one vote for each Series 1 Preferred Unit held on a vote to approve any such proposal, voting separately as a class.

### *Rights on Termination or Liquidation*

In the event of the termination, liquidation, dissolution or winding-up of the Fund, whether voluntary or involuntary, or any other distribution of assets of the Fund among its equity securityholders for the purpose of winding-up its affairs, Series 1 Preferred Unitholders shall be entitled to receive \$25.00 per Series 1 Preferred Unit, together with all distributions accrued and unpaid up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld by the Fund), before any amounts shall be paid or any assets of the Fund distributed to the holders of any equity securities ranking junior as to capital to the Series 1 Preferred Units. Upon payment of such amounts, Series 1 Preferred Unitholders shall not be entitled to share in any further distribution of the assets of the Fund.

### *Modification of Series*

Approval of amendments, modifications or variations to the provisions of the Series 1 Preferred Units as a series and any other authorization required to be given by the holders of such Series 1 Preferred Units may be given by a resolution passed by an affirmative vote of not less than two-thirds of the votes cast at a meeting of Series 1 Preferred Unitholders duly called for such purpose and held upon at least 21 days' notice. On any vote held in respect of such a resolution, Series 1 Preferred Unitholders will be entitled to one vote per Series 1 Preferred Unit.

### *Rating*

The Series 1 Preferred Units are provisionally rated Pfd-2(high) by Dominion Bond Rating Service Limited (“DBRS”).

A Pfd-2(high) rating by DBRS is the highest of three subcategories within the second highest of six categories used by DBRS for preferred shares. According to the DBRS rating system, preferred shares rated Pfd-2 are of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet, and coverage ratios are not as strong as “Pfd-1” rated companies. Each rating category is denoted by the subcategories “high” and “low”. The absence of either a “high” or “low” designation indicates the rating is in the middle of the category.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency. Prospective purchasers of the Series 1 Preferred Units may wish to consult DBRS with respect to the interpretation and implication of the foregoing provisional rating. Customary fee payments were made by the Fund to DBRS in connection with the provisional rating assigned to the Series 1 Preferred Units and the Fund will make customary fee payments to DBRS in connection with the confirmation of such rating for the

purposes of this Offering. In addition, the Fund has made customary payments in respect of other services provided to the Fund by DBRS during the last two years.

#### *Downside Protection*

Based on the Net Asset Value of the Fund as at March 3, 2017 of \$1,168,824,000, which for greater certainty reflects the 2016 Annual Redemption and \$96,927,000 of borrowings under the Credit Facility, and assuming net proceeds of the Offering of \$118,000,000, the Downside Protection for holders of Series 1 Preferred Units is 84%. “**Downside Protection**” refers to the percentage that the Portfolio would have to decline in value before holders of the Series 1 Preferred Units would be in a first-dollar loss position.

### **PRINCIPAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Osler, Hoskin & Harcourt LLP, tax counsel to the Fund, and McCarthy Tétrault LLP, counsel to the Underwriters, the following is, at the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Series 1 Preferred Units pursuant to the Offering and who, at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada, holds the Series 1 Preferred Units acquired pursuant to the Offering as capital property, deals with the Fund at arm's length, is not affiliated with the Fund and is not exempt from tax under Part I of the Tax Act (a “**Holder**”). Generally, the Series 1 Preferred Units will be considered capital property to a Holder provided that the Holder does not hold the Series 1 Preferred Units in the course of carrying on a business of trading and dealing in securities and has not acquired them as an adventure or concern in the nature of trade. Certain Holders whose Series 1 Preferred Units might not otherwise qualify as capital property may be entitled to obtain such qualification in certain circumstances by making an irrevocable election permitted by subsection 39(4) of the Tax Act. Such Holders should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Holder (i) that is a partnership, any member of which is not resident in Canada for the purposes of the Tax Act, (ii) that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules), (iii) that is a “specified financial institution” (as defined in the Tax Act), (iv) an interest in which is a “tax shelter investment” (as defined in the Tax Act), (v) who reports its “Canadian tax results” (as defined in the Tax Act) in a currency other than Canadian currency or (vi) that enters into, with respect to the Series 1 Preferred Units held by such Holder, a “derivative forward agreement” (as defined in the Tax Act). In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money to acquire Series 1 Preferred Units.

