

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities. The securities offered by this short form prospectus have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered or sold within the United States of America. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Middlefield Limited, the manager of MINT Income Fund, at 812 Memorial Drive N.W., Calgary, Alberta, T2N 3C8 (telephone: (403) 269-2100) and also are available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

July 30, 2013

MINT

INCOME FUND

CASH AND EXCHANGE OFFER

\$150,000,000 Maximum (14,968,865 Class A Units)

\$10.0208 per Class A Unit

This short form prospectus qualifies the distribution of a maximum of 14,968,865 Class A units (the "**Class A Units**") of MINT Income Fund (the "**Fund**"), a closed-end investment trust governed under the laws of the Province of Alberta. The Class A Units have similar attributes as the Fund's currently outstanding class of units (the "**Existing Units**" and, together with the Class A Units, the "**Units**") except that (i) the Class A Units are not eligible to be surrendered for redemption in 2013 at an amount that is calculated with reference to the Fund's net asset value ("**NAV**"), and (ii) the Class A Units will convert into Existing Units automatically as of November 15, 2013 on a one-for-one basis. Accordingly, all Units will be subject to the Fund's investment objectives, strategy, guidelines and investment portfolio, which is comprised primarily of equity income securities. In addition, all Units will have the same net asset value per unit, will be entitled to participate equally with respect to any and all distributions made by the Fund to Unitholders and will be subject to the same fees and expenses of the Fund. See "Description of Units and Unitholder Matters".

Prospective purchasers may purchase Class A Units either by (i) cash payment (the "**Cash Offer**"); or (ii) an exchange (the "**Exchange Offer**" and together with the Cash Offer, the "**Offering**") of freely tradeable securities of one or more of the issuers listed under "The Offering - Exchange Eligible Issuers" (collectively, the "**Exchange Eligible Issuers**"). The maximum number of securities of each Exchange Eligible Issuer which the Fund will acquire pursuant to the Exchange Offer is the least of (i) that number of securities which, when added to the securities of such Exchange Eligible Issuer already held by the Fund, would amount to less than 10.0% of the outstanding securities of that class of such Exchange Eligible Issuer for the purposes of reporting obligations under applicable securities laws, (ii) that number of securities which, when added to the securities of such Exchange Eligible Issuer already held by the Fund, constitutes 9.9% of the equity value of such Exchange Eligible Issuer for the purposes of section 122.1 of the *Income Tax Act* (Canada) (the "**Tax Act**"), and (iii) that number of securities which, when added to the securities of such Exchange Eligible Issuer already held by the Fund, would constitute 10% of the Fund's property (such lesser number being the "**Maximum Ownership Level**"). **The Exchange Offer does not constitute, and is not to be construed as, a take-over bid for any Exchange Eligible Issuer.**

The purchase price per Class A Unit under the Offering, whether such purchase is made pursuant to the Cash Offer or the Exchange Offer, will be equal to the weighted average trading price of the Existing Units on the TSX during the period of three consecutive trading days ending on July 29, 2013 (the "**Pricing Period**").

The trustee and manager of the Fund is Middlefield Limited (in such respective capacities, the “Trustee” and the “Manager”). Middlefield Capital Corporation (in such capacity, the “Advisor”) provides investment management advice to the Fund. The head office of the Fund and the registered office of the Manager is located at 812 Memorial Drive N.W., Calgary, Alberta, T2N 3C8.

The investment objectives of the Fund include providing holders of Units (“Unitholders”) with (i) a high level of sustainable income distributed monthly over the life of the Fund, (ii) a cost-effective method of reducing the risk of investing in high income securities, and (iii) the potential for capital appreciation by investing in an actively managed, diversified portfolio comprised primarily of high yielding equity securities.

The Existing Units are listed and posted for trading on the Toronto Stock Exchange (the “TSX”) under the symbol “MID.UN”. As of the close of business on July 29, 2013, being the last trading day prior to the date of this short form prospectus, the closing price of the Existing Units on the TSX was \$9.88 per Existing Unit and the NAV per Existing Unit was \$10.16. The Fund has applied to the TSX to list the Class A Units distributed pursuant to the Offering. The TSX has conditionally approved the listing of the Class A Units. Listing is subject to the Fund fulfilling all of the requirements of the TSX on or before September 24, 2013.

The Exchange Offer remained open for acceptance until 5:00 p.m. (Toronto time) on July 29, 2013.

Price: \$10.0208 per Class A Unit			
Minimum Purchase: 100 Class A Units			
	Price to the Public ⁽¹⁾	Agency Fees	Net Proceeds to the Fund⁽²⁾
Per Class A Unit	\$10.0208	\$0.4008	\$9.62
Total Maximum Offering ⁽³⁾⁽⁴⁾⁽⁵⁾	\$150,000,000	\$6,000,000	\$144,000,000

- (1) The price per Class A Unit is equal to the weighted average trading price of the Existing Units on the TSX during the Pricing Period.
- (2) Before deducting the expenses of the Offering, estimated to be \$300,000 (and subject to a maximum of 1.5% of the gross proceeds of the Offering), which, together with the Agency Fees (as defined below), will be paid by the Fund from the proceeds of the Offering.
- (3) If the Fund receives subscriptions for Class A Units in excess of the maximum Offering, the Fund will accept cash subscriptions and securities of Exchange Eligible Issuers on such reasonable basis as the Manager determines appropriate until the maximum Offering is achieved. **There is no minimum amount of funds that must be raised under this Offering. This means that the Fund could complete this Offering after raising only a small proportion of the Offering amount set out above.**
- (4) In consideration for their services in connection with the Offering, the Agents will receive a fee equal to \$0.4008 per Class A Unit sold (4.0% of the price per Class A Unit) and will be reimbursed for reasonable out-of-pocket expenses incurred by them. In addition, the Fund has agreed to pay to each of Canaccord Genuity Corp. and Middlefield Capital Corporation one-time work fees of up to \$200,000 and \$100,000, respectively (together with the fee payable to the Agents of \$0.4008 per Class A Unit sold, the “Agency Fees”). Assumes the one-time work fees are not paid to the Agents.
- (5) The Fund has granted to the Agents an option (the “Over-Allotment Option”), exercisable for a period of 30 days from the Closing Date, to offer additional Class A Units in an amount up to 15% of the aggregate number of Class A Units sold on the closing of the Offering on the same terms as set forth above. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Class A Units issuable on the exercise of the Over-Allotment Option. Any investors who acquire Class A Units forming part of the Agents’ over-allocation position will acquire those Class A Units under this short form prospectus, regardless of whether the over-allocation is ultimately filled through the exercise of the Over-Allotment Option or through secondary market purchases. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agency Fees (assuming the one-time work fees are not paid to the Agents) and the net proceeds to the Fund will be \$172,500,000, \$6,900,000 and \$165,600,000, respectively. See “Plan of Distribution”.

	Maximum Size of the Over-Allotment Option	Exercise Period	Exercise Price
Over-Allotment Option	2,245,329 Class A Units	30 days from the Closing Date	\$10.0208

Canaccord Genuity Corp. and Middlefield Capital Corporation (together, the “Agents”) have agreed to offer the Class A Units, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund and accepted by the Agents in accordance with the

conditions contained in the Agency Agreement referred to under “Plan of Distribution”, and subject to the approval of certain matters by Fasken Martineau DuMoulin LLP on behalf of the Fund and McCarthy Tétrault LLP on behalf of the Agents. In connection with this Offering and in accordance with and subject to applicable laws, the Agents are permitted to engage in transactions that stabilize or maintain the market price of the Class A 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”.

Middlefield Capital Corporation, which is one of the Agents as well as the Advisor, is an affiliate of the Trustee and the Manager. Consequently, the Fund may be considered a “related issuer” and/or a “connected issuer” of Middlefield Capital Corporation under applicable securities legislation. Middlefield Capital Corporation will receive no benefit in connection with the Offering other than receiving its advisory fee payable by the Manager for acting as Advisor, as well as a portion of the service fee payable by the Fund and a portion of the Agency Fees. See “Plan of Distribution”.

There is no assurance that the Fund will be able to continue to achieve its objectives. See “Risk Factors” for a discussion of various risk factors that should be considered by prospective purchasers of Class A Units.

Subscriptions for Class A Units will be received subject to rejection or allotment in whole or in part and the Fund reserves the right to close the subscription books at any time without notice. Registrations of interests in and transfers of Class A Units will be made only through the book-entry only system administered by CDS Clearing and Depository Services Inc. (“CDS”). Book-entry only certificates representing the Class A Units will be issued in registered form only to CDS or its nominee and will be deposited with CDS on the date of closing of the Offering (the “Closing Date”), which is expected to occur on or about August 13, 2013 or such other date as the Fund and the Agents may agree, but in any event no later than 90 days after the issuance of a receipt for the final prospectus or an amendment thereto. Purchasers of Class A Units will not have the right to receive physical certificates evidencing ownership of the Class A Units.

The independent review committee of the Fund, each member of which is independent of the Fund and the Manager, is of the opinion, after reasonable inquiry, that the Offering (together with the Fund’s concurrent warrant offering discussed herein) achieves a fair and reasonable result for the Fund.

TABLE OF CONTENTS

<p>NOTE REGARDING FORWARD-LOOKING STATEMENTS 1</p> <p>DOCUMENTS INCORPORATED BY REFERENCE 2</p> <p>THE FUND..... 4</p> <p style="padding-left: 20px;">Status of the Fund 4</p> <p style="padding-left: 20px;">Overview of the Fund 4</p> <p style="padding-left: 20px;">Recent Developments 5</p> <p style="padding-left: 20px;">Prior Warrant and Rights Offerings 5</p> <p>THE OFFERING 5</p> <p style="padding-left: 20px;">Rationale for the Offering 5</p> <p style="padding-left: 20px;">Method to Purchase Class A Units 6</p> <p style="padding-left: 20px;">Procedure 6</p> <p style="padding-left: 20px;">Determination of Exchange Ratio 7</p> <p style="padding-left: 20px;">Delivery of Final Short Form Prospectus 7</p> <p style="padding-left: 20px;">Withdrawal of Exchange Offer Deposits 8</p> <p style="padding-left: 20px;">Maximum Offering 8</p> <p style="padding-left: 20px;">Exchange Eligible Issuers 8</p> <p>THE PORTFOLIO 11</p> <p style="padding-left: 20px;">Portfolio Composition 11</p> <p>OVERVIEW OF THE SECTOR IN WHICH THE FUND INVESTS 11</p> <p style="padding-left: 20px;">Canadian Equity Income Issuers Offer Stable and Attractive Yields 11</p> <p style="padding-left: 20px;">Equity Markets Offer Attractive Opportunities for Investments 12</p> <p>LOAN FACILITY 13</p> <p>DESCRIPTION OF UNITS AND UNITHOLDER MATTERS 13</p> <p style="padding-left: 20px;">Fund Units 13</p> <p style="padding-left: 20px;">Market Purchase Program 14</p> <p style="padding-left: 20px;">Distributions 15</p> <p style="padding-left: 20px;">Fees and Other Expenses 15</p> <p style="padding-left: 20px;">Meetings of Unitholders and Extraordinary Resolutions 17</p> <p style="padding-left: 20px;">Amendments to the Trust Agreement 18</p> <p style="padding-left: 20px;">Potential Fund Mergers 19</p> <p style="padding-left: 20px;">Calculation of NAV per Unit 19</p> <p style="padding-left: 20px;">Redemptions 20</p> <p style="padding-left: 20px;">Termination of the Fund 22</p> <p>PLAN OF DISTRIBUTION 22</p> <p>USE OF PROCEEDS 23</p> <p>PRIOR SALES OF UNITS 24</p> <p>NAV AND TRADING PRICE AND VOLUME OF THE UNITS 24</p> <p>CONSOLIDATED CAPITALIZATION 25</p>	<p>INCOME TAX CONSIDERATIONS 25</p> <p style="padding-left: 20px;">Status of the Fund 26</p> <p style="padding-left: 20px;">Taxation of the Fund 27</p> <p style="padding-left: 20px;">Taxation of Holders 30</p> <p style="padding-left: 20px;">Taxation of Registered Plans 32</p> <p style="padding-left: 20px;">Tax Implications of the Fund’s Distribution Policy 32</p> <p>RISK FACTORS 33</p> <p style="padding-left: 20px;">No Assurances on Achieving Objectives 33</p> <p style="padding-left: 20px;">Performance of the Portfolio 33</p> <p style="padding-left: 20px;">Change to Portfolio 33</p> <p style="padding-left: 20px;">General Risks of Equity Investments 33</p> <p style="padding-left: 20px;">Fluctuations in Net Asset Value 34</p> <p style="padding-left: 20px;">Sensitivity to Interest Rates 35</p> <p style="padding-left: 20px;">Trading Price of Units 35</p> <p style="padding-left: 20px;">Oil and Gas and Energy Investments 35</p> <p style="padding-left: 20px;">Real Estate Investments 35</p> <p style="padding-left: 20px;">Commodity Price Fluctuation 36</p> <p style="padding-left: 20px;">High Yield Debt Securities 36</p> <p style="padding-left: 20px;">Dilution to Unitholders 36</p> <p style="padding-left: 20px;">Reliance on the Advisor 37</p> <p style="padding-left: 20px;">Illiquid Securities 37</p> <p style="padding-left: 20px;">Use of Leverage 37</p> <p style="padding-left: 20px;">Sensitivity to Volatility Levels 37</p> <p style="padding-left: 20px;">Use of Options and Other Derivative Instruments 37</p> <p style="padding-left: 20px;">Status of the Fund 38</p> <p style="padding-left: 20px;">Securities Lending 38</p> <p style="padding-left: 20px;">Risks of Short Sales 38</p> <p style="padding-left: 20px;">No Ownership Interest 38</p> <p style="padding-left: 20px;">No 2013 Redemption and Possible Lack of Marketability 39</p> <p style="padding-left: 20px;">Risks Related to Substantial Redemptions 39</p> <p style="padding-left: 20px;">Loss of Investment 39</p> <p style="padding-left: 20px;">Foreign Currency Exposure 39</p> <p style="padding-left: 20px;">Foreign Market Exposure 39</p> <p style="padding-left: 20px;">Conflicts of Interest 39</p> <p style="padding-left: 20px;">Nature of Units 40</p> <p style="padding-left: 20px;">Tax Related Risks 40</p> <p style="padding-left: 20px;">Changes in Legislation 40</p> <p>RELATIONSHIP BETWEEN INVESTMENT FUND AND AGENTS 41</p> <p>EXPERTS 41</p> <p>AUDITOR 41</p> <p>CUSTODIAN AND VALUATION AGENT 41</p>
---	---

REGISTRAR AND TRANSFER AGENT	41
PURCHASERS' STATUTORY RIGHTS	41
CERTIFICATE OF THE FUND AND THE MANAGER.....	C-1
CERTIFICATE OF THE AGENTS	C-2

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this short form prospectus and the documents incorporated by reference herein constitute forward-looking statements, and such statements may be identified by the expressions “intend”, “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “should”, “outlook”, “target” and similar expressions (including negative and grammatical variations) to the extent they relate to the Fund (as defined below), the Manager (as defined below) or the Advisor (as defined below). Forward-looking statements are not historical facts but reflect the Fund’s current expectations regarding future results or events. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including matters discussed under “Risk Factors” and elsewhere in this short form prospectus.

By their nature, forward-looking statements require the Fund, the Manager and the Advisor to make assumptions about future events which include, among other things, that the Fund will continue to have sufficient assets under management to effect its investment strategy, the investment strategy will produce the results intended by the Fund, markets will react and perform in a manner consistent with the investment strategy and as to the use of the net proceeds of this Offering (as defined below).

