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PROSPECTUS

Initial Public Offering

November 25, 2009



Lazard Global Convertible Bond Fund

**\$150,000,000 (15,000,000 Units) Maximum
\$10.00 per Unit**

Lazard Global Convertible Bond Fund (the “Fund”) is a closed-end investment fund governed by the laws of the Province of Ontario which proposes to issue units (the “Units”) of the Fund (the “Offering”) at a price of \$10.00 per Unit.

The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Units. The listing is subject to the Fund fulfilling all of the requirements of the TSX on or before February 1, 2010. The Units will be listed on the TSX under the symbol “CBF.UN”.

The Fund’s investment objectives are to provide holders of Units (“Unitholders”) with:

- (a) monthly tax-efficient distributions initially targeted to be \$0.0583 per Unit (\$0.70 per annum to yield 7.0% on the \$10.00 per Unit issue price); and
- (b) the opportunity for capital appreciation. See “Investment Objectives”.

To pursue its investment objectives, the Fund will obtain economic exposure to a portfolio comprised primarily of U.S. dollar denominated global convertible bonds (the “Portfolio”) actively managed by Lazard Asset Management LLC (“Lazard” or the “Sub-Advisor”).

The Sub-Advisor believes that global convertible bonds offer an attractive investment opportunity, providing the potential for common equity-like returns while offering the additional stability and safety typically afforded by investing in credit instruments. It believes that recent events, including the forced liquidation sales by hedge funds, have created an attractive entry point for fundamental investors. In particular, many convertible bonds are trading significantly below par value, resulting in high current cash yields and attractive yields to maturity/put. Accordingly, the Sub-Advisor believes that the convertible bond market currently offers an attractive risk return profile. The Sub-Advisor’s philosophy is that convertible bonds, as an asset class, are viewed as volatile and risky but that the optionality inherent in convertible bonds offers issuers refinancing alternatives not readily available to other financing vehicles. This can result in materially lower default rates and thus provides meaningful incremental return over a market cycle.

Convertible bonds generally provide:

1. security of principal through the obligation of the issuer to repay the principal amount in full at maturity;
2. attractive yields; and
3. the ability to participate in capital appreciation through the holder's right to convert the securities at a specified price into the underlying equity securities of the issuer.

The Lazard Strategic Global Convertible Bond Trust (the "Strategic Trust") is a newly created investment trust that will acquire the Portfolio. The Fund will obtain economic exposure to the Portfolio through the Forward Agreement (as defined below). The Fund will invest the net proceeds of the Offering in a portfolio of common shares of Canadian public companies (the "Common Share Portfolio") acceptable to the Counterparty (as defined below). The Fund will then enter into a forward agreement (the "Forward Agreement"), the terms of which will be negotiated by the Manager on behalf of the Fund, with a Canadian chartered bank or an affiliate of a Canadian chartered bank whose obligations are guaranteed by a Canadian chartered bank (the "Counterparty") pursuant to which the Counterparty will agree to pay to the Fund, on the business day immediately prior to Conversion (as defined below) (the "Forward Termination Date"), as the purchase price for the Common Share Portfolio, an amount based on the value of either: (i) the units of the Lazard Strategic Global Convertible Bond Trust (the "Strategic Trust"), or (ii) a notional portfolio comprised primarily of U.S. dollar denominated global convertible bonds managed by the Investment Manager (the "Notional Portfolio"). It is the intention of the Manager to extend the Forward Agreement beyond Conversion.

On or about the completion of the Offering, the Strategic Trust expects to issue units to the Counterparty with an aggregate value equal to the net proceeds of the Offering, which proceeds the Strategic Trust will use to acquire the Portfolio. The initial value of the Portfolio anticipated to be acquired by the Strategic Trust will be equal to the net proceeds of the Offering. There is no obligation on the Counterparty or an affiliate of the Counterparty to acquire units of the Strategic Trust. If the Counterparty or an affiliate of the Counterparty does not acquire units in the Strategic Trust, the Investment Manager will maintain the Notional Portfolio with an initial invested amount equal to the amount of the net proceeds of the Offering. If the Counterparty or an affiliate of the Counterparty acquires units of the Strategic Trust, the return to the Fund will, by virtue of the Forward Agreement, be based on the performance of the Strategic Trust which, in turn, will be based on the performance of the Portfolio. If no Strategic Trust units are acquired by the Counterparty, the return to the Fund will, by virtue of the Forward Agreement, be based on the performance of the Notional Portfolio. The Fund will partially settle the Forward Agreement prior to the Forward Termination Date in order to fund monthly distributions as well as redemptions of Units by Unitholders from time to time and for payment of expenses of the Fund. The Counterparty may be an affiliate of one of the Agents. See "Plan of Distribution". References throughout this Prospectus to the "Portfolio" will include the "Notional Portfolio" where the context so requires. This Prospectus assumes that the Counterparty will acquire units of the Strategic Trust.

Generally, at least 90% of the value of the Portfolio's U.S. dollar currency exposure will be hedged back to the Canadian dollar, subject to the Fund's investment restrictions. The distributions on securities held in the Portfolio, however, will not be hedged at any time and accordingly, no assurance can be given that the Strategic Trust and the Fund will not be adversely impacted by changes in foreign exchange rates.

The return to the Unitholders and the Fund will be dependent upon the economic performance of the Strategic Trust and the Portfolio by virtue of the Forward Agreement. However, neither the Fund nor the Unitholders will have any ownership interest in the Strategic Trust or the Portfolio. See "Investment Strategies - Forward Agreement".

Navina Capital Corp. ("Navina" or the "Manager") will perform the management functions of the Fund pursuant to the Declaration of Trust (as defined below). The Manager will also perform the management functions of the

Strategic Trust pursuant to the Strategic Trust’s declaration of trust. The Manager will provide all administrative services required by the Fund and the Strategic Trust and, on behalf of the Fund and the Strategic Trust, will retain Lawrence Asset Management Inc. (the “Investment Manager”) to provide the investment advisory and portfolio management services required by the Fund and the Strategic Trust. Navina is a specialized financial services company, providing structured products and other financial services to clients. Navina is the manager of Global Agribusiness Trust (AGB.UN-T) and the Navina/Lazard U.S. High Yield Bond Fund. See “Organization and Management Details of the Fund and the Strategic Trust - Manager of the Fund and the Strategic Trust”.

In addition to its role of providing investment advisory services to the Fund and the Strategic Trust, the Investment Manager has been retained by the Manager to acquire the Common Share Portfolio on behalf of the Fund. Founded in 2001, the Investment Manager is a specialized global asset management firm with interests and investments in Canada and around the world. As at August 31, 2009, the Investment Manager managed 15 funds with total assets under management of approximately \$225 million.