This summary is based upon the current provisions of the Tax Act and the regulations under the Tax Act (“**Regulations**”) in force at the date hereof, all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”), counsel's understanding of the current administrative practices and assessing policies of the CRA published in writing by it and a certificate of the Manager as to certain factual matters. There can be no assurance that the Tax Proposals will be implemented in their current form or at all. Except for the Tax Proposals, this summary does not otherwise take into account or anticipate any changes of law or practice, whether by judicial, governmental or legislative decision or action, or changes in the administrative policies or assessment practices of the CRA, nor does it take into account provincial, territorial or foreign tax legislation or considerations which may differ significantly from those discussed in this short form prospectus.

This summary also assumes that the Fund will comply at all times with its investment restrictions, including that it will not hold or make any investments that would result in the Fund being a SIFT trust for purposes of the Tax Act, that none of the issuers of securities held by the Fund will be foreign affiliates of the Fund or any equity securityholder, and that none of the securities held by the Fund will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act. Further, this summary assumes that none of securities held by the Fund will be an “offshore investment fund property” (or an interest in a partnership that holds such property) that would require the Fund (or the partnership) to include significant amounts in income pursuant to section 94.1 of the Tax Act, or an interest in a trust (or a partnership which holds such an interests) which would require the Fund (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the

Tax Act, or an interest in a non-resident trust other than an “exempt foreign trust” as defined in section 94 of the Tax Act (or a partnership which holds such an interest).

Certain of the considerations in this summary are based on an advance tax ruling received by the Fund from the CRA on September 22, 2015 and updated on February 16, 2017.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any particular Holder are made. Accordingly, prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring, holding and disposing of Series 1 Preferred Units, including the application and effect of the income and other tax laws of any country, province, territory, state or local tax authority.**

This summary does not address any Canadian federal income tax considerations applicable to non-residents of Canada, and non-residents should consult their own tax advisors regarding the tax consequences of acquiring and holding Series 1 Preferred Units. All payments to non-residents of Canada of distributions on the Series 1 Preferred Units will be net of any applicable withholding taxes.

#### *Status of the Fund*

This summary is based on the assumption that the Fund qualifies at all relevant times as a “mutual fund trust” as defined in the Tax Act. The Manager has advised counsel that the Fund currently qualifies as a “mutual fund trust” and intends to ensure that it will continue to so qualify at all relevant times. If the Fund were not to qualify as a “mutual fund trust”, the income tax considerations described below would, in some respects, be materially different.

#### *Taxation of the Fund*

The taxation year of the Fund is the calendar year. In each taxation year, the Fund will be subject to tax under the Tax Act on its income for tax purposes for the year, including any net realized taxable capital gains, less the portion thereof that it deducts in respect of the amounts paid or payable in the year to equity securityholders, subject to the SIFT Rules (as described and defined below). An amount will be considered to be payable to an equity securityholder in a taxation year if it is paid to such equity securityholder in the year by the Fund or if the equity securityholder is entitled in that year to enforce payment of the amount.

The Manager has advised counsel that it is expected that all of the Fund's income for tax purposes will be paid or payable to equity securityholders in the year and that the Fund will deduct, for tax purposes, such portion of the amount paid or payable, or deemed to be paid or payable, to equity securityholders in the year so that the Fund will generally not be liable for income tax in any year, subject to the SIFT Rules.

The Fund will be required to include in its income for a taxation year all dividends received (or deemed to be received) in the year on securities held by the Fund.

The Fund will also be required to include in its income for each taxation year all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding year.