The Fund believes the expectations reflected in forward-looking statements are reasonable. However, the Fund cannot assure you that these expectations will prove to be correct. An investor should not unduly rely on forward-looking statements included in, or incorporated by reference into, this short form prospectus. These forward-looking statements speak only as of the date of this short form prospectus or as of the date specified in the documents incorporated by reference into this short form prospectus, as the case may be.

The Fund’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the following factors, which are described in greater detail under the heading “Risk Factors”, as well as those set out elsewhere in this short form prospectus and in the documents incorporated by reference in this short form prospectus including under the heading “Risk” in the Annual Management Report (as defined below):

- there is no assurance that the Fund will be able to achieve or continue achieving its objectives;
- the NAV (as defined below) per Unit (as defined below) will vary as the fair value of the securities in the Portfolio (as defined below) varies and the Fund has no control over the factors that affect the fair value of the securities in the Portfolio;
- general risks associated with changes in the composition of the Portfolio and concentration of investments;
- the risks of investing in equity securities, such as changing general economic conditions and industry specific conditions;
- the NAV will vary depending on a number of factors which are not within the control of the Fund, including performance of the Portfolio, which performance will be affected by various factors impacting the performance of the securities in which the Fund invests including changes in interest rates, fluctuations of commodity prices and performance of equity markets generally;
- the NAV and the market price of Units are highly sensitive to interest rate fluctuations;
- Units may trade in the market at a premium or a discount to NAV per Unit;

- risks inherent in exploration for natural resources and the speculative nature of the business activities of issuers involved primarily in oil and gas or renewable energy exploration and development;
- investments in real estate investment trusts are subject to general risks associated with real property investments;
- commodity price fluctuations;
- the risks associated with investments in high yield debt securities;
- the risk of dilution to holders of Units as a result of the exercise of Warrants (as defined below);
- reliance on the Advisor for investment advice in relation to the Portfolio;
- the possibility of the Fund being unable to acquire or dispose of illiquid securities;
- risks associated with the use of leverage by the Fund;
- the amount of option premiums will depend upon, among other factors, the implied volatility of the price of the underlying security and the level of implied volatility is subject to market forces and is beyond the control of the Advisor or the Fund;
- liquidity and counterparty risks associated with the writing of covered call options and cash covered put options and other risks associated with the use of derivative instruments;
- the Fund not being subject to regulation as a public mutual fund and the Fund not being a trust company or registered under legislation of any jurisdiction governing trust companies;
- counterparty risks associated with securities lending;
- risks associated with short sales of securities;
- Unitholders will have no ownership interest in the securities comprising the Portfolio;
- risks relating to the Class A Units having no 2013 Annual Redemption Right (as defined below) and the possible lack of marketability of the Class A Units;
- risks relating to substantial redemptions of Units;
- the possible loss of an investment in Units;
- foreign currency exposure;
- foreign market exposure;
- risks related to potential conflicts of interest of the Manager and the Advisor;
- Units being different from traditional equity securities and debt instruments;
- tax related risks; and
- potential changes in legislation, including tax legislation.

The foregoing list of factors is not exhaustive and when considering forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Fund, the Manager and the Advisor do not undertake, and specifically disclaim, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or other similar authorities in each of the provinces and territories of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Middlefield Limited, the Manager of the Fund, at 812 Memorial Drive N.W., Calgary, Alberta, T2N 3C8, Telephone (403) 269-2100, and also are available electronically at www.sedar.com.

The following documents filed with the securities commission or other similar authority in each of the provinces and territories of Canada are specifically incorporated by reference in and form an integral part of this short form prospectus:

- (a) the annual information form of the Fund dated March 22, 2013 (the “**AIF**”);
- (b) the comparative annual audited financial statements of the Fund for the year ended December 31, 2012, together with the accompanying report of the auditor thereon; and
- (c) the annual management report of fund performance of the Fund for the year ended December 31, 2012 (the “**Annual Management Report**”).

Any documents of the type referred to above, any material change reports (excluding confidential material change reports) and any other documents required to be incorporated by reference into this short form prospectus and subsequently filed by the Fund with the securities commissions and other similar authorities in each of the provinces and territories of Canada after the date of this short form prospectus and prior to the termination or completion of the Offering shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained herein or 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 statements. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any information set forth in the document or statement that it modifies or supersedes. 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. The making of a modifying or superseding statement shall not be deemed an admission for any purpose 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.

THE FUND

MINT *Income Fund* (the “**Fund**”) is a closed-end investment trust governed under the laws of the Province of Alberta pursuant to a trust agreement (as supplemented, amended and restated, the “**Trust Agreement**”). The manager of the Fund is Middlefield Limited (in such capacity, the “**Manager**”) and the advisor to the investment portfolio of the Fund (the “**Portfolio**”) is Middlefield Capital Corporation (“**MCC**” or the “**Advisor**”). Middlefield Limited also is the trustee of the Fund (in such capacity, the “**Trustee**”). The Trustee and the Manager (or any replacement thereof) shall at all times be a resident of Canada for the purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”). The head office of the Fund is located at 812 Memorial Drive N.W., Calgary, Alberta, T2N 3C8.

Status of the Fund

The Fund is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to mutual funds including National Instrument 81-102 - *Mutual Funds* of the Canadian Securities Administrators (“**NI 81-102**”).

The Fund differs from a mutual fund in a number of respects, most notably as follows: (i) the Fund’s currently outstanding class of trust units (the “**Existing Units**”) are redeemable only on November 30 of each year at an amount that is calculated with reference to the net asset value (“**NAV**”) of the Units, whereas the securities of most mutual funds are redeemable daily at net asset value; (ii) the Existing Units are listed on the Toronto Stock Exchange (the “**TSX**”) and the Fund has applied to the TSX to list the Class A units offered pursuant to this prospectus (the “**Class A Units**” and, together with the Existing Units, the “**Units**”), whereas the securities of most mutual funds are not listed on a stock exchange; (iii) unlike most mutual funds, the Units are not offered on a continuous basis; and (iv) the Fund is permitted to borrow whereas most mutual funds are not permitted to do so.

Overview of the Fund

The investment objectives of the Fund include providing holders of Units (“**Unitholders**”) with (i) a high level of sustainable income distributed monthly over the life of the Fund, (ii) a cost-effective method of reducing the risk of investing in high income securities, and (iii) the potential for capital appreciation by investing in an actively managed, diversified portfolio comprised primarily of high yielding equity securities.

The Fund seeks to achieve its investment objectives by diligently selecting and actively managing a diversified Portfolio comprised primarily of equity income securities across a broad range of industries and geographic regions.

As at May 31, 2013, for the one, three, five and ten year periods then ended, the Fund has generated total returns net of expenses (assuming the reinvestment of distributions) of 11.9%, 9.9%, 6.3% and 14.7%, respectively, which compares favourably with the total returns (assuming the reinvestment of distributions) of the S&P/TSX Composite Index for the same periods of 13.3%, 5.4%, -0.1% and 9.0%, respectively. Since its inception in March 1997 to May 31, 2013, the Fund has generated a total return net of expenses (assuming the reinvestment of distributions) of 11.7% per annum, including cumulative distributions of \$14.99 per Unit, versus a total return (assuming the reinvestment of distributions) of 6.7% for the S&P/TSX Composite Index for the same period.

Recent Developments

As of June 26, 2013, the Fund amended the Trust Agreement in connection with the Offering (as defined below) and the Warrant Offering (as defined below).

On May 16, 2013, the Fund commenced a normal course issuer bid which will expire on May 15, 2014. The Fund is permitted to purchase up to 1,502,536 Units through the facilities of the TSX pursuant to this bid. As at June 30, 2013, the Fund has purchased 18,100 Units pursuant to the normal course issuer bid.

Concurrent with the Offering, the Fund is offering to existing Unitholders of record as of August 12, 2013 an aggregate of 15,250,000 warrants (“**Warrants**”) exercisable to purchase from the Fund a maximum of 15,250,000 Existing Units at an exercise price per Existing Unit (the “**Warrant Exercise Price**”) equal to \$9.88 (which price is equal to the closing price of the Existing Units on the TSX on July 29, 2013) (the “**Warrant Offering**”). A fee equal to \$0.05 per Warrant will be payable by the Fund to the dealer whose client has properly exercised a Warrant (the “**Warrant Exercise Fee**”). **Investors acquiring Class A Units under the Offering will not receive Warrants under the Warrant Offering in respect of the Class A Units acquired pursuant to the Offering and, accordingly, will suffer dilution to the extent the Warrants are exercised. Therefore, the value of the Class A Units acquired pursuant to the Offering as well as the NAV per Unit and pro rata interest in the assets of the Fund will be diluted as a result of the exercise of Warrants by others (see “Risk Factors – Dilution to Unitholders”).** The completion of the Offering is not conditional upon the completion of the Warrant Offering.

The independent review committee of the Fund established in accordance with National Instrument 81-107 – *Independent Review Committee for Investment Funds* of the Canadian Securities Administrators, each member of which is independent of the Fund and the Manager, is of the opinion, after reasonable inquiry, that the Offering (together with the Warrant Offering) achieves a fair and reasonable result for the Fund.

Prior Warrant and Rights Offerings

On February 25, 2010, the Fund issued 11,250,000 warrants (the “**February 2010 Warrants**”) to subscribe for up to 11,250,000 Existing Units under a short form prospectus dated February 17, 2010. On February 15, 2011, the Fund issued 11,143,780 Existing Units for gross proceeds of \$108.65 million upon the exercise of the February 2010 Warrants.

On January 2, 2013, the Fund issued 12,600,000 rights (the “**January 2013 Rights**”) to subscribe for up to 4,200,000 Existing Units under a short form prospectus dated December 19, 2012. On January 30, 2013, the Fund issued 3,774,659 Existing Units for gross proceeds of \$33.97 million upon the exercise of the January 2013 Rights.

THE OFFERING

Rationale for the Offering

The rationale for the Offering is to enable investors to:

- (i) capitalize on attractive investment opportunities which the Advisor believes currently exist within the equity income sector in which the Fund invests;

- (ii) invest in an established, actively managed fund which has a strong long-term performance record; and
- (iii) diversify their individual holdings by gaining exposure to an investment portfolio comprised primarily of equity income securities across a broad range of industries and geographic regions.

Method to Purchase Class A Units

The purchase price per Class A Unit under the Offering (the “**Purchase Price**”), whether such purchase is made pursuant to the Cash Offer or the Exchange Offer (as each such term is defined below), will be equal to the weighted average trading price of the Existing Units on the TSX during the period of 3 consecutive trading days ending on the Deposit Date (as defined below) (the “**Pricing Period**”).

Prospective purchasers may purchase Class A Units either by (i) cash payment (the “**Cash Offer**”); or (ii) an exchange (the “**Exchange Offer**” and together with the Cash Offer, the “**Offering**”) of freely tradable securities of those issuers set forth below under the heading “The Offering – Exchange Eligible Issuers” (collectively, the “**Exchange Eligible Issuers**”). The maximum number of securities of any one Exchange Eligible Issuer which the Fund may acquire pursuant to the Exchange Offer is the least of (i) that number of securities which, when added to the securities of such Exchange Eligible Issuer already held by the Fund, would amount to less than 10.0% of the outstanding securities of that class of such Exchange Eligible Issuer for the purposes of reporting obligations under applicable securities laws, (ii) that number of securities which, when added to the securities of such Exchange Eligible Issuer already held by the Fund, constitutes 9.9% of the equity value of such Exchange Eligible Issuer for purposes of section 122.1 of the Tax Act, and (iii) that number of securities which, when added to the securities of such Exchange Eligible Issuer already held by the Fund, would constitute 10% of the Fund’s property (such lesser number being referred to as the “**Maximum Ownership Level**”). To the extent the Maximum Ownership Level has been achieved in respect of the securities of any one Exchange Eligible Issuer, and an excess of securities of such Exchange Eligible Issuer above the Maximum Ownership Level have been deposited and not withdrawn, then the securities of such Exchange Eligible Issuer will be accepted by the Fund to the Maximum Ownership Level on a *pro rata* basis or such other reasonable basis that it may determine to be appropriate. The Fund reserves the right to accept, in its sole discretion and for any reason, the securities of additional issuers and additional securities of Exchange Eligible Issuers under the Exchange Offer (provided the Fund complies with the limitations described above) and to reject, in its sole discretion, in whole or in part, any securities of Exchange Eligible Issuers deposited pursuant to the Exchange Offer.

Procedure

A prospective purchaser of Class A Units who pays for such Class A Units by using the Exchange Offer must have done so by means of a book-entry deposit of the securities of Exchange Eligible Issuers through CDS Clearing and Depository Services Inc. (“**CDS**”). Prospective purchasers pursuant to the Exchange Offer must have deposited their securities of Exchange Eligible Issuers with MFL Management Limited (the “**Exchange Agent**”) through CDS prior to 5:00 p.m. (Toronto time) on July 29, 2013 (the “**Deposit Date**”). Such book-entry deposits must have been made by a participant in CDS which may have had an earlier deadline for receiving instructions from their clients to deposit securities of Exchange Eligible Issuers under the Exchange Offer. Once submitted to the Exchange Agent through CDS, a deposit of securities of an Exchange Eligible Issuer (including the transfers authorized thereby) is, subject to the completion of this Exchange Offer, irrevocable unless withdrawn as described below under the heading “The Offering - Withdrawal of Exchange Offer Deposits”. By authorizing a deposit of securities of an Exchange Eligible Issuer through CDS, a prospective purchaser has authorized the transfer to the Fund of each security of the Exchange Eligible Issuers covered thereby and represents and warrants to the Fund and the Manager that the prospective purchaser has full right and authority to

transfer the securities of the Exchange Eligible Issuers covered thereby and is the beneficial owner of such securities, that such securities have not previously been conveyed, that the transfer of such securities is not prohibited by laws applicable to the prospective purchaser and that such securities are free and clear of all liens, encumbrances and adverse claims. Such representations and warranties will survive the issuance of Class A Units in exchange for such securities of Exchange Eligible Issuers. The Fund's interpretation of the terms and conditions of the Offering will be final and binding. The Fund reserves the right to waive or modify any conditions of the Offering and any irregularities in the deposit of securities of Exchange Eligible Issuers pursuant to the Exchange Offer. None of the Fund, the Agents (as defined below) or the Exchange Agent shall be under any duty to notify a prospective purchaser of irregularities related to its deposit of securities of Exchange Eligible Issuers under the Exchange Offer and will not incur any liability for failure to give such notification.

If the conditions of the Offering are satisfied, the Offering is expected to close on or about August 13, 2013 (the "**Closing Date**"). Acceptances under the Offering will be received subject to rejection or allotment in whole or in part by the Fund. A prospective purchaser of Class A Units who pays for such Class A Units under the Cash Offer must pay the full subscription price on the Closing Date. If for any reason securities of an Exchange Eligible Issuer deposited pursuant to the Exchange Offer are not acquired by the Fund, the holders of such securities will be notified of such fact as soon as practicable following the closing or the termination of the Offering, as the case may be, and such securities will be re-credited to their accounts through CDS. Purchasers of Class A Units under the Offering will be eligible to receive all distributions of the Fund commencing with the next distribution declared payable to Unitholders on or after the Closing Date (assuming the Closing Date is August 13, 2013, commencing with the distribution declared payable to Unitholders of record on August 31, 2013).