Lazard will be retained by the Investment Manager to provide investment advisory and portfolio management services to the Strategic Trust. The Sub-Advisor is registered as an investment advisor with the U.S. Securities and Exchange Commission. Lazard is an indirect, wholly-owned subsidiary of Lazard Ltd. The Investment Manager will be responsible for all investment advisory services that are provided to the Fund and the Strategic Trust by the Sub-Advisor. With its origin dating back to 1848, Lazard Ltd. is one of the world’s pre-eminent financial advisory and asset management firms. Lazard was established in 1970, and is known for providing investment management and advisory services to institutional, financial intermediary, and private clients around the world. As of June 30, 2009, Lazard, together with its subsidiaries, had total assets under management of approximately U.S.\$86.3 billion, including roughly U.S.\$400 million in convertible security and related strategies. Sean Reynolds, a senior Portfolio Manager/Analyst at Lazard and head of a five-member team with over 75 years of combined experience in convertible arbitrage and relative value strategies, will advise the Strategic Trust.

Price: \$10.00 per Unit
Minimum Purchase: 200 Units

	<u>Price to the Public⁽¹⁾</u>	<u>Agents’ fees</u>	<u>Net Proceeds to the Fund⁽²⁾</u>
Per Unit	\$10.00	\$0.525	\$9.475
Total Minimum Offering ⁽³⁾	\$20,000,000	\$1,050,000	\$18,950,000
Total Maximum Offering	\$150,000,000	\$7,875,000	\$142,125,000

Notes:

- (1) The price of the Units was established by negotiation between the Fund and the Agents (as defined below).
- (2) Before deducting the expenses of the Offering, estimated to be \$500,000, which, subject to a maximum of 1.5% of the gross proceeds of the Offering, will be paid by the Fund out of the proceeds of the Offering.
- (3) There will be no closing unless a minimum of 2,000,000 Units are sold. If subscriptions for a minimum of 2,000,000 Units have not been received within 90 days following the date of issuance of a receipt for this prospectus, the offering of Units may not continue without the consent of the Canadian securities regulators and those who have subscribed for Units on or before such date.

On or about June 30, 2011 (the “Conversion Date”), the Fund will automatically convert (the “Conversion”) to an open-end mutual fund to be managed by the Manager. Following Conversion, the Fund will be subject to, and will operate in compliance with, National Instrument 81-102 *Mutual Funds* (“NI 81-102”). The Fund has applied for relief in each of the provinces of Canada from those provisions of NI 81-102 that would prohibit the

Fund from maintaining the Forward Agreement or engaging in short selling activities following Conversion. See “Conversion of the Fund” and “Income Tax Considerations”.

Prior to Conversion, Units may be surrendered for redemption by the registered Unitholder during the period between May 2, 2011 and 5:00 p.m. (Toronto time) on May 30, 2011 (the “Notice Period”) to the registrar and transfer agent of the Fund. Units surrendered for redemption by a Unitholder during the Notice Period will be redeemed on May 31, 2011 (the “First NAV Redemption Date”) and the Unitholder will receive payment on or before 14 days after the First NAV Redemption Date at a redemption price per Unit equal to the net asset value (“NAV”) per Unit less any costs of funding the redemption as at the First NAV Redemption Date. On or after the Conversion Date, Unitholders may redeem Units on any business day at their NAV per Unit less any costs of funding the redemption. See “Redemptions”.

The Fund intends to make monthly distributions to Unitholders of record on the last business day of each month. Distributions will be paid no later than the 15th day of the following month (each, a “Distribution Payment Date”). The Fund will not have a fixed monthly distribution but will determine and announce each May, commencing in 2011, the indicative distribution amount (the “Indicative Distribution Amount”) for the following twelve months. The initial cash distribution is anticipated to be payable on January 15, 2010, to Unitholders of record on December 31, 2009, based on an anticipated closing of December 9, 2009.

Assuming the gross proceeds of the Offering are \$100 million and fees and expenses are as described herein, the Portfolio would be required to generate an average annual total return of 9.92% in order for the Fund to achieve its initial Indicative Distribution Amount level and maintain a stable NAV of the Fund.

If the increase in the value of the Portfolio is less than the amount necessary to fund the monthly distributions (through partial settlements of the Forward Agreement) and if the Manager chooses to nevertheless effect settlements of the Forward Agreement to ensure that the monthly distributions are paid to Unitholders, this will result in a portion of the capital of the Fund being returned to Unitholders and, accordingly, NAV per Unit will be reduced below its initial amount. The amount of distributions may fluctuate and no assurance can be given that distributions will remain at the initial Indicative Distribution Amount level and maintain a stable NAV of the Fund. See “Distribution Policy”.

The Fund does not have a fixed termination date. The Manager may, at its discretion, terminate the Fund without the approval of the Unitholders if, in its opinion, it would be in the best interests of the Fund and the Unitholders to terminate the Fund.

In the opinion of Aird & Berlis LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Agents, provided that the Fund qualifies, and continues at all times to qualify, as a “mutual fund trust” within the meaning of the *Income Tax Act* (Canada), 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. See “Income Tax Considerations – Status of the Fund”.

The Fund is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Units are not “deposits” within the meaning of the *Canadian Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that Act or any other legislation.

There is no assurance that the Fund will meet its distribution and total return objectives. Some of the securities in which the Strategic Trust intends to invest may be thinly traded and some may have no market at all. The Portfolio holds investments in convertible bonds, which involve risks of default on interest and principal and price changes due to, without limitation, such factors as interest rates, general economic conditions and the issuer’s creditworthiness. See “Risk Factors” for a discussion of certain factors that should be considered by prospective investors in Units.

BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Canaccord Capital Corporation, Dundee Securities Corporation, HSBC Securities (Canada) Inc., Raymond James Ltd., Blackmont Capital Inc., Rothenberg Capital Management Inc., Wellington West Capital Markets Inc., Desjardins Securities Inc., GMP Securities L.P., Manulife Securities Incorporated and Research Capital Corporation (collectively, the “Agents”) conditionally offer the Units on a best efforts basis, subject to prior sale, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the Agency Agreement (defined under “Plan of Distribution”), and subject to the approval of certain legal matters on behalf of the Fund and the Manager by Aird & Berlis LLP and on behalf of the Agents by Blake, Cassels & Graydon LLP. See “Plan of Distribution”.

At the closing of the Offering, the Fund will enter into the Forward Agreement with the Counterparty, which will be a Canadian chartered bank or an affiliate of a Canadian chartered bank and an affiliate of one of the Agents. Accordingly, the Fund may be considered to be a “connected issuer” of such Agent. See “Plan of Distribution” and “Investment Strategies – Forward Agreement”.

Subscriptions for Units will be received subject to acceptance or rejection in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about December 9, 2009 but no later than December 31, 2009. Registration of the Units will be effected through the book based system on a NCI (No Certificate Inventory) basis administered by CDS Clearing and Depository Services Inc. (“CDS”). Beneficial owners will not have the right to receive physical certificates evidencing their ownership. A purchaser of Units will receive only a customer confirmation from the registered dealer, which is a CDS participant, and from and through whom Units are purchased. See “Plan of Distribution”.