In computing its income for tax purposes, the Fund may deduct reasonable administrative, interest and other expenses incurred to earn income and may deduct over a five-year period costs and expenses of this Offering paid by the Fund and not reimbursed. The Fund may generally deduct the costs and expenses of this Offering paid by the Fund and not reimbursed at a rate of 20% per year pro-rated where the Fund's taxation year is less than 365 days.

Losses incurred by the Fund cannot be allocated to equity securityholders but may be deducted by the Fund in accordance with the Tax Act.

The Manager has advised counsel that the Fund has made an election under subsection 39(4) of the Tax Act so that all “Canadian securities” (as defined in the Tax Act) held by the Fund, are deemed to be capital property.

### *SIFT Rules*

Pursuant to certain amendments to the Tax Act, the taxation regime applicable to specified investment flow-through trusts and partnerships (“SIFTs”) and investors in SIFTs was altered. If the Fund were to become subject to these rules (the “SIFT Rules”), the Fund would generally be taxed in a manner similar to corporations on income from business carried on in Canada by the Fund and on income (other than taxable dividends) and capital gains from “non-portfolio properties” (as defined in the Tax Act), at a combined federal/provincial tax rate similar to that of a corporation. Distributions of income and capital gains that are subject to the SIFT Rules will be taxed as a dividend from a taxable Canadian corporation in the hands of investors in the SIFT. In general, distributions paid as returns of capital will not be subject to the SIFT Rules.

The Fund will not be considered to be a SIFT trust in respect of a particular taxation year and, accordingly, will not be subject to the SIFT Rules in that year, provided it does not hold any “non-portfolio property” as defined in the Tax Act at any time in the year. The Manager has advised counsel that at no time prior to the date hereof has the Fund held any “non-portfolio property” and that based on its investment restrictions, the Fund will not acquire any “non-portfolio property” at any time in the future.

### *Taxation of Preferred Unitholders*

A Holder will generally be required to include in computing the Holder’s income for tax purposes in each year the amount of income and net taxable capital gains, if any, paid or payable, or deemed to be paid or payable, to the Holder in the year by the Fund to the extent that the Fund deducts such amount in computing its income for tax purposes. The Fund’s income and net taxable gains for the purposes of the Tax Act will be allocated to the holders of Units and Preferred Units in the same proportion as the distributions received by such holders.

The amount of the non-taxable portion of any net realized capital gains of the Fund that is paid or payable to a Holder in a taxation year will not be included in computing the Holder’s income for the year. The Holder will not be required to reduce the adjusted cost base of the Holder’s Series 1 Preferred Units by such an amount.

Any other amount in excess of the income for tax purposes of the Fund that is paid or payable to a Holder in that year generally will not be included in the Holder’s income for the year, but the Holder will be required to reduce the adjusted cost base of the Holder’s Series 1 Preferred Units by that amount. To the extent that the adjusted cost base of a Series 1 Preferred Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Series 1 Preferred Unit to the Holder will then be nil. The taxation of capital gains is described below (see “*Capital Gains and Capital Losses*”).

Provided that appropriate designations are made by the Fund, such portion of: (a) the net realized taxable capital gains of the Fund; (b) the foreign source income of the Fund and foreign taxes paid by the Fund eligible for the foreign tax credit; and (c) the taxable dividends (including eligible dividends) received, or deemed received, by the Fund on shares of taxable Canadian corporations, (including distributions from SIFT trusts or SIFT partnerships deemed to be taxable dividends under the SIFT Rules) as is paid or payable to a Holder will effectively retain their character and be treated as such in the hands of the Holder for purposes of the Tax Act. Amounts which retain their character in the hands of a Holder as taxable dividends on shares of taxable Canadian corporations will, in the case of a Holder who is an individual, be eligible for the normal gross-up and dividend tax credit rules under the Tax Act; and will, in the case of a Holder who is a corporation, generally be deducted in computing taxable income.

### *Disposition of Units*

In general, a disposition or deemed disposition of a Series 1 Preferred Unit by a Holder, whether on a sale, retraction or redemption, will give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Series 1 Preferred Unit to the Holder. The amount of any capital loss may be reduced in certain circumstances.