Determination of Exchange Ratio

The number of Class A Units issuable for each class of security of an Exchange Eligible Issuer (the "**Exchange Ratio**") has been determined by dividing the weighted average trading price of the security on the TSX (or such other exchange or market on which such security is then listed) during the Pricing Period, as adjusted to reflect distributions declared by Exchange Eligible Issuers that will not be received by the Fund, by the Purchase Price. The Exchange Ratio for any such securities that do not trade in Canadian dollars has been determined by converting the weighted average trading price on the applicable exchange of such securities into Canadian dollars based on the Bank of Canada noon rate of exchange on the last day of the Pricing Period. Holders of securities of Exchange Eligible Issuers ("**Exchange Eligible Holders**") who deposit such securities pursuant to the Exchange Offer will continue to be holders of record up to but not including the Closing Date contemplated by this short form prospectus and will be entitled to receive distributions in respect of such securities of Exchange Eligible Issuers up to but not including the Closing Date. Each Exchange Ratio has been rounded down to five decimal places. The Fund will not issue fractional Class A Units pursuant to the Exchange Offer. Entitlement to fractional Class A Units will be determined on the basis of the aggregate number of securities of each Exchange Eligible Issuer acquired pursuant to the Exchange Offer and the Fund will issue to CDS cash in lieu thereof. Allocations by CDS of cash in lieu of fractional Class A Units to participants in CDS will be at the discretion of CDS and the allocation of cash in lieu of fractional Class A Units to purchasers who have authorized the deposit of securities of Exchange Eligible Issuers through CDS will be at the discretion of the CDS participants.

Delivery of Final Short Form Prospectus

As soon as practicable after the Deposit Date, the Fund will file the final short form prospectus relating to the Offering and the Agents will arrange for a copy of the final short form prospectus to be furnished to each subscriber under the Cash Offer and to each Exchange Eligible Holder who properly

authorized the deposit of an acceptance of the Exchange Offer through CDS on or before 5:00 p.m. (Toronto time) on the Deposit Date.

Withdrawal of Exchange Offer Deposits

Each prospective purchaser of Class A Units who deposited securities of an Exchange Eligible Issuer through CDS has the right to withdraw such deposit of securities by notifying in writing such prospective purchaser's investment adviser or other nominee who effected the deposit. To be effective, a written notice of withdrawal must be received by the CDS participant who effected such deposit on or before midnight on the second business day after receipt or deemed receipt of the final prospectus relating to the Offering and any amendment thereto. Any such notice of withdrawal must specify the securities of each Exchange Eligible Issuer to be so withdrawn and the name of the prospective purchaser, and notification thereof must be received by the Exchange Agent through CDS prior to the time specified above. Each such notice must be signed by the person who authorized the deposit under the Exchange Offer.

Maximum Offering

The maximum Offering, comprised of cash subscriptions and the securities of the Exchange Eligible Issuers (based on the applicable Exchange Ratio and excluding that number of securities of Exchange Eligible Issuers deposited and not acquired as a result of such securities causing the Fund to hold more than the Maximum Ownership Level of the outstanding securities of an Exchange Eligible Issuer) shall not be more than \$150,000,000. If the Fund receives subscriptions for Class A Units in excess of the maximum Offering, the Fund will accept cash subscriptions and securities of Exchange Eligible Issuers on such reasonable basis that it determines to be appropriate until the maximum Offering size of \$150,000,000 is achieved, subject to the conditions set forth above under the heading "Method to Purchase Class A Units". There is no minimum amount for the Offering.

Exchange Eligible Issuers

The following table lists the names of the Exchange Eligible Issuers whose securities will be accepted by the Fund pursuant to the Exchange Offer, as well as the weighted average trading price during the Pricing Period and the Exchange Ratio of each Exchange Eligible Issuer:

<u>Name</u>	<u>Ticker Symbol</u>	<u>CUSIP</u>	<u>Weighted Average Price⁽¹⁾</u>	<u>Exchange Ratio</u>
AGF Management Limited	AGF.B	001092105	12.1639	1.21386
Aimia Inc.	AIM	00900Q103	15.4982	1.54660
Algonquin Power & Utilities Corp.	AQN	015857105	7.0744	0.70597
AltaGas Ltd.	ALA	021361100	35.7860	3.57117
Amica Mature Lifestyles Inc.	ACC	031498207	8.5266	0.85089
ARC Resources Ltd.	ARX	00208D408	26.2521	2.60978
Artis Real Estate Investment Trust	AX.UN	04315L105	14.8674	1.47467
Atlantic Power Corporation	ATP	04878Q863	4.4980	0.44554
Bank of Montreal	BMO	063671101	65.6222	6.47475
The Bank of Nova Scotia	BNS	064149107	58.3585	5.82373
Barrick Gold Corporation	ABX	067901108	18.0628	1.80253
Baytex Energy Corp.	BTE	07317Q105	43.0544	4.27454
BCE Inc.	BCE	05534B760	42.4894	4.24012

<u>Name</u>	<u>Ticker Symbol</u>	<u>CUSIP</u>	<u>Weighted Average Price⁽¹⁾</u>	<u>Exchange Ratio</u>
Bell Aliant Inc.	BA	07786R204	27.9033	2.78453
Bombardier Inc.	BBD.B	097751200	4.9496	0.49393
Bonavista Energy Corporation	BNP	09784Y108	13.2434	1.31460
Bonterra Energy Corp.	BNE	098546104	49.5130	4.94102
Brookfield Infrastructure Partners L.P.	BIP.UN	G16252101	37.8836	3.78049
Brookfield Office Properties Inc.	BPO	112900105	17.4827	1.74464
Calloway Real Estate Investment Trust	CWT.UN	131253205	25.3496	2.51682
Canadian Apartment Properties Real Estate Investment Trust	CAR.UN	134921105	21.6117	2.14712
Canadian Imperial Bank of Commerce	CM	136069101	78.3891	7.82263
Canadian Oil Sands Limited	COS	13643E105	20.4116	2.03692
Canexus Corporation	CUS	13751W103	8.4683	0.84507
Canfor Pulp Products Inc.	CFX	137584207	9.6822	0.96122
Capital Power Corporation	CPX	14042M102	21.2008	2.11567
Capstone Infrastructure Corporation	CSE	14069Q101	4.0102	0.40018
Centerra Gold Inc.	CG	152006102	4.6849	0.46751
Chartwell Retirement Residences	CSH.UN	16141A103	9.8248	0.97595
Chemtrade Logistics Income Fund	CHE.UN	16387P103	17.1928	1.70573
Cineplex Inc.	CGX	172454100	38.0621	3.78633
CML HealthCare Inc.	CLC	12582Q103	10.6149	1.05928
Cominar Real Estate Investment Trust	CUF.UN	199910100	20.2337	2.00719
Corus Entertainment Inc.	CJR.B	220874101	25.0014	2.49495
Crescent Point Energy Corp.	CPG	22576C101	38.6110	3.83013
Crew Energy Inc.	CR	226533107	5.5914	0.55797
Crombie Real Estate Investment Trust	CRR.UN	227107109	13.3953	1.32934
Davis + Henderson Corporation	DH	239057102	24.5106	2.44597
Dundee International Real Estate Investment Trust	DI.UN	26518R209	9.5018	0.94155
Dundee Real Estate Investment Trust	D.UN	265270207	31.2925	3.10412
Enbridge Inc.	ENB	29250N105	45.9312	4.58358
Enbridge Income Fund Holdings Inc.	ENF	29251R105	24.5745	2.44124
Encana Corporation	ECA	292505104	18.2871	1.82491
EnerCare Inc.	ECI	29269C207	9.5079	0.94312
Enerplus Corporation	ERF	292766102	16.7506	1.66260
Extencicare Inc.	EXE	30224T863	6.8390	0.67848
First Capital Realty Inc.	FCR	31943B100	17.4652	1.74289
Freehold Royalties Ltd.	FRU	356500108	23.6506	2.34617
Gamehost Inc.	GH	36468B104	13.2434	1.31427
Genivar Inc.	GNV	37230Q205	24.6957	2.46444
Genworth MI Canada Inc.	MIC	37252B102	27.6516	2.75942
Gibson Energy Inc.	GEI	374825206	24.3144	2.42639
Granite Real Estate Investment Trust	GRT.UN	387437114	35.7580	3.55091
Great-West Lifeco Inc.	GWO	39138C106	30.2758	3.02129
H&R Real Estate Investment Trust	HR.UN	404428203	20.9626	2.09190
Husky Energy Inc.	HSE	448055103	30.1104	3.00479
IAMGOLD Corporation	IMG	450913108	5.4399	0.54286
IGM Financial Inc.	IGM	449586106	48.5419	4.84411
InnVest Real Estate Investment Trust	INN.UN	45771T132	4.1610	0.41191

<u>Name</u>	<u>Ticker Symbol</u>	<u>CUSIP</u>	<u>Weighted Average Price⁽¹⁾</u>	<u>Exchange Ratio</u>
Inter Pipeline Fund	IPL.UN	45833P102	22.8543	2.28068
Just Energy Group Inc.	JE	48213W101	7.5709	0.75551
Keyera Corp.	KEY	493271100	55.8810	5.57650
Killam Properties Inc.	KMP	494104870	10.7904	1.07197
Labrador Iron Ore Royalty Corporation	LIF	505440107	31.4222	3.13569
Laurentian Bank of Canada	LB	51925D106	45.4247	4.53304
Lightstream Resources Ltd.	LTS	53227K101	8.5756	0.84779
Magna International Inc.	MG	559222401	78.1439	7.79816
Major Drilling Group International Inc.	MDI	560909103	7.4892	0.74736
Manitoba Telecom Services Inc.	MBT	563486109	34.2691	3.41979
Manulife Financial Corporation	MFC	56501R106	18.3151	1.82770
Mullen Group Ltd.	MTL	625284104	23.9315	2.37820
National Bank of Canada	NA	633067103	78.5034	7.83404
Norbord Inc.	NBD	65548P403	32.3190	3.22519
The North West Company Inc.	NWC	663278109	23.4836	2.34348
Northern Property Real Estate Investment Trust	NPR.UN	66562P105	27.2867	2.71028
Northland Power Inc.	NPI	666511100	17.0082	1.68830
Parkland Fuel Corporation	PKI	70137T105	17.0872	1.70517
Pembina Pipeline Corporation	PPL	706327103	32.0504	3.19838
Pengrowth Energy Corporation	PGF	70706P104	5.9279	0.59155
Penn West Petroleum Ltd.	PWT	707887105	12.6168	1.25906
Petrominerales Ltd.	PMG	71673R107	6.1847	0.61718
Peyto Exploration & Development Corp.	PEY	717046106	28.6339	2.84946
PHX Energy Services Corp.	PHX	69338U101	11.3674	1.12839
Power Financial Corporation	PWF	73927C100	32.6026	3.25349
Precision Drilling Corporation	PD	74022D308	10.2497	1.01785
Pure Industrial Real Estate Trust	AAR.UN	74623T108	4.6540	0.46183
Regal Lifestyle Communities Inc.	RLC	75882T101	7.6625	0.75884
Reitmans (Canada) Limited	RET.A	759404205	10.1563	1.01352
Renegade Petroleum Ltd.	RPL	75971G101	1.1957	0.11849
RioCan Real Estate Investment Trust	REI.UN	766910103	24.5031	2.43349
Royal Bank of Canada	RY	780087102	65.0635	6.49284
Russel Metals Inc.	RUS	781903604	25.3326	2.52800
Savanna Energy Services Corp.	SVY	804694107	7.0255	0.69809
Shaw Communications Inc.	SJR.B	82028K200	25.8661	2.58124
Sun Life Financial Inc.	SLF	866796105	33.4828	3.34133
Superior Plus Corp.	SPB	86828P103	12.5107	1.24348
Surge Energy Inc.	SGY	86880Y109	5.3828	0.53716
Teck Resources Limited	TCK.B	878742204	24.6983	2.46470
The Toronto-Dominion Bank	TD	891160509	88.4769	8.82932
TransAlta Corporation	TA	89346D107	14.9150	1.48840
Transcontinental Inc.	TCL.A	893578104	12.3990	1.23732
Trilogy Energy Corp.	TET	89620H105	29.5414	2.94451
Twin Butte Energy Ltd.	TBE	901401307	1.7206	0.17010
Veresen Inc.	VSN	92340R106	12.1171	1.20088
Vermilion Energy Inc.	VET	923725105	54.5126	5.41998

<u>Name</u>	<u>Ticker Symbol</u>	<u>CUSIP</u>	<u>Weighted Average Price⁽¹⁾</u>	<u>Exchange Ratio</u>
Wajax Corporation	WJX	930783105	34.6531	3.43815
Westshore Terminals Investment Corporation	WTE	96145A200	28.6271	2.85676
Whitecap Resources Inc.	WCP	96467A200	11.0516	1.09787

Note:

(1) Based on information obtained from Bloomberg.

THE PORTFOLIO

The following table illustrates the composition of the Portfolio by asset class as at May 31, 2013:

Portfolio Composition

<u>Asset Class</u>	<u>% of Portfolio</u>
Energy	31%
Real Estate	14%
Industrials	11%
Financials	10%
Debt	7%
Materials	7%
Consumer Discretionary	5%
Metals & Mining	4%
Utilities	3%
Gold	3%
Telecommunication Services	2%
Other	3%

Units derive their value from the Fund's underlying investment in the securities included in the Portfolio. Prospective purchasers should consult their own investment advisor for advice with respect to the merits of an investment in the Fund.

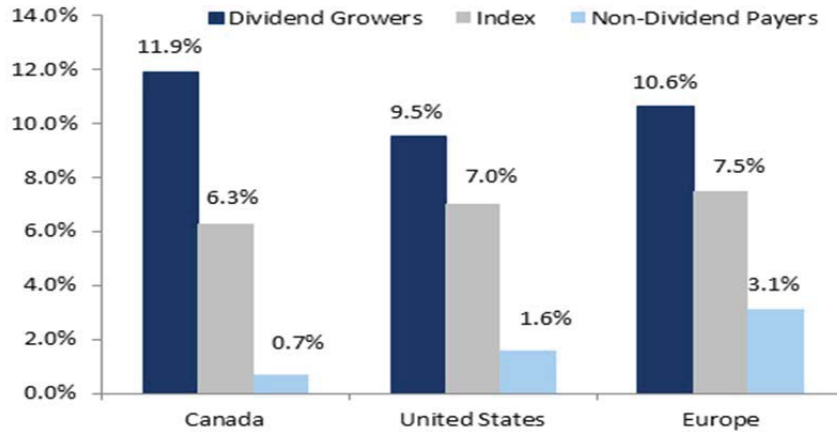
OVERVIEW OF THE SECTOR IN WHICH THE FUND INVESTS

The Portfolio is comprised primarily of equity income securities which, in the view of the Advisor, offer attractive opportunities for both current income and capital appreciation potential.

Canadian Equity Income Issuers Offer Stable and Attractive Yields

The Advisor believes that companies that have sustained and grown their dividends have typically made more prudent capital allocation decisions, resulting in cash flow and earnings growth. Over the last 25 years:

- dividend growers have achieved higher annualized total returns of 11.9% versus 0.7% for non-dividend payers; and
- equity income has outperformed with dividends accounting for more than 50% of the total returns generated by the MSCI Canada Index and with lower volatility.



Source: Ned Davis Research, RBC, Bloomberg. Based on issuers in the S&P/TSX Composite Index (1986-2012), the S&P500 Index (1972-2012), MSCI Europe Index (2003-2012).