The Fund will obtain a receipt for a prospectus of the Strategic Trust from each of the Autorité des marchés financiers and the Ontario Securities Commission in order to enable the Strategic Trust to become a reporting issuer under the *Securities Act* (Ontario) and the *Securities Act* (Québec). The Fund will also deliver a copy of such prospectus to purchasers of Units in the Province of Québec prior to the purchase of Units by any person in the Province of Québec.

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PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars.

Issuer: Lazard Global Convertible Bond Fund (the “Fund”) is a closed-end investment fund governed by the laws of the Province of Ontario pursuant to a declaration of trust (the “Declaration of Trust”). Navina Capital Corp. (“Navina” or the “Manager”) is trustee of the Fund.

On or about June 30, 2011 (the “Conversion Date”), the Fund will automatically convert (the “Conversion”) to an open-end mutual fund to be managed by the Manager. Following Conversion, the Fund will be subject to, and will operate in compliance with, National Instrument 81-102 *Mutual Funds* (“NI 81-102”). The Fund has applied for relief in each of the provinces of Canada from those provisions of NI 81-102 that would prohibit the Fund from maintaining the Forward Agreement (as defined herein) or engaging in short selling activities following Conversion. See “Conversion of the Fund”.

Offering: The offering (the “Offering”) consists of transferable units (the “Units”) of the Fund.

Price: \$10.00 per Unit

Maximum Offering: 15,000,000 Units (\$150,000,000), for expected net proceeds of \$141,625,000.

Minimum Offering: 2,000,000 Units (\$20,000,000), for expected net proceeds of \$18,650,000. There will be no closing unless a minimum of 2,000,000 Units are sold. If subscriptions for a minimum of 2,000,000 Units have not been received within 90 days following the date of issuance of a receipt for this prospectus, the offering of Units may not continue without the consent of the Canadian securities regulators and those who have subscribed for Units on or before such date.

Minimum Purchase: 200 Units (\$2,000)

Investment Objectives: The Fund’s investment objectives are to provide holders of Units (“Unitholders”) with:

- (a) monthly tax-efficient distributions initially targeted to be \$0.0583 per Unit (\$0.70 per annum to yield 7.0% on the \$10.00 per Unit issue price); and
- (b) the opportunity for capital appreciation.

Investment Strategies: To pursue its investment objectives, the Fund will obtain economic exposure to a portfolio comprised primarily of U.S. dollar denominated global convertible bonds (the “Portfolio”) actively managed by Lazard Asset Management LLC (“Lazard” or the “Sub-Advisor”).

Investment Rationale

The Sub-Advisor believes that global convertible bonds offer an attractive investment opportunity, providing the potential for common equity-like returns while offering the additional stability and safety typically afforded by investing in credit instruments. It believes that recent events, including the forced liquidation sales by hedge funds, have created an attractive entry point for fundamental investors. In particular, many convertible bonds are trading significantly below par value, resulting in high current cash yields and attractive yields to maturity/put. Accordingly, the Sub-Advisor

believes that the convertible bond market currently offers an attractive risk return profile. The Sub-Advisor's philosophy is that convertible bonds, as an asset class, are viewed as volatile and risky but that the optionality inherent in convertible bonds offers issuers refinancing alternatives not readily available to other financing vehicles. This can result in materially lower default rates and thus provides meaningful incremental return over a market cycle.

Overview of the Investment Structure

The Portfolio will seek to be diversified by company, market capitalization, premium structure, sector, industry, credit rating and, where appropriate, by region. Canadian or U.S. government debt and/or cash equivalents may be held from time to time as market conditions dictate. Securities in the Portfolio will seek to be selected based on their expected return relative to risk characteristics, taking into consideration factors such as credit quality, yield, duration, premium, call protection and time to break-even. The Sub-Advisor expects that it will, from time to time, hold equity securities of publicly listed issuers as a result of receiving such securities on the conversion or at maturity of its convertible bonds.

The Sub-Advisor's investment philosophy is to seek to protect investors' capital while investing in those convertible securities which offer the most compelling risk return profiles. Investment opportunities are identified using proprietary systems and rigorous fundamental and quantitative analysis. The Sub-Advisor's quantitative systems, credit capabilities and interaction with the Lazard Global Research Platform ("GRP") allow the Sub-Advisor not only to systematically identify mispriced volatility and credits, but also to identify and capitalize on special situation opportunities.

Under normal market conditions, the Sub-Advisor will generally limit holdings to:

- no more than 5% of any one issuer
- no more than 30% of any sector (per the GICS[®] Global Industry Classification Standard (as determined by MSCI Inc. (or such comparable index) from time to time))
- 50-80 securities

No Leverage: The Fund will not employ leverage but may engage in short selling activities as described under "Investment Strategies – Overview of the Investment Structure".

Forward Agreement: The Lazard Strategic Global Convertible Bond Trust (the "Strategic Trust") is a newly created investment trust that will be established prior to the closing of the Offering. The Fund will obtain economic exposure to the Portfolio through the Forward Agreement (as defined below). The Fund will invest the net proceeds of the Offering in a portfolio of common shares of Canadian public companies (the "Common Share Portfolio") acceptable to the Counterparty (as defined below). The Fund will then enter into a forward agreement (the "Forward Agreement"), the terms of which will be negotiated by the Manager on behalf of the Fund, with a Canadian chartered bank or an affiliate of a Canadian chartered bank whose obligations are guaranteed by a Canadian chartered bank (the "Counterparty") pursuant to which the Counterparty will agree to pay to the Fund, on the business day immediately prior to Conversion (the "Forward Termination Date"), as the purchase price for the Common Share Portfolio, an amount based on the value of either: (i) the units of the Strategic Trust, or (ii) a notional portfolio comprised primarily of U.S. dollar denominated global convertible bonds managed by the Investment Manager (the "Notional Portfolio"). It is the intention of the Manager to extend the Forward Agreement beyond Conversion.

The Strategic Trust will acquire the Portfolio. On or about the completion of the Offering, the Strategic Trust expects to issue units to the Counterparty with an aggregate value equal to the net proceeds of the Offering, which proceeds the Strategic Trust will use to acquire the Portfolio. The initial value of the Portfolio anticipated to be acquired by the Strategic Trust will be equal to the net

proceeds of the Offering. There is no obligation on the Counterparty or an affiliate of the Counterparty to acquire units of the Strategic Trust. If the Counterparty or an affiliate of the Counterparty does not acquire units in the Strategic Trust, the Investment Manager will maintain the Notional Portfolio with an initial invested amount equal to the amount of the net proceeds of the Offering. If the Counterparty or an affiliate of the Counterparty acquires units of the Strategic Trust, the return to the Fund will, by virtue of the Forward Agreement, be based on the performance of the Strategic Trust which, in turn, will be based on the performance of the Portfolio. If no Strategic Trust units are acquired by the Counterparty, the return to the Fund will, by virtue of the Forward Agreement, be based on the performance of the Notional Portfolio. The Fund will partially settle the Forward Agreement prior to the Forward Termination Date in order to fund monthly distributions as well as redemptions of Units by Unitholders from time to time and for payment of expenses of the Fund. The Counterparty may be an affiliate of one of the Agents (as defined below). See “Plan of Distribution”. References throughout this Prospectus to the “Portfolio” will include the “Notional Portfolio” where the context so requires. This Prospectus assumes that the Counterparty will acquire units of the Strategic Trust.