The adjusted cost base of a Series 1 Preferred Unit to a Holder will include all amounts paid or payable by the Holder for the Series 1 Preferred Unit, with certain adjustments.

### *Capital Gains and Capital Losses*

One-half of the amount of any capital gain (a “taxable capital gain”) realized by a Holder in a taxation year generally must be included in the Holder’s income for that year, and one-half of the amount of any capital loss (an “allowable capital loss”) realized by a Holder in a taxation year must generally be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses in excess of taxable capital gains for a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances provided in the Tax Act.

A Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including taxable capital gains.

### *Alternative Minimum Tax*

In general terms, income for tax purposes of the Fund that is paid or payable to a Holder who is an individual or a certain type of trust and is designated as net realized capital gains or taxable dividends, and capital gains realized on the disposition of Series 1 Preferred Units by such Holder, may increase the Holder’s liability for alternative minimum tax.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Osler, Hoskin & Harcourt LLP, tax counsel to the Fund and of McCarthy Tétrault LLP, counsel to the Underwriters, at the date of closing, provided that (i) the Fund qualifies as a “mutual fund trust”, as defined in the Tax Act, or (ii) the Series 1 Preferred Units are listed on the TSX (or another designated stock exchange), the Series 1 Preferred Units will be qualified investments under the Tax Act and the Regulations for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (“TFSAAs”), each as defined in the Tax Act.

Notwithstanding the foregoing, the holder of a TFSA or the annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax on the Series 1 Preferred Units if such Series 1 Preferred Units are a “prohibited investment” (as defined in the Tax Act) for a TFSA, RRSP or RRIF. The Series 1 Preferred Units will generally not be a “prohibited investment” for a TFSA, RRSP or RRIF provided the holder of the TFSA or the annuitant under the RRSP or RRIF, as the case may be, deals at arm’s length with the Fund for purposes of the Tax Act and does not have a significant interest (as defined in the Tax Act for the purposes of the prohibited investment rules) in the Fund. Individuals who hold or intend to hold Series 1 Preferred Units in a TFSA, RRSP or RRIF should consult their own tax advisers regarding the potential application of the prohibited investment rules to their particular circumstances.

## **INTERNATIONAL INFORMATION REPORTING**

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into by Canada and the United States (the “IGA”) and related Canadian legislation found in Part XVIII of the Tax Act, equity securityholders will be required to provide their dealer with information related to their citizenship or residence for tax purposes and, if applicable, a U.S. federal tax identification number, or in the case of certain entities with such information relating to their controlling persons. If an equity securityholder does not provide the information or is identified as, or in the case of certain entities as having one or more controlling persons who is, a “Specified U.S. Person”, as defined under the IGA (including U.S. citizens who are residents of Canada), certain account information and other personal identifying details of the equity securityholder (and, if applicable, of such controlling persons) will generally be reported to the CRA, unless the investment is held within a registered plan. The CRA will then provide the information to the U.S. Internal Revenue Service.

In addition, pursuant to rules in the Tax Act implementing the Organization for Economic Co-operation and Development Common Reporting Standard (the “CRS Rules”), beginning July 1, 2017, Canadian financial

institutions will be required to have procedures in place to identify accounts held by residents of foreign countries that have agreed to bilateral information exchange with Canada under the Common Reporting Standard (“**Participating Jurisdictions**”) or by certain entities any of whose “controlling persons” are resident in a Participating Jurisdiction. The CRS Rules provide that, beginning in 2018, Canadian financial institutions must report required information to the CRA annually. Such information will be exchanged by the CRA on a reciprocal, bilateral basis with the Participating Jurisdictions in which the account holders or such controlling persons are resident. Under the CRS Rules, equity securityholders of the Fund will be required to provide required information reflecting their investment in the Fund to their dealer for the purpose of such information exchange, unless the investment is held within a registered plan.