Equity Markets Offer Attractive Opportunities for Investments

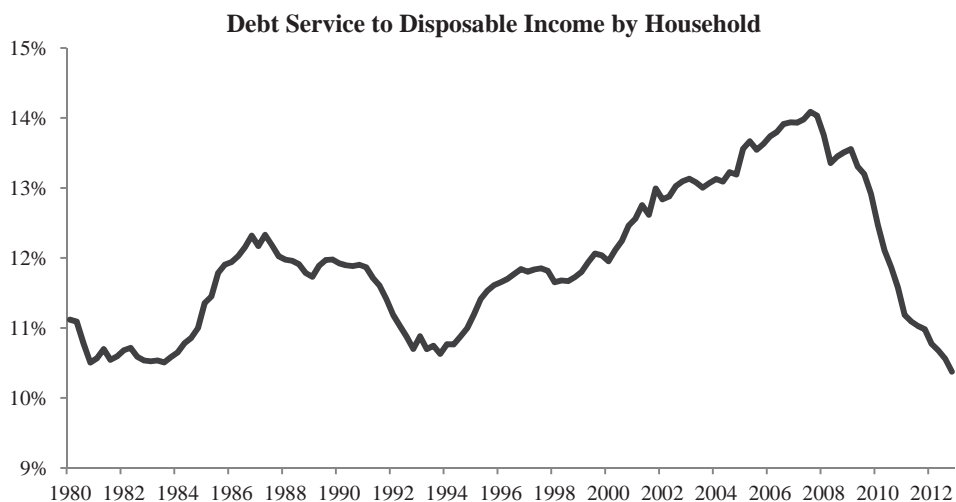
The Advisor believes the equity income sector continues to offer very attractive opportunities for investment, especially in light of the recent sell-off in equity markets.

The Advisor will continue to enhance diversification globally with a current focus on the U.S. where valuations are compelling and corporate balance sheets are strong as:

- the Advisor believes U.S. economic growth is increasing, led by an improved labour market and a recovery in housing; and
- S&P 500 corporate earnings are at a record high while the S&P 500 dividend payout ratio of 43% is well below the ten year historical average of 56%, thereby supporting the potential for future dividend increases.

The US economy is expected to benefit as personal and commercial loan growth accelerates. Currently, household debt service to income is the lowest in the past 30 years – consumers’ capacity to exploit credit is at its peak.

The Advisor believes that personal loans will increase as the U.S. returns to normal household formation, which should elevate real estate and mortgage demand.



Source: U.S. Federal Reserve as at 2012 Q4

LOAN FACILITY

The Fund has entered into a loan facility (the “**Loan Facility**”) with a Canadian chartered bank (the “**Lender**”). The Lender is at arm’s length to the Fund, the Trustee, the Manager and the Advisor and their respective affiliates and associates.

The Loan Facility permits the Fund to borrow an amount not exceeding 30% of the aggregate market value of the assets within the Portfolio, which borrowing may be used for various purposes, including purchasing additional securities for the Portfolio, effecting market purchases of Units, maintaining liquidity and funding redemptions. The interest rates, fees and expenses under the Loan Facility are typical of credit facilities of this nature and the Fund has provided a security interest in favour of the Lender over the assets of the Fund to secure such borrowings. In order to ensure that the total amount borrowed by the Fund under the Loan Facility does not exceed at any time 30% of the aggregate market value of the assets within the Portfolio, the Manager will take appropriate steps with the Portfolio securities which may include liquidating certain of the Portfolio securities and using the proceeds thereof to reduce the amount outstanding under the Loan Facility. As at June 30, 2013, the Fund had borrowed under the Loan Facility an amount equal to approximately 14.2% of the aggregate market value of the assets within the Portfolio.

The Loan Facility contains provisions to the effect that in the event of a default under the Loan Facility, the Lender’s recourse will be limited solely to the assets of the Fund. Such provisions are intended to ensure that Unitholders will not be liable for the obligations of the Fund under the Loan Facility.

DESCRIPTION OF UNITS AND UNITHOLDER MATTERS

Fund Units

The Fund is authorized to issue an unlimited number of trust units of two classes, namely the Existing Units and the Class A Units, each of which represents an equal, fractional and undivided interest in the net assets of the Fund. The Existing Units and the Class A Units have similar attributes. All Units will be subject to the Fund’s investment objectives, strategy, guidelines and the Portfolio, which is

comprised primarily of equity income securities. In addition, all Units will have the same NAV per Unit, will be entitled to participate equally with respect to any and all distributions made by the Fund to Unitholders, will be subject to the same fees and expenses of the Fund and will be entitled to the same proceeds, if any, upon the dissolution or winding up of the Fund.

The Class A Units differ from the Existing Units in that the Class A Units (i) are not eligible to be surrendered for redemption pursuant to the Annual Redemption Right (as defined below) in 2013, and (ii) will convert into Existing Units automatically as of November 15, 2013 on a one-for-one basis and accordingly will be eligible to be surrendered for redemption pursuant to the Annual Redemption Right in any year commencing in 2014. In addition, the Class A Units will trade on the TSX separately from the Existing Units under a different ticker symbol. The Trust Agreement also provides that Unitholders may vote separately as a class on matters relating exclusively to that class. The Class A Units will be de-listed from the TSX following the conversion and holders of Class A Units are expected to be able to trade the Existing Units received upon conversion of their Class A Units beginning November 15, 2013. No action is required on the part of a holder of Class A Units in order to effect the conversion.

All units of a class have equal rights and privileges and entitle the holders thereof to the same rights and obligations as each other holder and no holder is entitled to any privilege, priority or preference in relation to any other holder. The Fund may subdivide or consolidate the Units from time to time in such manner as the Manager determines appropriate, provided that any such sub-division or consolidation will not change the rights attaching to the Units.

Market Purchase Program

To enhance liquidity and to provide market support for the Units, the Fund has a mandatory market purchase program under which the Fund is, subject to the following exceptions (as described below) contained in the Trust Agreement and to compliance with any applicable regulatory requirements, obligated to purchase any Units of a class offered on the TSX (or such other stock exchange on which the Units are then listed and which has the greatest trading volume of the Units) at the then prevailing market price on such stock exchange if, at any time, the price at which such Units are then offered for sale on such stock exchange is less than 95% of the NAV per Unit or, if the NAV per Unit is greater than the Warrant Exercise Price less the Warrant Exercise Fee (the “**Net Warrant Proceeds**”), the Diluted NAV per Unit (as defined below), as at the close of business in Toronto, Canada on the immediately preceding business day. The maximum number of Units to be purchased by the Fund pursuant to such mandatory market purchase program in any calendar quarter is 1.25% of the number of Units of the applicable class outstanding at the beginning of such calendar quarter. In addition, the Trust Agreement provides that the Fund is not obligated to make such purchases if, among other things, (i) in the opinion of the Manager such transactions, if consummated, could result in the marketability of the Units being severely impaired to the detriment of the Unitholders, (ii) in order to fund the purchase, the Fund is not able to liquidate Portfolio securities in an orderly manner consistent with the Fund’s investment objectives, strategy and restrictions or, alternatively, it is not in the best interests of the Unitholders to do so, or (iii) in the judgment of the Manager, there is (A) any material legal action or proceeding instituted or threatened, challenging such transactions or otherwise materially adversely affecting the Fund, or (B) a suspension of or limitation on prices for trading securities generally on any exchange on which Portfolio securities of the Fund are traded.

In addition, the Trust Agreement provides that the Fund has the right (but not the obligation), exercisable in its sole discretion, at any time, to purchase additional Existing Units in the market, subject to any applicable regulatory requirements and certain other limitations.

Distributions

The Fund intends to continue to make monthly cash distributions to Unitholders which will be declared payable to Unitholders of record on the last day of each month (each, a “**Record Date**”) and will be paid on or before the twentieth business day following the applicable Record Date. The Fund intends to pay to Unitholders the distributions that it receives on the Portfolio, after the deduction of expenses of the Fund. The Fund, at the discretion of the Manager, also may make other distributions at any time if it considers it appropriate, which distributions may be paid in cash and/or Units. **The amount of the monthly distribution may fluctuate from month to month and there can be no assurance that the Fund will make any distributions in any particular month or months.** See “Risk Factors”.

The following table illustrates the cash distributions declared on the Units since June 30, 2012:

Type of Distribution	Record Date	Payment Date	Distribution Per Unit
Regular	July 31, 2012	August 15, 2012	\$0.06
Regular	August 31, 2012	September 14, 2012	\$0.06
Regular	September 30, 2012	October 15, 2012	\$0.06
Regular	October 31, 2012	November 15, 2012	\$0.06
Regular	November 30, 2012	December 14, 2012	\$0.06
Regular	December 31, 2012	January 15, 2013	\$0.06
Regular	January 31, 2013	February 15, 2013	\$0.06
Regular	February 28, 2013	March 15, 2013	\$0.06
Regular	March 31, 2013	April 15, 2013	\$0.06
Regular	April 30, 2013	May 15, 2013	\$0.06
Regular	May 31, 2013	June 14, 2013	\$0.06
Regular	June 30, 2013	July 15, 2013	\$0.06
Regular	July 31, 2013	August 15, 2013	\$0.06
Regular	August 31, 2013	September 13, 2013	\$0.06
Regular	September 30, 2013	October 15, 2013	\$0.06

If, in any year, after payment of any distributions paid on the Units, there would otherwise remain in the Fund additional net income or net realized capital gains, the Fund intends to make, on or before December 31 of that year, a special distribution of such portion of the remaining net income and net realized capital gains on the Units as is necessary to ensure that the Fund will not be liable for non-refundable income tax thereon under the Tax Act. Such distributions may be made in Units and/or cash. A distribution payable in Units will increase the aggregate adjusted cost base to the Unitholders of their Units. Immediately following payment of such distribution in Units, the number of Units outstanding will be automatically consolidated such that the number of Units outstanding will be equal to the number of Units outstanding immediately prior to such payment, except in the case of a non-resident Unitholder to the extent tax was required to be withheld in respect of the distribution. The Fund also may pay other special distributions in Units.

Fees and Other Expenses

Expenses of the Offering

The expenses of the Offering (including the costs of preparing and printing this short form prospectus, legal expenses, expenses of the auditors and translation fees but excluding the agency fees described below), which are estimated to be \$300,000 in the aggregate (and subject to a maximum of 1.5% of the gross proceeds of the Offering), will be paid by the Fund.

Agency Fees

In consideration for their services in connection with the Offering, the Agents will receive a fee equal to \$0.4008 per Class A Unit sold (4.0% of the price per Class A Unit) and will be reimbursed for reasonable out-of-pocket expenses incurred by them. In addition, the Fund has agreed to pay to each of Canaccord Genuity Corp. and Middlefield Capital Corporation one-time work fees of up to \$200,000 and \$100,000, respectively.

Management Fee

Pursuant to the terms of the management agreement between the Manager and the Fund (the “**Management Agreement**”), the Manager is entitled to a management fee at an annual rate of 1.0% of the NAV of the Fund. Pursuant to the terms of the investment management agreement between the Advisor, the Manager and the Fund (the “**Investment Management Agreement**”), the Advisor is entitled to an investment management fee which is payable by the Manager, and not the Fund. Fees payable to the Manager and the Advisor are calculated and payable monthly based on the average NAV of the Fund for that month, plus applicable taxes. There is no management fee payable to the Manager in respect of the NAV of the Fund attributable to any assets invested in the securities of any funds managed by the Manager or an affiliate.

The management fee is paid in cash, although the Fund has granted to the Manager, for so long as the Manager acts as manager of the Fund, the right, exercisable each month in the Manager’s sole discretion, to elect to have any or all of the management fee payable to it in respect of such month paid in Existing Units (provided that the Manager will be entitled to receive cash in lieu of any fractional Existing Unit that the Manager would otherwise be entitled to receive upon such an election). To the extent that Existing Units are issued from treasury for this purpose, Existing Units will be issued at the NAV per Unit. The issuance of Existing Units to the Manager as payment of the management fee should have the effect of providing additional cash flow in order to facilitate distributions to Unitholders.

Service Fee

The Fund pays a service fee (calculated and paid as soon as practicable after the end of each calendar quarter) equal to 0.30% per annum of the NAV of the Fund, plus applicable taxes, to investment dealers on a *pro rata* basis based on the respective number of Units held by clients of the sales representatives of such dealers.

Trustee Fee

So long as the Trustee is the same person as the Manager, the Trustee is not entitled to receive any fee but will be reimbursed for all expenses and liabilities properly incurred in connection with its duties.

Operating Expenses

The Fund is responsible for the payment of all expenses relating to the operation of the Fund and its activities. The operating expenses of the Fund for the year are expected to be approximately \$250,000.

So long as the Trustee is the same person as the Manager, the Trustee is not entitled to receive any fee but will be reimbursed for all expenses and liabilities properly incurred in connection with its duties.

Annual Returns, Management Expense Ratio and Trading Expense Ratio

The following table sets forth the annual returns, management expense ratio and trading expense ratio for the Fund in each of the years ended December 31 as set forth below:

	2012	2011	2010	2009	2008
Annual Returns⁽¹⁾	4.13%	3.82%	17.33%	58.29%	(26.65)%
Management Expense Ratio⁽²⁾	1.87%	2.48%	5.61%	2.12%	2.18%
Trading Expense Ratio⁽³⁾	0.21%	0.25%	0.37%	0.35%	0.27%

- (1) Total returns net of expenses (assuming the reinvestment of distributions).
- (2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average NAV during the period.
- (3) Trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV during the period.

Meetings of Unitholders and Extraordinary Resolutions

The Trustee may at any time convene a meeting of the Unitholders and will be required to convene a meeting on receipt of a request in writing of the Manager or of Unitholders holding in aggregate 25% or more of the Units outstanding or, in respect of a matter relating exclusively to one class of Units, 25% or more of the Units outstanding of that class. The Manager will call and give notice of any meeting of Unitholders as may from time to time be required by applicable law. Each Unit entitles the holder of that Unit to one vote at any meeting where Unitholders of such class are entitled to vote.

Any matter to be considered at a meeting of Unitholders, other than certain matters requiring the approval of Unitholders by Extraordinary Resolution (as defined below), will require the approval of Unitholders by a resolution passed by holders of not less than 50% of the Units voting thereon at a meeting duly convened for the consideration of such matter. A quorum for any meeting convened to consider such matter will consist of two or more Unitholders present in person or by proxy and representing not less than 5% of the Units outstanding. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting, if convened pursuant to a request of Unitholders, will be cancelled, but otherwise will be adjourned to another day, not less than 10 days nor more than 21 days later, selected by the Manager and notice will be given to the Unitholders of such adjourned meeting. The Unitholders present in person or represented by proxy at any adjourned meeting will constitute a quorum.

Notwithstanding the foregoing, certain matters will require the approval of Unitholders by extraordinary resolution (an “**Extraordinary Resolution**”). An Extraordinary Resolution is a resolution passed by holders of not less than 66^{2/3}% of the Units voting thereon at a meeting duly convened for the consideration of such matter. A quorum for any meeting convened to consider a matter requiring the approval of Unitholders by Extraordinary Resolution will consist of two or more Unitholders present in person or by proxy and representing not less than 5% of the Units then outstanding. The Manager, in respect of any Units which may be held by it from time to time, insiders (as such expression is defined in the *Securities Act* (Ontario)) of the Fund, affiliates of the Manager, and any director or officer of such persons who hold Units, shall not be entitled to vote on any Extraordinary Resolution to be adopted by the

Unitholders. The following matters may be undertaken only with the approval of Unitholders (voting as a single class) by an Extraordinary Resolution:

- (a) the confirmation of the appointment of a new manager of the Fund in certain circumstances where the Manager is removed by the Trustee pursuant to the Management Agreement or where the Management Agreement is terminated pursuant to its terms;
- (b) the termination of the Investment Management Agreement;
- (c) certain amendments to the Trust Agreement other than those described under “Description of Units and Unitholder Matters - Amendments to the Trust Agreement”; and
- (d) approval of a proposal to Unitholders providing for an alternative to the extension of the Fund as described under “Description of Units and Unitholder Matters - Termination of the Fund”.