The return to the Unitholders and the Fund will be dependent upon the economic performance of the Strategic Trust and the Portfolio by virtue of the Forward Agreement. However, neither the Fund nor the Unitholders will have any ownership interest in the Strategic Trust or the Portfolio. See “Investment Strategies - Forward Agreement”.

Foreign
Currency
Hedging:

The Fund may be exposed to a number of foreign currencies. The Sub-Advisor will take currency exposure into account in managing the Portfolio. The Sub-Advisor intends that at least 90% of the Portfolio’s U.S. dollar currency exposure will be hedged back to the Canadian dollar, subject to the Strategic Trust’s investment restrictions. Other foreign currencies may be hedged in whole or in part, at the discretion of the Sub-Advisor from time to time. The distributions on securities held in the Portfolio, however, will not be hedged at any time and accordingly, no assurance can be given that the Strategic Trust and the Fund will not be adversely impacted by changes in foreign exchange rates. See “Investment Strategies – Foreign Currency Hedging”.

Working
Capital Facility:

The Strategic Trust may enter into a working capital facility with a financial institution (which may be an affiliate of one of the Agents and/or an affiliate of the Counterparty) to provide the Strategic Trust with liquidity as a temporary measure to accommodate requests for redemptions of units of the Strategic Trust while the Strategic Trust effects an orderly liquidation of portfolio assets, or to permit the Strategic Trust to settle portfolio transactions. After giving effect to the transactions contemplated above, the outstanding amount of all borrowings of the Strategic Trust will not exceed 5% of the net assets of the Strategic Trust at the time of borrowing. See “Investment Strategies – Working Capital Facility”.

Global
Convertible
Securities
Market:

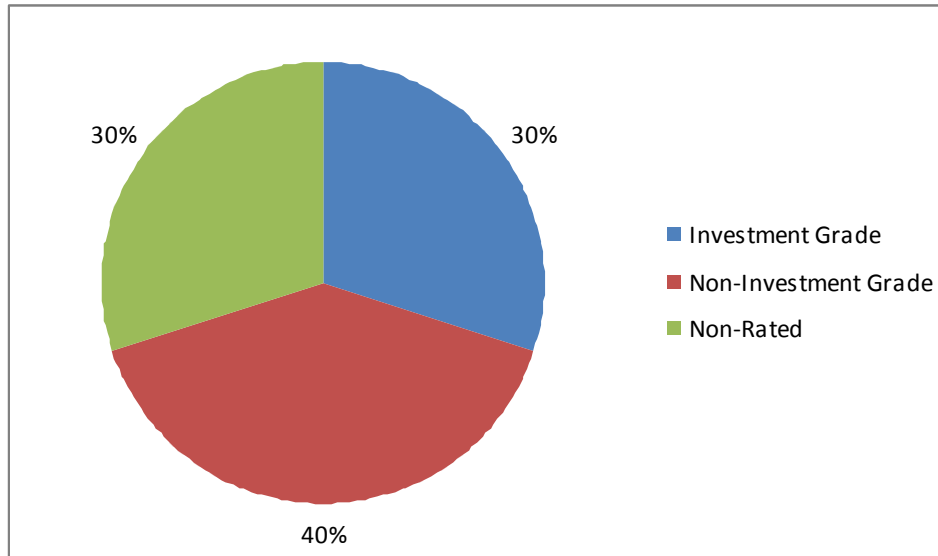
Convertible bonds generally provide:

1. security of principal through the obligation of the issuer to repay the principal amount in full at maturity;
2. attractive yields; and
3. the ability to participate in capital appreciation through the holder’s right to convert the securities at a specified price into the underlying equity securities of the issuer.

Convertible bonds are debt securities issued by entities to finance operations and generally pay interest quarterly or semi-annually and repay principal on the maturity date. Convertible bonds tend to provide higher yields than comparable term government bonds, and less than high yield securities, and have a wide range of ratings reflecting the fact that the financial health of issuers can vary

significantly.

On a global basis, convertible bonds that are rated by major rating agencies generally fall into two broad credit classifications: investment grade and sub-investment grade bonds. Credit quality is widely distributed, with investment grade, non-investment grade and non-rated bonds representing 30%, 40% and 30% of the market.

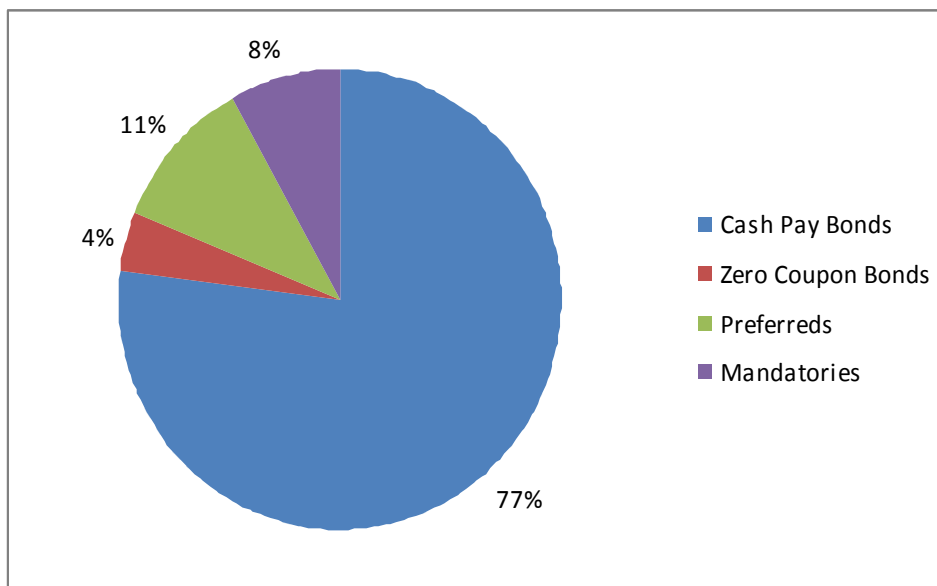


Source: Bloomberg, September 2009

Sub-investment grade bonds are issued by entities perceived to have a lower level of credit quality compared to more highly rated investment grade issuers. Sub-investment grade securities are generally considered to be debt securities that are rated at or below BB+ (a Standard & Poor's rating category) and below Ba1 (a Moody's Investors Service Inc. rating category).

The prices at which convertible bonds trade vary over time based on such factors as term to maturity, premium, the underlying stock price, interest rates, the liquidity of the security, underlying changes in the risks associated with the issuer of the securities, investor demand and general economic trends.