#### **INTEREST OF EXPERTS**

Certain legal matters in connection with this offering will be passed upon by Blake, Cassels & Graydon LLP and Osler, Hoskin & Harcourt LLP for the Fund and by McCarthy Tétrault LLP for the Underwriters. As of March 6, 2017, the partners and associates of Blake, Cassels & Graydon LLP as a group, the partners and associates of Osler, Hoskin & Harcourt LLP as a group, and the partners and associates of McCarthy Tétrault LLP as a group, beneficially owned, directly or indirectly, less than 1% of any class of securities of the Fund.

The Fund’s auditor is PricewaterhouseCoopers LLP, who have prepared an independent auditor’s report dated March 9, 2016 in respect of the Fund’s financial statements as at December 31, 2015 and December 31, 2014 and for each of the years ended December 31, 2015 and December 31, 2014. PricewaterhouseCoopers LLP has advised that it is independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

#### **REGISTRAR AND TRANSFER AGENT**

Alliance Trust Company is the registrar and transfer agent for the Units and Preferred Units.

#### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The Manager will receive the fees described under “*Fees and Expenses*” for its services to the Fund and will be reimbursed by the Fund for all expenses incurred in connection with the operation and administration of the Fund.

#### **RISK FACTORS**

Reference is made to the discussion under “*Risk Factors*” in the Fund’s Annual Information Form dated March 15, 2016 (incorporated by reference into this short form prospectus) for a discussion of the risk factors that an investor should consider before making an investment in the Fund generally. Set out below are additional risk factors relevant to an investment in the Series 1 Preferred Units.

##### *Cash Distributions*

Returns of capital may result if there are insufficient realized gains generated on the sale of securities and income received on securities in order to maintain the fixed cumulative preferential cash distributions of \$1.20 per annum per Series 1 Preferred Unit and to pay distributions at the current level on the Units.

##### *Creditworthiness of the Fund*

The value of Series 1 Preferred Units will be affected by the general creditworthiness of the Fund. The Fund’s management report of fund performance for the year ended December 31, 2015 is incorporated by reference in this short form prospectus, and contains information relating to the Fund’s business, financial condition and/or results of operations.



### *Recent Global Financial Conditions*

Global financial markets have experienced a sharp increase in volatility in the last several years. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as global governments have worked to restore much needed liquidity to the global economies, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world. No assurance can be given that this stimulus will continue or that, if it continues, it will be successful or these economies will not be adversely affected by the inflationary pressures resulting from such stimulus or central banks' efforts to slow inflation. Further, continued market concerns about the European sovereign debt crisis and matters related to the U.S. government debt limits, may adversely impact global equity markets. Some of these economies have experienced significantly diminished growth and some are experiencing or have experienced a recession. These market conditions and further volatility or illiquidity in capital markets may also adversely affect the prospects of the Fund and the value of the Portfolio holdings. A substantial drop in the markets in which the Fund invests could be expected to have a negative effect on the Fund.

### *Taxation of the Fund*

The CRA has expressed a view that, in certain circumstances, the interest on money borrowed to invest in an income fund that may be deducted may be reduced on a pro rata basis in respect of distributions from the income fund that are a return of capital and which are not reinvested for an income earning purpose. While the ability to deduct interest depends on the facts, based on the jurisprudence, CRA's view should not affect the Fund's ability to deduct interest on money borrowed to acquire units of income funds included in the Portfolio. If CRA's view were to apply to the Fund, part of the interest payable by the Fund in connection with money borrowed to acquire certain securities held in the portfolio could be non-deductible, increasing the net income of the Fund for tax purposes and the taxable component of distributions to equity securityholders. Income of the Fund which is not distributed to equity securityholders would be subject to non-refundable income tax in the Fund.

If some or all of the transactions undertaken by the Fund in respect of Portfolio holdings, derivatives and/or currency hedges are reported on capital account but are subsequently determined to be on income account, the net income of the Fund for purposes of the Tax Act and the taxable component of distributions to equity securityholders could increase. Any such redetermination by the CRA may result in the Fund being liable for unremitted withholding taxes on prior distributions made to equity securityholders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the Net Asset Value.