The Fund does not hold annual meetings of Unitholders.

Amendments to the Trust Agreement

The Trust Agreement may be amended with the consent of the Unitholders given by Extraordinary Resolution. However, unless all of the Unitholders consent thereto, no amendment can be made to the Trust Agreement which would have the effect of reducing the interest in the Fund of the Unitholders, increasing the liability of any Unitholder, or changing the right of a Unitholder to vote at any meeting. No amendment can be made to the Trust Agreement which would have the effect of reducing the fees payable to the Manager or terminating the Manager unless the Manager, in its sole discretion, consents.

Notwithstanding the foregoing, the Manager may, without the approval of or notice to Unitholders, amend the Trust Agreement for certain limited purposes specified therein, including to:

- (a) cure an ambiguity with any provision of the Trust Agreement or for the purpose of supplementing any provision which may be defective or inconsistent with another provision;
- (b) ensure that the Fund will comply with any applicable laws or requirements of any governmental agency or authority of Canada or of any province;
- (c) ensure that the Fund satisfies certain provisions of the Tax Act;
- (d) ensure that the Units qualify or continue to qualify as investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds or registered education savings plans under the Tax Act;
- (e) ensure that additional benefit or protection is provided for the interest of Unitholders or the Fund as the Manager may consider expedient or beneficial;
- (f) make any typographical or other non-substantive changes that are necessary or desirable for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omission, mistake or manifest error therein; or
- (g) bring the Trust Agreement into conformity with what the Manager believes is current practice within the securities industry, provided that any such amendment does not adversely affect the pecuniary value of the interests of the Unitholders.

The determination of whether an amendment to the Trust Agreement is for any of the above purposes is within the sole discretion of the Manager.

In addition to the foregoing, the Manager may, without the approval of or notice to Unitholders, amend the Trust Agreement to the extent it determines it necessary or desirable to effect the special resolutions approved by Unitholders at special meetings held on February 16, 2006 and August 12, 2009.

Potential Fund Mergers

Subject to receipt of any required regulatory approvals, the Manager may merge or otherwise combine or consolidate the Fund (a “**Merger**”) with any one or more other funds managed by Middlefield Group Limited or an affiliate thereof (including a fund formed after the date of this short form prospectus), provided that:

- (a) the funds to be merged have similar investment objectives as set forth in their respective governing instruments, as determined in good faith by the respective managers of such funds in their sole discretions;
- (b) the managers of the funds to be merged have determined in good faith that there is likely to be a reduction in the aggregate general and administrative expenses attributed to the combined fund as a result of the Merger as compared to those of the funds prior to the Merger, and that there is expected to be no increase in the management expense ratio as a result of the Merger;
- (c) the Merger of the funds is done on a relative NAV per unit basis; and
- (d) the Merger of the funds is capable of being accomplished on a tax-deferred “rollover” basis under the Tax Act for unitholders of each of the merging funds or otherwise without adverse income tax consequences to the unitholders of each of the merging funds.

Calculation of NAV per Unit

The NAV per Unit and, when applicable, the Diluted NAV per Unit, are calculated at a minimum, on Thursday of each week (or if Thursday is not a business day, on the immediately preceding business day), on each Valuation Date (as defined below), as well as on any other dates on which the Manager elects, in its discretion, or is required by applicable laws, to calculate the NAV per Unit. The NAV per Unit, or Diluted NAV per Unit, as applicable, calculated as of a time on a day will continue to be used until such time as the NAV per Unit is next calculated.

The NAV per Unit, on any date on which NAV per Unit is determined, is calculated by dividing the NAV on such date by the total number of Units issued and outstanding on such date. If as a result of such calculation the NAV per Unit is greater than the Net Warrant Proceeds, the “**Diluted NAV per Unit**” will be calculated by adding to the denominator the total number of Warrants then outstanding and by adding to the numerator the product of such number of Warrants and the Net Warrant Proceeds, and the Diluted NAV per Unit shall be the resulting quotient. When applicable, the Diluted NAV per Unit shall be used for certain purposes pursuant to the Trust Agreement, such as the Fund’s mandatory market purchase program, redemptions of Units and for publication until the NAV per Unit is next calculated, but shall not be used for certain other purposes, including calculating the management fee and the service fee.

Investors acquiring Class A Units under the Offering will not receive Warrants in respect of such Class A Units. In the event the NAV per Unit exceeds the Net Warrant Proceeds and a Warrant is exercised, the Fund will receive in respect of such exercise an amount less than NAV per Unit and

accordingly Unitholders will suffer dilution to the extent of such difference. The following table sets out the dilution per Unit in the event a Warrant is exercised at a time when NAV per Unit is as indicated.

Non-Diluted NAV per Unit prior to exercise of Warrants	\$10.00	\$10.50	\$11.00	\$11.50
Dilution per Unit ⁽¹⁾	\$0.06	\$0.31	\$0.56	\$0.81

(1) Prior to the issuance of the Class A Units pursuant to the Offering.

The NAV per Unit and, when applicable, the Diluted NAV per Unit, will be made available through the internet at www.middlefield.com. The lower of the NAV per Unit and the Diluted NAV per Unit is expected to be made available to the financial press for publication.

Redemptions

Units may be surrendered for redemption on the last day of any month (each such date a “**Valuation Date**”) by giving notice thereof to MFL Management Limited (in its capacity as registrar and transfer agent). Units surrendered for redemption by a Unitholder by 5:00 p.m. (Toronto time) at least 20 business days prior to a Valuation Date will be redeemed on such Valuation Date and the Unitholder will receive payment on or before the last business day of the month immediately following the applicable Valuation Date (the “**Redemption Payment Date**”), subject to the Fund’s right to suspend redemptions in certain circumstances described below.

Each Existing Unit properly surrendered for redemption on a November Valuation Date (each, an “**Annual Valuation Date**”) will be redeemed at an amount, if any, equal to the Redemption Price per Unit as of the relevant Annual Valuation Date (the “**Annual Redemption Right**”). For this purpose, “**Redemption Price per Unit**” means the amount which is equal to (A) the NAV per Unit as at the Annual Valuation Date or, if the NAV per Unit is greater than the Net Warrant Proceeds, the Diluted NAV per Unit, less (B) any costs associated with the redemption, or, if the Manager determines that it is not practicable or necessary for the Fund to sell Portfolio securities to fund such redemption then the aggregate of all brokerage fees, commissions and other transaction costs that the Manager estimates would have resulted from such a sale (“**Redemption Costs**”). The amount of any such Redemption Costs will depend on the circumstances at the time of the redemption, including the NAV, the number of Units surrendered for redemption, the available cash of the Fund, the interest rate under the Loan Facility, the current market price of the securities of each issuer included in the Portfolio at the time of the redemption and the actual or estimated brokerage fees, commissions and other applicable transaction costs. As a result of the foregoing variables, the amount of Redemption Costs payable by a Unitholder upon the redemption of Units may vary from time to time. For the purpose of calculating Redemption Price per Unit, the Manager, in its sole discretion, may value any security which is listed or traded on a stock exchange (or if more than one, on the principal stock exchange where the security primarily trades) by taking the volume weighted average trading price of the security on such exchange during the three most recent trading days ending on and including such Annual Valuation Date, or lacking any sales during such period or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the fair market value as determined by the Manager shall be used). For the purpose of the foregoing, the Manager may consider prices and volumes as reported by any means in common use.

Each Existing Unit properly surrendered for redemption on any Valuation Date other than an Annual Valuation Date and each Class A Unit properly surrendered for redemption on any Valuation Date will be redeemed at an amount, if any, equal to the Monthly Redemption Price per Unit as of the

relevant Valuation Date. For this purpose, the “**Monthly Redemption Price per Unit**” means, in respect of a class of Units, the amount equal to the lesser of (A) 94% of the weighted average trading price of the Units on the principal market on which the Units are quoted for trading during the 15 trading days preceding the applicable Valuation Date, and (B) the “closing market price” of the Units on the principal market on which the Units are quoted for trading on the applicable Valuation Date, less, in either case, applicable Redemption Costs. The “closing market price” means an amount equal to (i) the closing price of the Units if there was a trade on the applicable Valuation Date and such principal market provides a closing price; (ii) the average of the highest and lowest prices of the Units if there was trading on the applicable Valuation Date and such principal market provides only the highest and lowest prices of the Units traded on a particular day; or (iii) the average of the last bid and last asking prices of the Units on such principal market if there was no trading on the applicable Valuation Date.

For greater certainty, the Class A Units are not eligible to be surrendered pursuant to the Annual Redemption Right in 2013. The Class A Units will convert into Existing Units automatically as of November 15, 2013 on a one-for-one basis and accordingly will be eligible to be surrendered for redemption pursuant to the Annual Redemption Right in any year commencing in 2014.

Any and all Units which have been surrendered to the Fund for redemption are, subject to the Fund’s right to recirculate Units, deemed to be outstanding until (but not after) the close of business on the relevant Valuation Date, unless the redemption proceeds are not paid on or before the applicable Redemption Payment Date in which event such Units will remain outstanding.

Any unpaid distribution declared on or before a Valuation Date in respect of Units redeemed on such Valuation Date will be paid to the Unitholder redeeming such Units on the applicable date on which such distribution is payable to Unitholders.

In addition, the Manager, at its sole discretion and subject to receipt of any necessary regulatory approvals, may allow additional redemptions of Units from time to time, for an amount equal to the Annual Redemption Price per Unit less any costs of funding the redemption, including commissions; provided that the holder thereof shall be required to use the full amount received on such redemption to purchase treasury securities of a new or existing fund promoted by Middlefield Group then being offered to the public by prospectus. Notice of any such additional redemption will be provided by the Manager.

The Fund has entered into an agreement with MCC (in such capacity, the “**Recirculation Agent**”) whereby the Recirculation Agent has agreed to use commercially reasonable efforts to find purchasers for any Units surrendered for redemption prior to the relevant Redemption Payment Date. The Fund may, but is not obligated to, require the Recirculation Agent to seek such purchasers. In such event, the amount to be paid to the Unitholder on or before the Redemption Payment Date will be an amount equal to the proceeds of the sale of the Units less any applicable commission. Such amount will not be less than the redemption proceeds otherwise payable for such Units.

The Manager may suspend the redemption of Units (i) for the whole or part of a period during which the Manager determines or believes that normal trading is suspended on one or more stock exchanges, options exchanges or future exchanges on which more than 50% of the Fund’s assets (by value) are listed and traded; or (ii) for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of any of the assets of the Fund or which impair the ability of the Manager to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension, but for which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders who have requested redemptions shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is

authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

Termination of the Fund

The Fund will continue until January 31, 2015 and thereafter the term of the Fund shall automatically be extended for further five year terms unless Unitholders approve an alternative to the Fund's extension at a meeting called for such purpose (the date set by Unitholders for the termination of the Fund being referred to herein as the "**Termination Date**"). Any proposal by the Manager to terminate the Fund must be presented not less than six months and not more than 12 months prior to January 31, 2015 or the end of any further successive five-year term of the Fund. In order to be implemented, such proposal must obtain the approval of Unitholders by Extraordinary Resolution provided that a quorum at any meeting to consider such a proposal shall consist of two or more persons present in person or by proxy representing not less than 10% of the outstanding Units and at any such adjourned meeting a quorum shall consist of those Unitholders present in person or represented by proxy.

Prior to the Termination Date, the Manager will, to the extent practicable, convert the assets of the Fund to cash. The Manager may, in its discretion and upon not less than 30 days prior written notice to Unitholders, extend the Termination Date by a period of 90 days if the Advisor advises the Manager that the Advisor would be unable to convert all the Portfolio assets to cash and the Manager determines that it would be in the best interests of the Unitholders to do so.

PLAN OF DISTRIBUTION

Pursuant to an agency agreement (the "**Agency Agreement**") dated July 30, 2013 among the Fund, the Manager, the Advisor and Canaccord Genuity Corp. and Middlefield Capital Corporation (together, the "**Agents**"), the Agents have agreed to conditionally offer the Class A Units for sale, subject to prior sale under the Offering, on a best efforts basis, if, as and when issued by the Fund in accordance with the conditions contained in the Agency Agreement. The Class A Units will be issued at the Purchase Price of \$10.0208 per Class A Unit, which is equal to the weighted average trading price of the Existing Units on the TSX during the Pricing Period. The maximum number of Class A Units which will be sold is 14,968,865 Class A Units (for maximum gross proceeds of \$150,000,000). In consideration for their services in connection with the Offering, the Agents will receive a fee equal to \$0.4008 per Class A Unit sold (4.0% of the price per Class A Unit) and will be reimbursed for reasonable out-of-pocket expenses incurred by them. In addition, the Fund has agreed to pay to each of Canaccord Genuity Corp. and Middlefield Capital Corporation one-time work fees of up to \$200,000 and \$100,000, respectively (together with the fee payable to the Agents of \$0.4008 per Class A Unit sold, the "**Agency Fees**"). The Agents may also form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Class A Units offered hereby, the Agents will not be obligated to purchase Class A Units that are not sold.

The Fund has granted the Agents an option (the "**Over-Allotment Option**"), exercisable for a period of 30 days from the Closing Date (as defined below) to purchase additional Class A Units in an amount equal to 15% of the aggregate number of Class A Units issued on the Closing Date on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agency Fees (assuming the one-time work fees are not paid to the Agents) and the net proceeds to the Fund before deducting the expenses of the Offering will be \$172,500,000, \$6,900,000 and \$165,600,000, respectively. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Class A Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Class A Units forming

part of the over-allocation position acquires those Class A Units under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Under the terms of the Agency Agreement, the Agents, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, may terminate the Agency Agreement and withdraw all subscriptions for Class A Units on behalf of subscribers. Subscriptions for Class A Units will be received subject to rejection or allotment in whole or in part and the Fund reserves the right to close the subscription books at any time without notice. The Closing will take place on or about August 13, 2013 (the “**Closing Date**”) or such other date as the Fund and the Agents may agree, but in any event not later than 90 days after a receipt for the final short form prospectus or an amendment thereto is issued. The Agents may over-allot and effect transactions to cover their over-allotted positions. Purchasers of Class A Units under the Offering will be eligible to receive all distributions of the Fund commencing with the next distribution declared payable to Unitholders on or after the Closing Date (assuming the Closing Date is August 13, 2013, commencing with the distribution declared payable to Unitholders of record on August 31, 2013).

The TSX has conditionally approved the listing of the Class A Units. Listing is subject to the Fund fulfilling all of the requirements of the TSX on or before September 24, 2013.

Pursuant to policy statements of certain Canadian securities regulators, the Agents may not, throughout the period of distribution, bid for or purchase Class A Units. The foregoing restriction is subject to certain exceptions, on the conditions that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Class A Units. Such exceptions include a bid or purchase permitted under applicable by-laws and rules of the relevant self-regulatory authorities relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Agents may over-allot and may effect transactions in connection with their over-allotted position. Such transactions, if commenced, may be discontinued at any time.