According to the Sub-Advisor, as of September 25, 2009, the U.S. convertible market yielded approximately 650 basis points over comparable U.S. Treasury notes. As per Barclays Capital, as of October 6, 2009, the U.S. convertible market approximated U.S.\$238 billion measured by market value (U.S.\$250 billion face value). Figures exclude issues of less than U.S.\$50 million. As measured by market value, cash pay bonds, zero coupon bonds, preferreds and mandatories represented 77%, 4%, 11% and 8%, respectively, of the total dollar amount outstanding.



Source: Bloomberg, September 2009

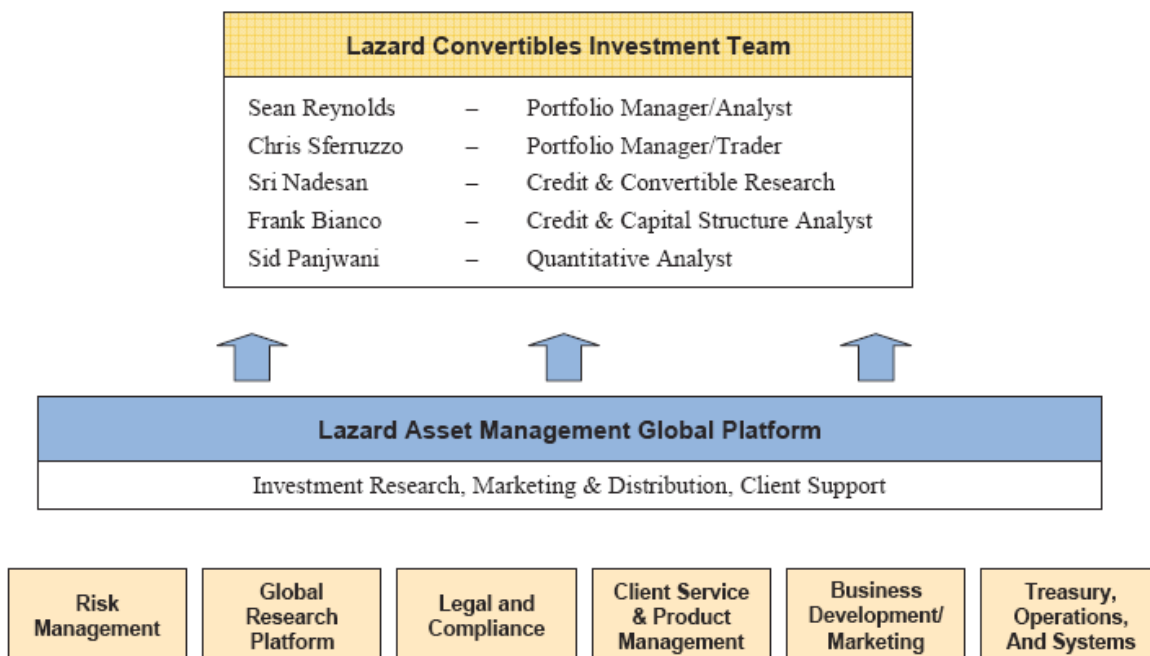
Industries represented include communications and media, utilities, consumer products, paper and forest products, health care, metals and minerals, gold and precious minerals, oil and gas, real estate, technology, financials and industrial products. The size of the global convertible securities marketplace is approximately U.S.\$500 billion with approximately U.S.\$300 billion in the Americas, U.S.\$110 billion in Europe and the Middle-East, U.S.\$35 billion in Japan, and U.S.\$55 billion in Asia, exclusive of Japan.

Manager: Navina will act as manager of the Fund and will provide all administrative services required by the Fund and the Strategic Trust. Navina is a specialized financial services company, providing structured products and other financial services to clients. Navina is the manager of Global Agribusiness Trust (AGB.UN-T) and the Navina/Lazard U.S. High Yield Bond Fund. See “Organization and Management Details of the Fund and the Strategic Trust – Manager of the Fund and the Strategic Trust”.

Investment Manager: Lawrence Asset Management Inc. (the “Investment Manager”) has been retained by the Manager to provide investment advisory services to the Strategic Trust and to acquire the Common Share Portfolio on behalf of the Fund. Founded in 2001, the Investment Manager is a specialized global asset management firm with interests and investments in Canada and around the world. As at August 31, 2009, the Investment Manager managed 15 funds with total assets under management of approximately \$225 million.

Sub-Advisor: The Sub-Advisor is registered as an investment advisor with the U.S. Securities and Exchange Commission. Lazard is an indirect, wholly-owned subsidiary of Lazard Ltd. The Investment Manager will be responsible for all investment advisory services that are provided to the Fund and the Strategic Trust by the Sub-Advisor. With its origin dating back to 1848, Lazard Ltd. is one of the world’s pre-eminent financial advisory and asset management firms. Lazard was established in 1970, and is known for providing investment management and advisory services to institutional, financial intermediary, and private clients around the world. As of June 30, 2009, Lazard, together with its subsidiaries, had total assets under management of approximately U.S.\$86.3 billion, including roughly U.S.\$400 million in convertible security and related strategies. Sean Reynolds, a senior Portfolio Manager/Analyst at Lazard and head of a five-member team with over 75 years of combined experience in convertible arbitrage and relative value strategies, will advise the Strategic Trust.

Lazard, together with its affiliates, serves as investment advisor to several fixed income funds using a variety of strategies. The following table sets out Lazard’s approach to investing in convertible bonds:



49 Staff support the Global Alternative Investments Business*
49 Research Analysts Worldwide

* Members of the above groups that are dedicated exclusively to Alternative Investments as of 30 June 2009. This number may include staff who split time with other business channels.

Use of Proceeds:	Maximum Offering	Minimum Offering
Gross proceeds to the Fund	\$150,000,000	\$20,000,000
Agents’ fees	\$7,875,000	\$1,050,000
Expenses of issue	\$500,000	\$300,000
Net proceeds to the Fund	\$141,625,000	\$18,650,000

The Fund will invest the net proceeds of the Offering in the Common Share Portfolio. The Fund will then enter into the Forward Agreement with the Counterparty pursuant to which the Counterparty will agree to pay to the Fund on the Forward Termination Date, an amount determined with reference to the value of the units of the Strategic Trust.