### *Mutual Fund Trust Status under the Tax Act*

The Manager has advised that the Fund currently is and is expected to continue to be a mutual fund trust under the Tax Act. In the event that the Fund ceased to be a mutual fund trust or unit trust under the Tax Act, there could be material and detrimental tax consequences to the Fund or holders of Series 1 Preferred Units.

The Fund could cease to be a mutual fund trust if it fails to satisfy the detailed quantitative restrictions under paragraph 108(2)(b) of the Tax Act. The Manager intends to conduct the Fund's affairs in a manner that will comply with those restrictions, but no assurances can be given in this regard. In addition, an investment fund or a trust will not be considered to be a mutual fund trust if at any time it is established or maintained primarily for the benefit of non-residents as defined in the Tax Act, unless, at that time, all or substantially all of its property is property other than property that would be "taxable Canadian property" as defined in the Tax Act (if such definition were read without reference to paragraph (b) of such definition).

### *SIFT Rules*

The SIFT Rules impose income tax on certain mutual fund trusts that are "SIFT trusts" for purposes of the Tax Act. Based on the composition of the Portfolio and the Fund's investment restrictions, it is not expected that the Fund itself would be considered a "SIFT trust" as defined in the Tax Act, and therefore it is expected that the Fund will not be directly liable for any material amount of income tax pursuant to the rules applicable to SIFT trusts.

### *Liquidity Issues*

The Fund may invest in junior or medium-sized companies, some of which may be private. Investment in the securities of junior and medium-sized companies may be more volatile than investments in larger companies or trusts, as junior and medium-sized companies generally experience both higher growth rates and higher failure rates. The trading volume of these securities is normally lower than that of larger companies or trusts. Such securities may be less liquid than others and could make it difficult to purchase or sell a security at a time or price desired, particularly those that are private. Changes in the demand for these securities generally have a disproportionate effect on their market price, tending to make prices rise more in response to increased buying demand and fall more in response to selling pressure.

### *Credit Ratings*

The market value of the Series 1 Preferred Units, as with other preferred securities, is primarily affected by changes (actual or anticipated) in prevailing interest rates and in the credit rating assigned to such securities. Real or anticipated changes in credit ratings on the Series 1 Preferred Units may also affect the cost at which the Fund can transact or obtain funding, and thereby affect its liquidity, business, financial condition or results of operations.

### *Changes in Legislation*

There can be no assurance that certain laws applicable to the Fund, including income tax laws, will not be changed in a manner which adversely affects the distributions received by the Fund or by the Preferred Unitholders.

### *Status of Canoe*

As the Fund is not a mutual fund as defined under Canadian securities laws, the Fund is not subject to all of the Canadian policies and regulations that apply to open-ended mutual funds.

### *Other Investment Considerations*

Pursuant to the Declaration of Trust, the Fund is not subject to the restrictions imposed on investments which may be made by a trust as set out in the Trustee Act (Alberta). The termination of the Manager may result in additional fees being paid to the Manager at the time of termination.

### *Priority Status of Preferred Units*

The Series 1 Preferred Units rank on parity with all other series of Preferred Units of the Fund in the event of an insolvency or winding-up of the Fund. If the Fund becomes insolvent or is wound-up, the Fund's assets must be used to pay debt, including any subordinated debt, before payments may be made on Series 1 Preferred Units and all other series of Preferred Units. In particular, the Credit Facility has a maximum amount of available credit of \$250 million to the Fund, with borrowing limited to 20% of the Fund's total assets, but the Fund has the option, subject to lender approval, to increase the facility to \$300 million. As at June 30, 2016, the Fund had borrowed approximately \$93.6 million under the Credit Facility. As the Fund borrows more under the Credit Facility or incurs additional debt it may lower the Downside Protection applicable to the Series 1 Preferred Units. If the Fund increases the size of the Credit Facility or incurs additional debt above currently available limits that could have a negative effect on the credit rating assigned to the Series 1 Preferred Units.