The Fund is not a trust company and is not registered under legislation of any jurisdiction governing trust companies as it does not carry on, nor does it intend to carry on, the business of a trust company. The Class A Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

The Agents have agreed that neither the Agents nor any sub-agents will solicit acceptances or offer to sell Class A Units in the United States or its territories or possessions or from United States Persons (as that term is defined in Regulation S under the *United States Securities Act of 1933*) except as permitted by United States securities laws. The Class A Units have not been, and will not be, registered under the *United States Securities Act of 1933*, as amended. Accordingly, the Class A Units will not be offered, sold or delivered in the U.S.

USE OF PROCEEDS

The net proceeds from the Offering (prior to the exercise of the Over-Allotment Option) will be as follows:

	<u>Maximum Offering</u>
Gross proceeds to the Fund.....	\$150,000,000
Agency Fees (Maximum)	\$6,300,000

Estimated expenses of the Offering	<u>\$300,000</u>
Net proceeds to the Fund	<u>\$143,400,000</u>

The Fund will use the net cash proceeds of this Offering (including any net proceeds from the exercise of the Over-Allotment Option) to (i) invest in securities for the Portfolio in accordance with the Fund's investment objectives, strategy and restrictions as soon as practicable after the closing of this Offering, and (ii) fund the ongoing fees and expenses of the Fund. Securities of Exchange Eligible Issuers acquired pursuant to the Exchange Offer will be held by the Fund in the Portfolio or sold by the Manager based on the advice of the Advisor.

PRIOR SALES OF UNITS

Since June 30, 2012, the following number of Units were issued from treasury and sold by the Fund at the price per Unit indicated below:

<u>Date of Issue</u>	<u>Number of Units</u>	<u>Price per unit</u>
June 25, 2013 ⁽¹⁾	1,816	\$10.00 ⁽²⁾
April 25, 2013 ⁽¹⁾	1,497	\$9.80 ⁽²⁾
January 30, 2013	3,774,659 ⁽³⁾	\$9.00
December 27, 2012	1,554	\$10.08 ⁽²⁾
November 22, 2012	1,624	\$9.81 ⁽²⁾
October 26, 2012	1,553	\$10.55 ⁽²⁾

Notes:

- (1) Issued pursuant to the Reinvestment Plan (as defined below).
- (2) Price per Unit determined pursuant to the Reinvestment Plan.
- (3) Issued pursuant to a rights offering of the Fund completed on January 30, 2013.

NAV AND TRADING PRICE AND VOLUME OF THE UNITS

The Existing Units are listed and posted for trading on the TSX under the symbol "MID.UN". As at the close of business on July 29, 2013, being the last trading day prior to the date of this short form prospectus, the closing price of the Units on the TSX was \$9.88 per Existing Unit and the NAV per Unit was \$10.16. The following table sets forth the NAV per Unit range, market price per Existing Unit range and trading volume of the Existing Units on the TSX for the calendar periods indicated:

Period	NAV		Price		Volume
	Low (\$)	High (\$)	Low (\$)	High (\$)	
2012					
June	9.63	9.94	9.32	9.63	181,777
July	9.89	10.18	9.67	10.13	90,284
August	10.10	10.40	9.88	10.28	164,779
September	10.24	10.68	10.00	10.37	217,599
October	10.53	10.76	10.31	10.60	220,103
November	9.81	10.35	9.80	10.50	145,956
December	10.01	10.19	9.75	10.08	150,896
2013					
January	10.00	10.46	9.78	9.99	815,411
February	9.97	10.11	9.70	9.94	521,411
March	10.20	10.29	9.76	10.05	194,009
April	9.76	10.13	9.46	10.00	163,394
May	10.04	10.45	9.79	10.20	298,260
June	9.89	10.23	9.56	10.10	211,753
July 1 to 29	10.01	10.30	9.73	10.19	176,560

CONSOLIDATED CAPITALIZATION

The following table sets forth the number of Units outstanding and the NAV of the Fund before and after giving effect to the Offering and the Warrant Offering:

<u>Designation</u>	<u>Authorized</u>	<u>As at December 31, 2012</u>	<u>As at July 29, 2013</u>	<u>As at July 29, 2013 after giving effect to the Offering and Warrant Offering</u> ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾
Units				
Existing Units.....	Unlimited	11,323,994	15,039,064	30,500,000
Class A Units.....	Unlimited	--	--	14,968,865
NAV	--	\$116,141,382	\$152,816,423	\$448,057,971

Notes:

- (1) Net of the estimated expenses of the Offering.
- (2) Assumes issuance of 14,968,865 Class A Units pursuant to the Offering and that the Over-Allotment Option is not exercised.
- (3) Assumes that an aggregate of 15,250,000 Existing Units are issued pursuant to the exercise of 15,250,000 Warrants at the Warrant Exercise Price and that the aggregate expenses and the aggregate Warrant Exercise Fees payable pursuant to the Warrant Offering are \$912,500. Also includes the estimated number of Existing Units to be issued on or before the record date under the Warrant Offering.
- (4) Calculated using the NAV of the Fund as at the close of business in Toronto, Canada on July 29, 2013 of \$152,816,423 plus the net proceeds of the Offering (assuming the issuance of 14,968,865 Class A Units) and the net proceeds of the Warrant Offering (assuming the exercise of 15,250,000 Warrants to purchase a maximum of 15,250,000 Existing Units).

INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP and McCarthy Tétrault LLP the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations that generally apply to the acquisition, holding and disposition of Units by a purchaser who acquires Units pursuant to this short form prospectus and to the disposition of securities of Exchange Eligible Issuers under the Exchange Offer. This summary only applies to a purchaser of Units who is an individual (other than a trust that is not a "Registered Plan" as defined herein) and who, for purposes of the Tax Act, is resident in Canada, deals at arm's length with the Fund, is not affiliated with the Fund and holds Units and securities of Exchange Eligible Issuers as capital property (a "Holder"). Generally, the Units and securities of Exchange Eligible Issuers will be considered to be capital property to a purchaser provided that the purchaser does not hold such Units or securities in the course of carrying on a business of buying

and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold Units or securities of Exchange Eligible Issuers as capital property may, in certain circumstances, be entitled to have such securities and all other “Canadian securities” owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary assumes that the Fund will, at all times, comply with its investment restrictions. This summary further assumes that the Fund will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act and will at no time be a “SIFT trust” as defined in the SIFT Rules (described below). In the event the Fund were not to qualify as a mutual fund trust at all times, or is a “SIFT trust”, the income tax consequences described below would in some respects be materially different.

This summary is based on the facts set out in this short form prospectus, a certificate of the Manager regarding certain factual matters, the provisions of the Tax Act and the regulations thereunder in force on the date hereof, counsel’s understanding of the current publicly available published administrative positions and assessing practices of the Canada Revenue Agency (the “CRA”) published in writing by it and all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) (the “Minister”) prior to the date hereof (the “Proposed Amendments”). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations, which may differ from those described herein. There is no assurance that the Proposed Amendments will be enacted in the form proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units and disposing of securities of Exchange Eligible Issuers will vary depending on the purchaser’s particular circumstances including the province(s) or territory(ies) in which the purchaser resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular purchaser. Prospective purchasers should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units and participating in the Exchange Offer based on their particular circumstances and review the tax related risk factors in this short form prospectus.

This summary is also based on the assumption that none of the issuers of the securities held by the Fund will be foreign affiliates of the Fund or of any Holder. This summary also assumes that none of the securities held by the Fund will be interests in non-resident trusts deemed to be resident in Canada under certain Proposed Amendments.

Status of the Fund

As noted above, this summary is based on the assumption that the Fund will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act.

Provided that the Fund qualifies, and continues at all times to qualify, as a “mutual fund trust” within the meaning of the Tax Act, or the Units are listed on a “designated stock exchange” for purposes of the Tax Act (which currently includes the TSX), the Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings

accounts (collectively, “**Registered Plans**”). See “Income Tax Considerations – Taxation of Registered Plans” for the consequences of holding Units in plan trusts.

Taxation of the Fund

The Fund will be subject to tax under Part I of the Tax Act in each year on the amount of its income for the taxation year, including net realized taxable capital gains as computed in accordance with the Tax Act, except to the extent such income is paid or payable to Unitholders in the year and deducted by the Fund. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount.

The Manager has advised counsel that the Fund generally intends to make distributions to Holders and to deduct, in computing its income in each taxation year such amount as will be sufficient to ensure that it will generally not be liable in such year for income tax under Part I of the Tax Act other than such tax on net realized capital gains that would be recoverable by it in such year by reason of the capital gains refund.

With respect to each issuer included in the Portfolio that is a trust that is not at any time in its relevant taxation year a SIFT trust within the meaning of the Tax Act, the Fund will be required to include in the calculation of its income the net income, including net taxable capital gains, paid or payable to the Fund by the issuer in the year, notwithstanding that certain of such amounts may be reinvested in additional units of such issuer. Provided that appropriate designations are made by the issuer, net taxable capital gains realized by the issuer and taxable dividends from taxable Canadian corporations received by the issuer that are paid or payable by the issuer to the Fund will effectively retain their character in the hands of the Fund. The Fund will be required to reduce the adjusted cost base of units of an issuer in the Portfolio that is a trust by any amount paid or payable by such issuer to the Fund except to the extent that the amount was included in calculating the income of the Fund or was the Fund’s share of the non-taxable portion of capital gains of such issuer, the taxable portion of which was designated in respect of the Fund. If the adjusted cost base to the Fund of such units becomes a negative amount at any time in a taxation year of the Fund, that negative amount will be deemed to be a capital gain realized by the Fund in that taxation year and the Fund’s adjusted cost base of such units will be increased by the amount of such deemed capital gain.

With respect to each issuer in the Portfolio that is a limited partnership that is not at any time in its relevant taxation year a SIFT partnership within the meaning of the Tax Act, the Fund will be required to include, or subject to certain restrictions will be entitled to deduct, as the case may be, in computing its income, its share of net income, capital gains, losses and capital losses for tax purposes of the issuer allocated to the Fund for the fiscal period of the issuer ending in the Fund’s taxation year, whether or not a distribution is received in respect thereof from the issuer. In general, the adjusted cost base at a particular time to the Fund of units of a limited partnership will be equal to the cost of such units to the Fund plus its share of income and capital gains of the limited partnership allocated to it for fiscal years of the limited partnership ending before the particular time less the total of its share of losses and capital losses of the limited partnership allocated to it for fiscal years of the partnership ending before the particular time and the Fund’s share of any distributions received from the limited partnership before the particular time. If the adjusted cost base to the Fund of such units is a negative amount at the end of the fiscal year of the limited partnership, such amount will be deemed to be a capital gain realized by the Fund and the Fund’s adjusted cost base will be increased by the amount of such deemed capital gain.

The Tax Act contains certain rules, (the “**SIFT Rules**”) that apply to certain trusts and partnerships, investments in which are listed or traded on a stock exchange or other public market. Under the SIFT Rules, each issuer in the Portfolio that is a “SIFT trust” or “SIFT partnership” as defined under the SIFT Rules (which will generally include income trusts, other than certain real estate investment

trusts, and certain partnerships, the units of which are listed or traded on a stock exchange or other public market) will be subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains respecting “non-portfolio properties” (collectively, the “**Non-Portfolio Earnings**”). Non-Portfolio Earnings that are earned by a SIFT partnership or are distributed by a SIFT trust to its unitholders will be taxed at a rate that is equivalent to the combined federal and provincial general corporate tax rate. Any Non-Portfolio Earnings that become payable by a SIFT trust or are earned by a SIFT partnership will be taxed as a taxable dividend from a taxable Canadian corporation and will be deemed to be an “eligible dividend” eligible for the enhanced gross-up and tax credit rules under the Tax Act.

The Fund will be required to include in its income for a taxation year all dividends received in the year on shares of corporations. The Fund will also be required to include in its income for each taxation year in respect of debt obligations held by the Fund 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 taxation year. Upon the actual or deemed disposition of indebtedness, the Fund will be required to include in computing its income for the year of disposition all interest that accrued on such indebtedness from the last interest payment date to the date of disposition except to the extent such interest was included in computing the Fund’s income for that or any other taxation year and such income inclusion will reduce the proceeds of disposition for purposes of computing any capital gain or loss.

On a conversion by the Fund of a convertible debenture into shares of a corporation, the Fund will be considered not to have disposed of the convertible debenture and to have acquired the shares at a cost equal to the adjusted cost base to the Fund of the convertible debenture immediately before the exchange. On a redemption or repayment of a convertible debenture, the Fund will be considered to have disposed of the convertible debenture for proceeds of disposition equal to the amount received by the Fund (other than an amount received on account of interest) on such redemption or repayment. On any other disposition by the Fund of a convertible debenture, interest accrued thereon to the date of disposition and not yet due will be included in computing the Fund’s income, except to the extent such amount is otherwise included in the Fund’s income, and will be excluded in computing the Fund’s proceeds of disposition of the convertible debenture.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, including interest on the Loan Facility generally to the extent borrowed funds are used to purchase Portfolio securities. The Fund may not deduct interest on the Loan Facility to the extent that borrowed funds are used to fund redemptions. The Fund may deduct rateably over a five year period (subject to reduction in any taxation year that is less than 365 days) the fees and expenses of the Offering that are paid by the Fund and not reimbursed.

The CRA has expressed a view that, in certain circumstances, the deductibility of interest on money borrowed to invest in an income trust may be reduced on a pro rata basis in respect of distributions from the income trust that are a return of capital and are not reinvested for an income earning purpose. Counsel are of the view that, while the ability to deduct interest depends on the facts, based on the jurisprudence, the CRA’s position should generally not adversely affect the Fund’s ability to deduct interest on money borrowed to acquire income trusts in the Portfolio. If the CRA’s view were to prevail and apply to the Fund, part of the interest payable by the Fund on money borrowed to acquire certain income trusts in the Portfolio could be non-deductible, increasing the net income of the Fund for tax purposes and the taxable component of distributions to Holders.

In determining the income of the Fund, gains or losses realized upon dispositions (including deemed dispositions) of Portfolio securities of the Fund which are not the subject of short sales will constitute capital gains or capital losses of the Fund in the year realized unless the Fund is considered to

be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Manager has advised counsel that the Fund will purchase the Portfolio securities with the objective of earning distributions and income from the Portfolio securities over the life of the Fund and will take the position that gains and losses realized on the disposition thereof are capital gains and capital losses. In addition, the Manager has advised counsel that the Fund has elected in accordance with the Tax Act to have each of its “Canadian securities” (as defined in the Tax Act) treated as capital property. Such election will ensure that gains or losses realized by the Fund on the disposition of Canadian securities, including most units of trusts structured as mutual fund trusts and including dispositions arising on a short sale, are capital gains or capital losses, as the case may be.

Premiums received on covered call options and cash covered put options written by the Fund which are not exercised prior to the end of the year will constitute capital gains of the Fund in the year received, unless such premiums are received by the Fund as income from a business or the Fund has engaged in a transaction or transactions considered to be an adventure in the nature of trade. The Fund will purchase the securities in the Portfolio with the objective of earning distributions and dividends thereon over the life of the Fund, will write covered call options with the objective of increasing the yield on the Portfolio beyond the distributions and dividends received on the Portfolio and will write cash covered put options to increase returns and to reduce the net cost of purchasing securities upon the exercise of such cash covered put options. Having regard to the foregoing, and in accordance with the CRA’s published administrative policies, transactions undertaken by the Fund in respect of securities comprising the Portfolio and options on such securities will be treated and reported by the Fund as arising on capital account.

Gains and losses in respect of short sales of securities may be treated as being on income account.