Risk Factors: An investment in Units will be subject to certain risk factors, including:

- (i) there can be no assurance that the Fund will be able to achieve its distribution or total return objectives;
- (ii) general risks of investing in convertible bonds, including risks of default on interest and principal and price changes due to such factors as interest rates, general economic conditions and the issuer’s creditworthiness;

- (iii) general risks of investing in equity securities, including the effect of general market conditions and the health of the economy as a whole on equity prices;
- (iv) general risks of investing in securities of smaller capitalization companies, whose earnings and share prices tend to be more volatile and the markets for the shares tend to be less liquid, with resulting higher risk of loss;
- (v) the net asset value (the “NAV”) per Unit and the funds available for distribution will vary according to, among other things, the return of the units of the Strategic Trust and the value of the securities in the Portfolio and the distributions paid thereon;
- (vi) recent global financial developments have created a sharp increase in volatility creating a reduction in liquidity;
- (vii) reliance on the Manager, the Investment Manager and the Sub-Advisor, and key employees of each;
- (viii) the risks associated with foreign currency exposure as the Portfolio will seek to be invested in securities traded in U.S. dollars;
- (ix) the possibility that the Fund will be unable to dispose of illiquid securities;
- (x) counterparty risks associated with the Forward Agreement including exposure to the credit risk of the Counterparty;
- (xi) status of the Fund for securities law purposes, as prior to the Conversion, the Fund will not be a “mutual fund” as defined under Canadian securities laws and, accordingly, some of the protections provided to investors under Canadian policies and regulations that apply to open-end mutual funds will not be available to investors in the Units; however, the Fund will operate in accordance with the provisions of NI 81-102 from inception except as disclosed in the prospectus;
- (xii) the timing of the Conversion and the First NAV Redemption Date (as defined below) may mean that there may be a time when a Unitholder may not be able to sell or redeem their Units;
- (xiii) risks regarding redemptions, 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;
- (xiv) potential conflicts of interest in respect of the Manager, the Investment Manager and the Sub-Advisor engaging in the promotion, management or investment management of other accounts, funds or trusts which invest primarily in the securities held by the Strategic Trust;
- (xv) the residency of the Sub-Advisor is outside Canada and therefore it may be difficult to enforce legal rights against them;
- (xvi) changes in legislation may have an adverse impact on the Fund;
- (xvii) if the Fund ceases to qualify as a mutual fund trust under the Tax Act (as defined herein), income tax considerations as described under the heading “Income Tax Considerations” would be materially and adversely different in certain respects, and any changes to Canadian federal income tax laws and the administrative policies and assessing practices of the CRA (as defined herein) respecting the treatment of mutual

fund trusts may adversely affect Unitholders;

- (xviii) the fact that if, contrary to advice of counsel for the Fund and the Agents or as a result of change of law, upon physical settlement of the Forward Agreement the character and timing of the gain under the Forward Agreement were other than a capital gain on the sale of the securities thereunder, after-tax returns to Unitholders could be reduced and the Fund could be subject to non-refundable income tax from such transactions;
- (xix) each of the Fund and the Strategic Trust is a newly organized investment trust with no previous operating history;
- (xx) the fact that the Fund is not a trust company and the Units are not insured deposits;
- (xxi) the fact that Units are neither fixed-income nor equity securities, and Unitholders will not have certain rights associated with investments in such securities;
- (xxii) the Fund is a unit trust and as such its Unitholders do not receive the protection of statutorily mandated limited liability in some provinces as in the case of shareholders of most Canadian corporations;
- (xxiii) investing in securities of issuers domiciled outside of North America involves risks that differ from those risks associated with investing in securities of issuers domiciled in North America, including the veracity of the legal regimes in which these issuers operate and the rights of creditors in those jurisdictions; and
- (xxiv) the fact that the ability of the Manager to extend the Forward Agreement beyond Conversion is subject to obtaining appropriate regulatory relief.

See “Risk Factors”.

Canadian
Federal Income
Tax
Considerations:

A Unitholder who is an individual resident in Canada will generally be required to include in computing income for a taxation year that part of the net income of the Fund, including net taxable capital gains, if any, that is paid or becomes payable to the Unitholder by the Fund in the year (whether in cash or in Units). To the extent that amounts payable to a Unitholder are designated by the Fund as taxable dividends from taxable Canadian corporations and the taxable portion of net realized capital gains, those amounts will retain their character and be treated as such in the hands of the Unitholder.

Distributions by the Fund to a Unitholder in excess of the Unitholder’s share of the Fund’s net income and net realized capital gains will generally not result in an income inclusion, but will reduce the adjusted cost base of the Unitholder’s Units. To the extent that the adjusted cost base of a Unit held as capital property would otherwise be less than zero, the Unitholder will be deemed to have realized a capital gain equal to such negative amount. A Unitholder who disposes of Units held as capital property (on a redemption or otherwise) will realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by the Fund which represents an amount that is otherwise required to be included in the Unitholder’s income) exceed (or are less than) the aggregate adjusted cost base of the Units disposed of and any reasonable costs of disposition.

Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units by obtaining advice from his, her or its tax advisor. See “Income Tax Considerations”.

Based on counsel’s understanding of the Canada Revenue Agency’s current administrative policies and assessing practices, the conversion of the Fund from a closed-end mutual fund to an open-end

mutual fund will not result in a disposition of Units. See “Income Tax Considerations”.

Redemption of Units on the First NAV Redemption Date: Prior to Conversion, Units may be surrendered for redemption by the registered Unitholder during the period between May 2, 2011 and 5:00 p.m. (Toronto time) on May 30, 2011 (the “Notice Period”) to the registrar and transfer agent of the Fund. Units surrendered for redemption by a Unitholder during the Notice Period will be redeemed on May 31, 2011 (the “First NAV Redemption Date”) and the Unitholder will receive payment on or before 14 days after the First NAV Redemption Date at a redemption price per Unit equal to the NAV per Unit less any costs of funding the redemption as at the First NAV Redemption Date. On or after the Conversion Date, Unitholders may redeem Units on any business day at their NAV per Unit less any costs of funding the redemption. See “Redemptions”.

Annual Redemptions: If the Conversion does not occur on or before July 15, 2011, Units may be surrendered for redemption by the registered Unitholder during the period between July 18, 2011 and 5:00 p.m. (Toronto time) on August 15, 2011 (the “Second Notice Period”) to the registrar and transfer agent of the Fund. Units surrendered for redemption by a Unitholder during the Second Notice Period will be redeemed on August 16, 2011 (the “Second NAV Redemption Date”) and the Unitholder will receive payment on or before 14 days after the Second NAV Redemption Date at a redemption price per Unit equal to the NAV per Unit less any costs of funding the redemption as at the Second NAV Redemption Date. If the Conversion has still not occurred prior to July 15 of any subsequent year, Units may be surrendered by the registered Unitholder for redemption on August 16th (or, if August 16 is not a business day, the next business day thereafter) of such subsequent year in the manner as indicated above. See “Redemptions”.

Monthly Redemptions: Prior to Conversion, commencing 30 days following closing of the Offering, Units may also be redeemed on the last business day of each month, subject to the Fund’s right to suspend redemptions in certain circumstances, for a redemption price equal to the lesser of: (i) 95% of the Market Price (as such term is defined below under “Redemptions”) of the Units on the principal market or exchange on which the Units are quoted or listed for trading during the 10-day trading period ending on the last trading day prior to the redemption date; and (ii) 95% of the closing market price on the principal market or exchange on which the Units are quoted or listed for trading on the redemption date. See “Redemptions”.

Market Purchases: The Fund may purchase Units through the facilities of the Toronto Stock Exchange if the Manager determines that such purchases are in the best interest of the Fund. Purchases of Units by the Fund will be subject to compliance with any applicable regulatory requirements and limitations.