### *Prevailing Yields*

Prevailing yields on similar securities will affect the market value of the Series 1 Preferred Units. Assuming all other factors remain unchanged, the market value of the Series 1 Preferred Units would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline.

### *Stock Market Volatility*

Stock market volatility may affect the market price of the Series 1 Preferred Units for reasons unrelated to the Fund's performance.

### *Trading Market*

There can be no assurance that an active trading market will develop for the Series 1 Preferred Units after the completion of the Offering, or if developed, that such a market will be sustained at the Offering Price of the Series 1 Preferred Units.

### *Historical Allocations and Distributions*

There can be no assurance that the historical allocations or distributions, which are not subject to the SIFT Rules, will continue going forward which may have a material adverse effect on the after-tax returns of certain Holders.

### *Annual Redemption Rights of Units*

The annual redemption of the Units could result in a reduction in the capital of the Fund, which would reduce the "downside protection" on the Series 1 Preferred Units. In addition, the Fund is required to pay annual redemption requests to Unitholders notwithstanding that the Fund may be in arrears in the payment of distributions on the Series 1 Preferred Units.

### *Reliance on the Manager*

Holders of Series 1 Preferred Units will be primarily dependent on the management of the Manager. Investors who are not willing to rely on the management of the Manager should not subscribe for or purchase Series 1 Preferred Units.

The Manager will manage the Portfolio in a manner consistent with the investment objectives, investment strategy and investment restrictions of the Fund. Performance of the investments in the Portfolio will be dependent on the Manager. Mr. Robert Taylor will be primarily responsible for the management of the Portfolio and has extensive experience in managing investment portfolios. There is no certainty that Mr. Taylor will continue to be an officer of the Manager until the termination of the Fund.

Furthermore, there is no certainty that the Manager will not be replaced as portfolio manager of the Fund.

### *Conflicts of Interest*

The Manager and its directors and officers engage in the promotion, management or investment management of one or more funds or trusts with similar investment objectives to those of the Fund.

Although none of the directors or officers of the Manager will devote his or her full time to the business and affairs of the Fund, each director and officer of the Manager will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) the Fund and the Manager, as applicable.

## **PURCHASERS' STATUTORY RIGHTS**

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

should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

**CERTIFICATE OF THE ISSUER**

Dated: March 6, 2017

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

**CANOE EIT INCOME FUND**

by its manager **CANOE FINANCIAL LP**, by its general partner, **CANOE FINANCIAL CORP.**

(signed) Darcy Hulston  
President and Chief Executive Officer

(signed) Renata Colic  
Chief Financial Officer

**On behalf of the Board of Directors of  
Canoe Financial Corp., as general partner of Canoe Financial LP  
(as Manager and on behalf of the Fund)**

(signed) David J. Rain  
Director

(signed) Rafi G. Tahmazian  
Director

**CERTIFICATE OF UNDERWRITERS**

Dated: March 6, 2017

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

**SCOTIA CAPITAL INC.**

(signed) DAVID GARG

**RBC DOMINION SECURITIES INC.**

(signed) CHRISTOPHER BEAN

**BMO NESBITT  
BURNS INC.**

(signed) ROBIN G.  
TESSIER

**CIBC WORLD  
MARKETS INC.**

(signed) VALERIE TAN

**NATIONAL BANK  
FINANCIAL INC.**

(signed) ETIENNE  
DUBUC

**TD SECURITIES  
INC.**

(signed) ALAN POLAK

**CANACCORD GENUITY CORP.**

(signed) RON SEDRAN

**INDUSTRIAL ALLIANCE SECURITIES INC.**

(signed) VILMA JONES

**MANULIFE SECURITIES INCORPORATED**

(signed) DAVID MACLEOD

Canoe<sup>🍁</sup>  
FINANCIAL