Premiums received by the Fund on covered call (or cash covered put) options which are subsequently exercised will be added in computing the proceeds of disposition (or deducted in computing the adjusted cost base) to the Fund of the securities disposed of (or acquired) by the Fund upon the exercise of such call (or put) options. In addition, where the premium was in respect of an option granted in a previous year so that it constituted a capital gain of the Fund in the previous year, such capital gain is required to be deducted from income in the year in which it was originally included.

The Portfolio may include securities that are not denominated in Canadian dollars. Cost, proceeds of disposition of securities, distributions, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate determined in accordance with the detailed rules in the Tax Act in that regard. The Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

The Fund may derive income (including gains) from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid has not been deducted in computing the Fund’s income, and, in the case of income from property, does not exceed 15% of such income, the Fund may designate a portion of its foreign source income in respect of a Holder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Holder for the purposes of the foreign tax credit provisions of the Tax Act. To the extent that such foreign tax paid by the Fund on income from property exceeds 15% of such income, such excess may generally be deducted by the Fund in computing its income for the purposes of the Tax Act.

The Fund will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year (“capital gains

refund”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale of securities in connection with redemptions of Units.

Taxation of Holders

Holding and Disposing of Units

A Holder generally will be required to include in computing income for a taxation year the amount of the Fund’s net income for the taxation year, including the taxable portion of the Fund’s net realized capital gains, paid or payable to the Holder in the taxation year whether received in cash or reinvested in additional Units, including pursuant to the distribution reinvestment plan of the Fund (the “**Reinvestment Plan**”). The non-taxable portion of the net realized capital gains of the Fund paid or payable to a Holder in a taxation year will not be included in computing the Holder’s income for the year. Any amount in excess of such Holder’s share of the net income and the net realized capital gains of the Fund for a taxation year that is paid or becomes payable to the Holder in such year generally will not be included in the Holder’s income for the year but will reduce the adjusted cost base of the Holder’s Units. To the extent that the adjusted cost base of a 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 Unit to the Holder will be increased by the amount of such deemed capital gain.

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 a 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 discussed above) 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 be eligible for the gross-up and dividend tax credit rules under the Tax Act. An enhanced dividend gross-up and tax credit is available in respect of dividends designated as “eligible dividends.”

Under the Tax Act, the Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions for the year. This will enable the Fund to use, in a taxation year, losses from prior years without affecting the ability of the Fund to distribute its income annually. The amount distributed to a Holder but not deducted by the Fund will not be included in the Holder’s income. However, the adjusted cost base of the Holder’s Units will be reduced by such amount. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Holder from the disposition of the Unit and the Holder’s adjusted cost base will be increased by the amount of such deemed capital gain to zero.

Any loss of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Holder.

A Holder who acquires additional Units, including on the reinvestment of distributions pursuant to the Reinvestment Plan, may become taxable on the Holder’s share of any income and gains of the Fund that have accrued or been realized but have not been made payable at the time the additional Units are acquired.

On the disposition or deemed disposition of Units (whether on a sale, redemption or otherwise), the Holder will realize a capital gain (or capital loss) to the extent that the Holder’s proceeds of disposition (which excludes any amount payable by the Fund which is otherwise required to be included

in the Holder's income as described herein) exceed (or are less than) the aggregate of the adjusted cost base of the Units and any reasonable costs of disposition. The conversion of Class A Units into Existing Units will not be regarded as a disposition of Class A Units. Any additional Units acquired by a Holder on the reinvestment of distributions will generally have a cost equal to the amount reinvested or invested, as the case may be. If a Holder participates in the Reinvestment Plan and, because the plan agent under the Reinvestment Plan is unable to purchase sufficient Units in the market to fully reinvest a distribution, the Holder acquires a Unit from the Fund at a price that is less than the then fair market value of the Unit, it is the administrative position of the CRA that the Holder must include the difference in income and that the cost of the Unit will be correspondingly increased.

One-half of any capital gain (a "taxable capital gain") realized by a Holder will be included in the Holder's income and one-half of any capital loss (an "allowable capital loss") realized may be deducted from taxable capital gains in accordance with the detailed rules in the Tax Act in that regard. Allowable capital losses for a taxation year in excess of taxable capital gains 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 taxable capital gains in accordance with the provisions of the Tax Act.

For the purpose of determining the adjusted cost base of Units to a Holder, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units of the same class owned by the Holder as capital property at that time. The cost of Units acquired on a distribution of income or capital gains from the Fund will generally be equal to the amount of the distribution. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units.

As described under "Description of Units and Unitholder Matters – Redemptions", realized capital gains may be allocated to redeeming Holders and made payable by the Fund to such redeeming Holder. The amount so made payable to the Holder will be required to be included in computing income of the Holder and reduce the Holder's proceeds of disposition of the Units being redeemed.

The Exchange Offer

A Holder who disposes of securities of Exchange Eligible Issuers in exchange for Units pursuant to this short form prospectus generally will realize a capital gain (or a capital loss) in the taxation year of the Holder in which the disposition of such securities takes place to the extent that the proceeds of disposition for such securities, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such securities to the Holder. For this purpose, the proceeds of disposition to the Holder will equal the aggregate of the fair market value of the Units received and the amount of any cash received in lieu of fractional Units. The cost to a Holder of Units so acquired will be equal to the fair market value of the securities of the Exchange Eligible Issuers disposed of in exchange for such Units at the time of disposition less any cash received in lieu of fractional Units, which sum would generally be equal to or would approximate the fair market value of the Units received as consideration for the securities of Exchange Eligible Issuers.

In computing the adjusted cost base of a Unit acquired by a Holder pursuant to this short form prospectus, the cost of such Unit must be averaged with the adjusted cost base of any other Units of that class then held by that Holder as capital property.

To the extent that a Holder has received distributions on certain securities of Exchange Eligible Issuers which were in excess of the Holder's share of the net income and net realized capital gains of the relevant Exchange Eligible Issuer (i.e., returns of capital), those distributions may have resulted in a reduction of the Holder's adjusted cost base of such securities.

For commentary on the taxation of capital gains and losses see above under “Taxation of Holders - Holding and Disposing of Units.”

Alternative Minimum Tax

In general terms, net income of the Fund paid or payable to a Holder that is designated as taxable dividends from taxable Canadian corporations or as net taxable capital gains, and capital gains realized by a Holder on the disposition of Units or securities of Exchange Eligible Issuers, may increase such Holder’s liability for alternative minimum tax.

Taxation of Registered Plans

Amounts of income and capital gains included in a Registered Plan’s income are generally not taxable under Part I of the Tax Act, provided that the Units are qualified investments for the Registered Plan. A Unitholder that is a Registered Plan will not be entitled to a foreign tax credit under the Tax Act in respect of any foreign tax that is deemed paid by the Registered Plan as a result of a designation by the Fund to the Registered Plan in respect of its foreign source income. Unitholders should consult their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

A holder of a TFSA, or the annuitant of an RRSP or a RRIF (each, a “**Plan Holder**”) will be subject to a penalty tax in respect of Units held in the TFSA, RRSP or RRIF, as the case may be, if such Units are a “prohibited investment” for the purposes of the Tax Act. The Units will not be a “prohibited investment” for trusts governed by a TFSA, RRSP or RRIF unless the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, (i) does not deal at arm’s length with the Fund for purposes of the Tax Act, (ii) has a “significant interest” as defined in the Tax Act in the Fund, or (iii) has a “significant interest” as defined in the Tax Act in a corporation, partnership or trust with which the Fund does not deal at arm’s length for purposes of the Tax Act. Generally, a Plan Holder will not have a significant interest in the Fund unless the Plan Holder owns interests as a beneficiary under the Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Fund, either alone or together with persons and partnerships with which the Plan Holder does not deal at arm’s length. Tax Proposals released on December 21, 2012 (the “**December 2012 Proposals**”) propose to delete the condition in (iii) above. In addition, pursuant to the December 2012 Proposals, the Units will not be a “prohibited investment” if the Units are “excluded property” as defined in the December 2012 Proposals for trust governed by a TFSA, RRSP or RRIF.

Plan Holders should consult their own tax advisors with respect to whether Units would be prohibited investments, including with respect to whether the Units would be “excluded property” as defined in the December 2012 Proposals.

Tax Implications of the Fund’s Distribution Policy

The NAV per Unit will reflect any income and gains of the Fund that have accrued or have been realized but have not been made payable at the time Units are acquired. A Holder who acquires Units may become taxable on the Holder’s share of income and gains of the Fund that accrued or have been realized but have not been made payable before the Units were acquired notwithstanding that such amounts may have been reflected in the price paid by the Holder for the Units. Since the Fund intends to make monthly distributions as described under “Distribution Policy”, the consequences of acquiring Units late in a calendar year will generally depend on the amount of monthly distributions throughout the year and whether one or more special distributions to Unitholders are necessary late in the calendar year to ensure that the Fund will not be liable for non-refundable income tax under Part I of the Tax Act.

RISK FACTORS

An investment in Units is subject to various risk factors, including the following risks which prospective purchasers should consider before purchasing any Units.

No Assurances on Achieving Objectives

There is no assurance that the Fund will be able to achieve or continue to achieve its objectives or that the Portfolio will earn any return.

There is no assurance that the Fund will be able to pay monthly distributions. The funds available for distribution to Unitholders will vary according to, among other things, the levels of distributions paid on the securities comprising the Portfolio and the value of the securities comprising the Portfolio. There can be no assurance that the NAV per Unit will be preserved or that distributions, if any, made to Unitholders will not be fully taxable.

There is no assurance that the Fund will be able to return any amount to Unitholders upon the termination of the Fund.

It is possible that, due to declines in the market value of the Portfolio securities, the Fund will have insufficient Portfolio assets to achieve in full its investment objectives.

Performance of the Portfolio

The NAV per Unit will vary as the fair value of the securities in the Portfolio varies. The Fund has no control over the factors that affect the fair value of the securities in the Portfolio, including factors that affect the equity markets generally, such as general economic and political conditions, the occurrence of catastrophes and fluctuations in interest rates, and factors unique to each issuer included in the Portfolio, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution policies and other events that may affect the value of its securities. Some global economies have recently experienced a recession or diminished growth. No assurance can be given that such conditions will not continue or re-emerge, which may adversely affect the issuers in which the Fund from time to time may invest and the value of their securities included in the Portfolio.

Change to Portfolio

The composition of the Portfolio may vary widely from time to time and may be concentrated by type of security, commodity or industry, resulting in the Portfolio being less diversified than anticipated.

The completion of the Exchange Offer may alter the target weighting of the Portfolio such that initially it will not represent the weighting preferred by the Manager. Until the Manager rebalances the Portfolio, the performance of the Portfolio may be different than what would otherwise be the case. Under normal market conditions, the Manager anticipates that the rebalancing will be substantially completed within 45 days following the Closing Date. There will be trading costs associated with the rebalancing which may reduce the NAV of the Fund.

General Risks of Equity Investments

The value of equity securities in which the Fund from time to time invests may fluctuate in accordance with changes in the financial condition of those issuers, the condition of equity markets generally and other factors. The identity and weighting of the securities comprising the Portfolio also may

change from time to time. Distributions and dividends on those securities generally depend upon the declaration of distributions and dividends from constituent issuers but there can be no assurance that those issuers will pay distributions or dividends on their securities. The declaration of such distributions and dividends generally depends upon various factors, including the financial condition of the issuer and general economic conditions.

The Fund also is subject to the risks inherent in investments in equity securities, including the risk that the financial condition of the issuers in which the Fund invests may become impaired or that the general condition of the stock markets may deteriorate. Equity securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, the issuers change. These investor perceptions are based on various and unpredictable factors including: expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic and banking and other crises (including the occurrence of catastrophes). Some global economies have recently experienced a recession or diminished growth. No assurance can be given that such conditions will not continue or re-emerge, which may adversely affect the issuers in which the Fund from time to time may invest and the value of their securities included in the Portfolio.

In many circumstances, the issuers included in the Portfolio may have limited operating histories. The value of the Portfolio will be influenced by factors that are not within the control of the Fund, which may include the financial performance of the respective issuers, interest rates, exchange rates and, in the case of resource-based issuers, commodity prices (which may vary and are determined by supply and demand factors including weather, the occurrence of catastrophes and general economic and political conditions), the hedging policies employed by such issuers, issues relating to the regulation of the natural resource industry and operational risks relating to the resource sector. The performance of issuers in which the Fund may invest also may be affected by the performance of their competitors and demand for specific products and services, and may be adversely affected by a change in any of such conditions.

The value of the Fund's investments in business trusts, and the income generated by business trusts, are subject to changes in general economic conditions and in industry specific conditions including the performance of competitors and demand for specific products and services, and may be adversely affected by a change in any of such conditions.

Fluctuations in Net Asset Value

The NAV per Unit and the funds available for distribution will vary according, among other things, to the value of the Portfolio securities acquired by the Fund, distributions, dividends and net realized capital gains paid thereon, the volatility of such securities and the levels of option premiums received. Fluctuations in the market values of the Portfolio securities in which the Fund invests and fluctuations in the NAV per Unit may occur for a number of reasons beyond the control of the Manager, the Advisor and the Fund, including factors that affect capital markets generally such as general economic and political conditions and factors unique to each issuer included in the Portfolio such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution policies and other events that may affect the value of its securities. Some global economies have recently experienced a recession or diminished growth. No assurance can be given that such conditions will not continue or re-emerge, which may adversely affect the issuers in which the Fund from time to time may invest and the value of their securities included in the Portfolio.

Standards prescribed by Canadian generally accepted accounting principles (“**Canadian GAAP**”) apply to investment funds which, among other changes, require investment funds to refer to the closing bid price of an investment for NAV calculation purposes for financial statement reporting (rather than the closing trade price of an investment). National Instrument 81-106 – *Investment Fund Continuous*

Disclosure of the Canadian Securities Administrators requires investment funds to calculate NAV for purposes other than financial statement reporting using the “fair value” of an investment fund’s assets and liabilities. Accordingly, there may be differences, which could be significant, between NAV set out in the financial statements of the Fund calculated in accordance with Canadian GAAP and NAV used for other purposes calculated using “fair value” pursuant to National Instrument 81-106.

Sensitivity to Interest Rates

The market price of the Units may be affected by the level of interest rates prevailing from time to time. In addition, the NAV may be highly sensitive to interest rate fluctuations because the value of the Portfolio will fluctuate based on changes in interest rates. Further, any decrease in the NAV resulting from an increase in interest rates may also negatively affect the market price of the Units. Therefore, Unitholders wishing to redeem or sell their Units will be exposed to the risk that the NAV or the market price of the Units will be negatively affected by interest rate fluctuations. Increases in interest rates will also increase the Fund’s costs of borrowing.

Trading Price of Units

Units may trade in the market at a premium or discount to NAV per Unit and there can be no assurance that Units will trade at a price equal to such amount. This risk is separate and distinct from the risk that the NAV per Unit may decrease or possibly be zero. In addition, the Class A Units and Existing Units will have different CUSIP numbers and trade separately on the TSX under different ticker symbols and accordingly may trade at a premium or discount to one another.

In recognition of the possibility that the Units may trade at a discount, the terms and conditions attaching to the Units have been designed to attempt to reduce or eliminate a market value discount from NAV per Unit by way of mandatory purchases of Units and optional purchases of Existing Units by the Fund, as described under “Description of Units and Unitholder Matters – Market Purchase Program”, and by way of the annual redemptions of Units. There can be no assurance that purchases and/or redemptions of Units by the Fund will result in the Units trading at a price which is equal to the NAV per Unit. The Fund anticipates that the market price of the Units will vary from NAV per Unit in any event. The market price of the Units generally is determined by, among other things, the relative demand for and supply of Units in the market, the performance of the Portfolio, the Unit’s yield and investor perception of the Fund’s overall attractiveness as an investment as compared with other investment alternatives.