Distributions: The Fund intends to make monthly distributions to Unitholders of record on the last business day of each month. Distributions will be paid no later than the 15th day of the following month (each, a “Distribution Payment Date”). The Fund will not have a fixed monthly distribution but will determine and announce each May, commencing in 2011, the indicative distribution amount (the “Indicative Distribution Amount”) for the following twelve months. The initial cash distribution is anticipated to be payable on January 15, 2010, to Unitholders of record on December 31, 2009, based on an anticipated closing of December 9, 2009.

Prior to the determination of the Indicative Distribution Amount commencing in May 2011, the initial monthly distributions are targeted to be \$0.0583 per Unit (\$0.70 per annum representing an annual cash distribution of 7.0% based on the \$10.00 per Unit issue price).

Assuming the gross proceeds of the Offering are \$100 million and fees and expenses are as described herein, the Portfolio would be required to generate an average annual total return of 9.92% in order for the Fund to achieve its initial Indicative Distribution Amount level and maintain a stable NAV of the Fund.

If the increase in the value of the Portfolio is less than the amount necessary to fund the monthly distributions (through partial settlements of the Forward Agreement) and if the Manager chooses to nevertheless effect settlements of the Forward Agreement to ensure that the monthly distributions are paid to Unitholders, this will result in a portion of the capital of the Fund being returned to Unitholders and, accordingly, NAV per Unit will be reduced below its initial amount. The amount of distributions may fluctuate and no assurance can be given that distributions will remain at the initial Indicative Distribution Amount level and maintain a stable NAV of the Fund.

Amounts distributed on the Units that represent returns of capital are generally non-taxable to a Unitholder but reduce the Unitholder's adjusted cost base of the Units for tax purposes.

If the Fund's net income for tax purposes, including net realized capital gains, for any year exceeds the aggregate amount of the regular monthly distributions made in the year to Unitholders, the Fund will also be required to pay or make payable one or more special distributions (in cash or Units) in such year to Unitholders as is necessary to ensure that the Fund will not be liable for income tax on such amounts under the *Income Tax Act* (Canada) (the "Tax Act") (after taking into account all available deductions, credits and refunds).

There can be no assurance given as to the amount of targeted distributions, if any, in the future. There is no assurance that the Fund will meet its investment objectives.

Termination: The Fund does not have a fixed termination date. However, the Fund may be terminated at any time upon not less than 90 days' written notice by the Manager if the prior approval of Unitholders has been obtained by a majority vote at a meeting of Unitholders called for that purpose; provided, however, that the Manager may, in its discretion, on 60 days' notice to Unitholders, terminate the Fund without the approval of Unitholders if, in the opinion of the Manager, the NAV of the Fund is reduced so that it is no longer economically feasible to continue the Fund or the Manager determines to terminate the Fund in connection with the Conversion. Upon termination, the net assets of the Fund will be distributed to Unitholders on a pro rata basis. See "Securityholder Matters" and "Termination of the Fund".

Eligibility for Investment: In the opinion of Aird & Berlis LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Agents, provided that the Fund qualifies, and continues at all times to qualify, as a "mutual fund trust" within the meaning of the Tax Act, 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. See "Income Tax Considerations – Status of the Fund".

Organization and Management of the Fund:

Management of the Fund	Name and Municipality of Residence	Services Provided to the Fund
Trustee, Manager and Promoter	Navina Capital Corp. 220 Bay Street Suite 1500 Toronto, Ontario M5J 2W4	Manages the overall business and operations of the Fund and the Strategic Trust
Investment Manager	Lawrence Asset Management Inc. Toronto, Ontario	Provides certain investment advisory and portfolio management services to the Fund and the Strategic Trust
Sub-Advisor	Lazard Asset Management LLC New York, New York	Provides certain investment advisory and portfolio management services to the Strategic Trust under the auspices of the Investment Manager

Custodian	State Street Trust Company Canada Toronto, Ontario	Provides custody and valuation services to the Fund
Registrar and Transfer Agent	Computershare Investor Services Inc. Toronto, Ontario	Maintains the securities register
Auditor	Ernst & Young LLP Toronto, Ontario	Provides audit services to the Fund

Agents:

BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Canaccord Capital Corporation, Dundee Securities Corporation, HSBC Securities (Canada) Inc., Raymond James Ltd., Blackmont Capital Inc., Rothenberg Capital Management Inc., Wellington West Capital Markets Inc., Desjardins Securities Inc., GMP Securities L.P., Manulife Securities Incorporated and Research Capital Corporation (collectively, the “Agents”) will act as agents for the Offering.

SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees and expenses payable by the Fund. The fees and expenses payable by the Fund will reduce the value of an investor's investment in the Fund. For further particulars, see "Fees and Expenses".

<u>Type of Fee</u>	<u>Amount and Description</u>
Fees Payable to the Agents:	\$0.525 per Unit (5.25%)
Expenses of Issue:	The expenses of the Offering (including the costs of printing and preparing this prospectus, legal and audit expenses of the Fund, marketing expenses and other out-of-pocket expenses incurred by the Agents and certain other expenses), which are estimated to be \$500,000 (subject to a maximum of 1.5% of the gross proceeds of the Offering), will, together with the Agents' fees, be paid from the proceeds of the Offering.
Management Fee:	An annual management fee (the "Management Fee") of 1.25% of the NAV of the Fund at month end, paid monthly in arrears, plus an amount equal to the Servicing Fee (as defined below), plus applicable taxes, will be paid to the Manager. The Investment Manager will be remunerated by the Manager out of the Management Fee and the Sub-Advisor will be remunerated by the Investment Manager.
Counterparty Fee:	The Fund will also pay to the Counterparty a fee under the Forward Agreement equal to 0.45% per annum of the NAV of the Strategic Trust, plus a fee, which may vary, based on the value of the Common Share Portfolio, calculated and payable monthly in arrears. This latter fee, which may vary, is intended to compensate the Counterparty for the costs of hedging its exposure under the Forward Agreement, if it chooses to do so, and will be approximately equal to the fees that would be charged to, and costs that would be incurred by, the Counterparty for borrowing securities matching the securities in the Common Share Portfolio or otherwise hedging its exposure under the Forward Agreement. The fee is payable whether or not the Counterparty actually hedges its exposure.
Operating Expenses of the Fund:	The Fund will pay for all ordinary expenses incurred in connection with its operation and administration and will bear indirectly all ordinary expenses incurred in connection with the operation and administration of the Strategic Trust. It is expected that these expenses will include, without limitation: mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses; fees payable to the registrar and transfer agent; premiums for directors' and officers' insurance coverage for the directors and officers of the Manager and members of the Manager's Independent Review Committee; any reasonable out-of-pocket expenses incurred by the Manager or its agents in connection with their on-going obligations to the Fund and the Strategic Trust; fees payable to the auditors and legal advisors of the Fund; regulatory filing, licensing fees; and any expenditures incurred upon the termination of the Fund. The aggregate amount of these fees and expenses is estimated to be \$250,000 per annum.
Servicing Fees:	A servicing fee (the "Servicing Fee") will be payable by the Manager to each dealer whose clients hold Units. The Servicing Fee will accrue daily and be paid at the end of each calendar quarter commencing on December 31, 2009 and will be equal to 0.40% annually of the NAV per Unit, plus applicable taxes. The Servicing Fee payable to registered dealers in respect of the period ending December 31,

2009, shall be paid on a *pro rata* basis.