Oil and Gas and Energy Investments

The business activities of issuers involved primarily in oil and gas or renewable energy exploration and development are speculative and may be adversely affected by factors outside the control of those issuers. Such issuers may not hold, discover or successfully exploit commercial quantities of petroleum, natural gas, minerals or renewable energy sources, which may adversely affect the value of investments in the securities of such issuers. In addition, certain of those issuers may not have a history of earnings or payment of distributions or dividends.

Oil and gas prices have fluctuated widely during recent years and are affected by supply and demand, political events, weather and economic conditions, among other things, which can adversely affect the value of oil and gas and energy-related investments.

Real Estate Investments

Investments in real estate investment trusts (“REITs”) are subject to the general risks associated with real property investments. Real property investments are affected by various factors including

changes in general economic conditions (such as the availability of long-term mortgage funds) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space and various other factors.

The value of real property and any improvements thereto also may depend on the credit and financial stability of the tenants. A REIT's income and funds available for distribution to its unitholders would be adversely affected if a significant number of tenants were to become unable to meet their obligations to the REIT or if the REIT were unable to lease a significant amount of available space in its properties on economically favourable lease terms.

Commodity Price Fluctuation

The operations and financial condition of resource-based issuers, including oil and gas issuers, and the amount of distributions or dividends paid on their securities, is dependent in part on commodity prices applicable to the commodities sold by such issuers. Prices for commodities will vary and are determined by supply and demand factors, including weather, general economic conditions and political conditions. A decline in commodity prices could have an adverse effect on the operations and financial conditions of such issuers and the amount of distributions or dividends paid on their securities. In addition, certain commodity prices are based on a U.S. dollar market price. Accordingly, an increase in the value of the Canadian dollar against the U.S. dollar could reduce the amount of distributions or dividends paid on the securities of such resource-based issuers.

High Yield Debt Securities

The Fund may invest in high yield debt securities which involve greater risk than investment grade debt securities, including risks of default on interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness. As there are no formal exchanges on which many high yield debt securities trade, there may be less liquidity for holders of such securities.

Dilution to Unitholders

Investors acquiring Class A Units under the Offering will not receive Warrants under the Warrant Offering in respect of the Class A Units acquired pursuant to the Offering and, accordingly, will suffer dilution to the extent the Warrants are exercised. In particular, the NAV per Unit will be reduced if the NAV per Unit exceeds the Net Warrant Proceeds at the time when Warrants are exercised. In addition, the Fund's net asset value will be calculated using the Diluted NAV per Unit (as defined under "Description of Units and Unitholder Matters - Calculation of NAV per Unit") at any time when the NAV per Unit exceeds the Net Warrant Proceeds. The trading price of the Class A Units and Existing Units also may be reduced if at any time the NAV per Unit is greater than the Net Warrant Proceeds. A Unitholder's pro rata interest in the assets of the Fund also will be diluted as a result of the exercise of Warrants issued pursuant to the Warrant Offering.

In addition, the Trust Agreement provides that the Fund may issue additional Units or other securities, including without limitation securities convertible into or exercisable into Units, from treasury in such manner and for such consideration as is determined appropriate by the Manager. Any such issuances of Units that are completed at a price less than NAV per Unit will dilute an existing Unitholder's pro rata interest in the assets of the Fund.

Reliance on the Advisor

With respect to the Portfolio, the Advisor advises the Fund in a manner consistent with the Fund's investment guidelines. Although the employees of the Advisor who are primarily responsible for managing the Portfolio have extensive experience in managing investment portfolios, there is no certainty that such individuals will continue to be employees of the Advisor throughout the term of the Fund.

Illiquid Securities

There is no assurance that an adequate market will exist for the securities held in the Portfolio. The Fund cannot predict whether the securities held by it will trade at a discount to, a premium to, or at their respective net asset values, if applicable. If the market for a specific security is particularly illiquid, the Fund may be unable to acquire or dispose of such securities for the Portfolio or may be unable to acquire or dispose of such securities at an acceptable price. In addition, if the Manager is unable, or determines that it is inappropriate, to dispose of some or all of the securities held in the Portfolio prior to the Termination Date, Unitholders may, subject to applicable laws, receive distributions of securities in specie upon the termination of the Fund, for which there may be an illiquid market or which may be subject to resale restrictions of indefinite duration.

Use of Leverage

The use of leverage may result in capital losses or a decrease in distributions to Unitholders. If the value of the Portfolio decreases such that the amount borrowed under the Loan Facility exceeds 30% of the aggregate market value of the assets within the Portfolio, the Fund may be required to sell investments in order to comply with such restriction. Such sales may be required to be done at prices which may adversely affect the value of the Portfolio and the return to the Fund. The interest expense and banking fees incurred in respect of the Loan Facility will decrease the value of the assets of the Fund, thereby reducing the amounts available to pay distributions on the Units. In addition, the Fund may not be able to renew the Loan Facility on acceptable terms or at all. There can be no assurance that the borrowing strategy employed by the Fund will enhance returns.

Sensitivity to Volatility Levels

The Fund from time to time may sell call options in respect of a portion of the common shares in the Portfolio. Such call options may be either exchange traded or over-the-counter options. By selling call options, the Fund will receive option premiums. The amount of option premium depends upon, among other factors, the implied volatility of the price of the underlying security as, generally, the higher the implied volatility, the higher the option premium. The level of implied volatility is subject to market forces and is beyond the control of the Advisor or the Fund.

Use of Options and Other Derivative Instruments

The Fund is subject to the full risk of its investment position in the securities comprising its Portfolio, including those securities that are subject to any outstanding covered call options and those securities underlying any cash covered put options written by the Fund, should the market price of such securities decline. In addition, the Fund will not participate in any gain on the securities that are subject to outstanding covered call options above the exercise price of such options.

There is no assurance that a liquid exchange or over-the-counter market will exist to permit the Fund to write covered call options or cash covered put options or purchase put options or call options on desired terms or to close out option positions should the Advisor desire to do so. The ability of the Fund to close out its positions also may be affected by exchange imposed daily trading limits on options or the

lack of a liquid over-the-counter market. If the Fund is unable to repurchase a call option which is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires. In addition, upon the exercise of a put option, the Fund will be obligated to acquire a security at an exercise price which may exceed the then current market value of such security.

In purchasing call or put options or entering into other derivative contracts, the Fund is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations.

Status of the Fund

As the Fund is not considered to be a mutual fund under Canadian securities legislation, the Fund is not subject to the various policies and regulations that apply to mutual funds such as NI 81-102.

The Fund is not a trust company and is not registered under legislation of any jurisdiction governing trust companies as it does not carry on, nor does it intend to carry on, the business of a trust company. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

Securities Lending

The Fund may engage in securities lending. Although the Fund will receive collateral for the loans, and such collateral is marked to market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and should the collateral be insufficient to reconstitute the portfolio of loaned securities. In addition, the Fund will bear the risk of loss of any investment of cash collateral.

Risks of Short Sales

The Fund may engage in short selling securities to a maximum of 10% of the NAV. A short sale of a security may expose the Fund to losses if the price of the security sold short increases because the Fund may be required to purchase such securities in order to cover its short position at a higher price than the price at which such securities were sold short. The potential loss on the short sale of securities is unlimited, since there is no limit on how much the price of a security will appreciate before the short position is closed out. In addition, a short sale entails the borrowing of the security in order that the short sale may be transacted. There is no assurance that the lender of the security will not require the security to be repaid before the Fund wishes to do so, thereby requiring the Fund to borrow the security elsewhere or purchase the security in the market at an unattractive price. In the event that numerous lenders of the security in the market simultaneously recall the same security, a “short-squeeze” may occur, whereby the market price of the borrowed security may increase significantly. In addition, the borrowing of securities entails the payment of a borrowing fee. There is no assurance that a borrowing fee will not increase during the borrowing period, adding to the expense of the short sale strategy. In addition, there is no assurance that the security sold short can be repurchased due to supply and demand constraints in the marketplace.

No Ownership Interest

An investment in Units does not constitute an investment by Unitholders in the securities included in the Portfolio. Holders of Units will not own the securities held by the Fund.

No 2013 Redemption and Possible Lack of Marketability

The Class A Units will convert into Existing Units automatically as of November 15, 2013 on a one-for-one basis and accordingly will not be eligible to be surrendered for redemption pursuant to the Annual Redemption Right in 2013. While the Fund has applied to list the Class A Units on the TSX, there is currently no market for the Class A Units and no active market may develop or be maintained. As a result, holders of Class A Units may have difficulty liquidating their Class A Units.

Risks Related to Substantial Redemptions

Many other closed end funds with a similar annual redemption feature as the Fund have experienced significant redemptions and, as a result, some have ceased to be economically feasible and have been terminated or merged with other funds.

If holders of a substantial number of Units exercise their redemption rights, the number of Units outstanding and the NAV of the Fund could be significantly reduced. If a substantial number of Units is redeemed, this could decrease the liquidity of the Units in the market and increase the management expense ratio of the Fund. In any such circumstance, the Manager may determine it appropriate to (i) suspend redemptions of Units, (ii) merge, reorganize or otherwise combine the Fund with another fund, and/or (iii) seek to terminate the Fund.

Loss of Investment

An investment in Units is appropriate only for an investor that can withstand distributions not being made on the Units for any period of time and that can withstand a partial or total loss of its investment.

Foreign Currency Exposure

As a portion of the Portfolio may be comprised of securities denominated in U.S. dollars or other foreign currencies, the NAV of the Fund and the value of the distributions received by the Fund will, when measured in Canadian dollars, be affected by fluctuations in the value of the U.S. dollar or other foreign currencies relative to the Canadian dollar.

Foreign Market Exposure

The Portfolio may, at any time, include securities of issuers established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to Canadian and U.S. companies, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than there would be with respect to a Canadian or U.S. company. Volume and liquidity in some foreign stock markets may be less than in Canada and the U.S. and, at times, volatility of price may be greater than in Canada or the U.S. As a result, the price of such securities may be affected by conditions in the market of the jurisdiction in which the issuer is located or its securities are traded.

Conflicts of Interest

The services to be provided or caused to be provided by the Manager under the Management Agreement and by the Advisor under the advisory agreement between the Advisor and the Fund are not exclusive to the Fund. Neither the Manager nor the Advisor is prevented from offering its services to

other funds, some of which may invest primarily in the same securities as those in which the Fund from time to time invests and which may be considered competitors of the Fund.

In addition, the directors and officers of the Manager and the Advisor or their respective affiliates may be directors, officers, shareholders or unitholders of one or more issuers in which the Fund may acquire securities or of corporations which act as the manager of other funds that invest primarily in the same securities as those in which the Fund from time to time invests and which may be considered competitors of the Fund. The Manager or its affiliates may be managers or portfolio managers of one or more issuers in which the Fund may acquire securities.

Nature of Units

A Unit represents an undivided interest in the net assets of the Fund. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. Units are dissimilar to debt instruments in that there is no principal amount nor interest obligations owing to Unitholders.

Tax Related Risks

If the Fund ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "Income Tax Considerations" would be materially and adversely different in certain respects. There can be no assurance that Canadian federal and provincial income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders.

The CRA has expressed a view that, in certain circumstances, the deductibility of interest on money borrowed to invest in an income trust may be reduced on a *pro rata* basis in respect of distributions from the income trust that are a return of capital which are not reinvested for an income earning purpose. Counsel is of the view that, while the ability to deduct interest depends on the facts, based on the jurisprudence, the CRA's view should not affect the Fund's ability to deduct interest on money borrowed to acquire units of income trusts included in the Portfolio. If the 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 Portfolio securities could be non-deductible, increasing the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders.

In determining its income for tax purposes, the Fund will treat option premiums received on the writing of covered call options and cash covered put options and any losses sustained on closing out options as capital gains or capital losses, as the case may be, in accordance with its understanding of CRA's published administrative policies and assessing practices. Gains or losses realized upon the disposition of securities held in the Portfolio upon exercise of a call option will be treated as capital gains or losses. If, contrary to the CRA's published administrative policies, some or all of the transactions undertaken by the Fund in respect of options and securities were treated as income rather than capital gains, after-tax returns to holders of Units could be reduced.

Changes in Legislation

There can be no assurance that income tax laws and government incentive programs relevant to the Fund and its investments will not be changed in a manner which adversely affects the distributions, if any, received by the Fund or by Unitholders.

RELATIONSHIP BETWEEN INVESTMENT FUND AND AGENTS

Middlefield Capital Corporation, which is one of the Agents, as well as the Advisor, is an affiliate of the Trustee and the Manager. Consequently, the Fund may be considered a “related issuer” and/or a “connected issuer” of Middlefield Capital Corporation under applicable securities legislation. Middlefield Capital Corporation will receive no benefit in connection with the Offering other than receiving its advisory fee payable by the Manager for acting as Advisor, as well as a portion of the service fee payable by the Fund and a portion of the Agency Fees.

EXPERTS

The matters referred to under “Eligibility for Investment” and “Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon by Fasken Martineau DuMoulin LLP on behalf of the Fund and McCarthy Tétrault LLP on behalf of the Agents. As at the date hereof, the partners and associates of the Toronto office of Fasken Martineau DuMoulin LLP, and the partners and associates of McCarthy Tétrault LLP, respectively beneficially own, directly or indirectly, less than one percent of the outstanding Units.

AUDITOR

The auditor of the Fund is Deloitte LLP, Suite 1400, Brookfield Place, 181 Bay Street, Toronto, Ontario, M5J 2V1. Deloitte LLP reports that it is independent of the Fund within the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

CUSTODIAN AND VALUATION AGENT

RBC Investor Services Trust has been appointed custodian of the assets of the Fund and may employ sub-custodians as considered appropriate in the circumstances. RBC Investor Services Trust also has been appointed as valuation agent of the Fund and, among other things, will provide valuation services to the Fund and will calculate the NAV of the Fund. The address of the custodian and valuation agent is 335 8th Ave. S.W., 23rd Floor, Calgary, Alberta, T2P 1C9.

REGISTRAR AND TRANSFER AGENT

MFL Management Limited at its principal offices located at Suite 5800, 1 First Canadian Place, Toronto, Ontario, M5X 1A6 has been appointed the registrar and transfer agent for the Units.

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, revisions 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 advisor.**

CERTIFICATE OF THE FUND AND THE MANAGER

Dated: July 30, 2013

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.

**MINT Income Fund
By: Middlefield Limited**

By: (signed) Robert F. Lauzon
President
acting in the capacity of Chief Executive
Officer

By: (signed) Francisco Z. Ramirez
Chief Financial Officer

**On behalf of the board of directors of
MIDDLEFIELD LIMITED**

By: (signed) Vincenzo Greco
Director

By: (signed) Robert F. Lauzon
Director

By: (signed) Francisco Z. Ramirez
Director

**The Manager
MIDDLEFIELD LIMITED**

By: (signed) Robert F. Lauzon
President
acting in the capacity of Chief Executive Officer

By: (signed) Francisco Z. Ramirez
Chief Financial Officer

**On behalf of the board of directors of
MIDDLEFIELD LIMITED**

By: (signed) Vincenzo Greco
Director

By: (signed) Robert F. Lauzon
Director

By: (signed) Francisco Z. Ramirez
Director

CERTIFICATE OF THE AGENTS

Dated: July 30, 2013

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.

CANACCORD GENUITY CORP.

By: (signed) Alan Polak

MIDDLEFIELD CAPITAL CORPORATION

By: (signed) Jeremy T. Brasseur