INFORMATION REGARDING PUBLIC ISSUERS

Certain information contained in this prospectus relating to publicly traded securities and the issuers of those securities is taken from and based solely upon information published by those issuers. None of the Manager, the Fund, the Investment Manager, the Sub-Advisor or the Agents has independently verified the accuracy or completeness of any such information or assume any responsibility for the completeness or accuracy of such information.

THE FUND

Overview of the Legal Structure of the Fund

Lazard Global Convertible Bond Fund (the “Fund”) is a closed-end investment fund governed by the laws of the Province of Ontario pursuant to a declaration of trust dated November 25, 2009 (the “Declaration of Trust”) by Navina Capital Corp. (“Navina” or the “Manager”) as trustee of the Fund. See “Organization and Management Details of the Fund and the Strategic Trust — Manager of the Fund and the Strategic Trust”.

The principal office of the Fund and the Manager is located at 220 Bay Street, Suite 1500, Toronto, Ontario M5J 2W4.

On or about June 30, 2011 (the “Conversion Date”), the Fund will automatically convert (the “Conversion”) to an open-end mutual fund to be managed by the Manager.

Status of the Fund

Prior to Conversion, the Fund will not be a “mutual fund” as defined under Canadian securities laws and, accordingly, the Fund is not subject to the Canadian policies and regulations that apply to open-end mutual funds. As a result, some of the protections provided to investors in mutual funds under such laws will not be available to investors in the Units. However, notwithstanding the fact that the Fund is not a “mutual fund” prior to Conversion, the Fund will operate in accordance with the provisions of Part 2 of National Instrument 81-102 *Mutual Funds* (“NI 81-102”) from inception, other than with respect to the Forward Agreement (as defined below).

In addition, prior to Conversion, the Fund will comply with all provisions of NI 81-102 except for the following sections:

- (a) section 3.3, as the Fund will initially bear the expenses of the Offering;
- (b) section 10.3 and 10.4, by virtue of the Fund processing redemptions of its units based on trading price rather than net asset value; and
- (c) section 12.1(1), relating to the requirement to file compliance reports.

Prior to Conversion, the Fund must obtain Unitholder approval for certain fundamental changes on the basis set forth under “Securityholder Matters – Matters Requiring Securityholder Approval”, which approval requirements comply with and, in certain cases, exceed the securityholder approval requirements under Part 5 of NI 81-102.

Status of the Strategic Trust

The Strategic Trust is a mutual fund for the purposes of Ontario and Québec securities law and will be subject to, and operate in accordance with, the provisions of NI 81-102 from inception.

The Manager intends to apply for relief in the provinces of Ontario and Québec from those provisions of NI 81-102 that would prohibit the Strategic Trust from engaging in short selling, and the Strategic Trust’s ability to engage in short selling will be subject to the terms of this relief. See “Investment Strategies – Overview of the Investment Structure”.

INVESTMENT OBJECTIVES

The Fund's investment objectives are to provide Unitholders with:

- (a) monthly tax-efficient distributions initially targeted to be \$0.0583 per Unit (\$0.70 per annum to yield 7.0% on the \$10.00 per Unit issue price); and
- (b) the opportunity for capital appreciation.

The return to the Unitholders and the Fund will be dependent upon the economic performance of the Strategic Trust (as defined below) and on the Portfolio (as defined below) by virtue of the Forward Agreement. The Portfolio will consist primarily of U.S. dollar denominated global convertible bonds.

INVESTMENT STRATEGIES

To pursue its investment objectives, the Fund will obtain economic exposure to a portfolio comprised primarily of U.S. dollar denominated global convertible bonds (the "Portfolio") actively managed by Lazard Asset Management LLC ("Lazard" or the "Sub-Advisor").

Investment Rationale

The Sub-Advisor believes that global convertible bonds offer an attractive investment opportunity, providing the potential for common equity-like returns while offering the additional stability and safety typically afforded by investing in credit instruments. It believes that recent events, including the forced liquidation sales by hedge funds, have created an attractive entry point for fundamental investors. In particular, many convertible bonds are trading significantly below par value, resulting in high current cash yields and attractive yields to maturity/put. Accordingly, the Sub-Advisor believes that the convertible bond market currently offers an attractive risk return profile. The Sub-Advisor's philosophy is that convertible bonds, as an asset class, are viewed as volatile and risky but that the optionality inherent in convertible bonds offers issuers refinancing alternatives not readily available to other financing vehicles. This can result in materially lower default rates and thus provides meaningful incremental return over a market cycle.

Overview of the Investment Structure

The Portfolio will seek to be diversified by company, market capitalization, premium structure, sector, industry, credit rating and, where appropriate, by region. Canadian or U.S. government debt and/or cash equivalents may be held from time to time as market conditions dictate. Securities in the Portfolio will seek to be selected based on their expected return relative to risk characteristics, taking into consideration factors such as credit quality, yield, duration, premium, call protection and time to break-even. The Sub-Advisor expects that it will, from time to time, hold equity securities of publicly listed issuers as a result of receiving such securities on the conversion or at maturity of its convertible bonds.

The Sub-Advisor's investment philosophy is to seek to protect investors' capital while investing in those convertible securities which offer the most compelling risk return profiles. Investment opportunities are identified using proprietary systems and rigorous fundamental and quantitative analysis. The Sub-Advisor's quantitative systems, credit capabilities and interaction with the Lazard Global Research Platform ("GRP") allow the Sub-Advisor not only to systematically identify mispriced volatility and credits, but also to identify and capitalize on special situation opportunities.

Under normal market conditions, the Sub-Advisor will generally limit holdings to:

- no more than 5% of any one issuer
- no more than 30% of any sector (per the GICS[®] Global Industry Classification Standard (as determined by MSCI Inc. (or such comparable index) from time to time))
- 50 - 80 securities

The Sub-Advisor may wish to reduce overall portfolio risks associated with losses from interest rate changes, price fluctuations associated with volatility in the underlying equity and currency fluctuations. The Sub-Advisor intends to reduce or offset equity risk and volatility of the securities held in the Strategic Trust. For example, the Strategic Trust may use derivative instruments and/or sell short equity securities underlying convertible bonds held in the Portfolio. In the case that interest rates are unreasonably low relative to long term inflation risks, the Sub-Advisor may protect the Portfolio from capital depreciation due to rising interest rates. Generally, at least 90% of the value of any securities held in the Portfolio that are denominated in U.S. dollars will be hedged back to the Canadian dollar.

The Manager intends to apply for relief on behalf of the Strategic Trust from those provisions of NI 81-102 that would prohibit the Strategic Trust from engaging in short-selling activities. The short-selling activities of the Strategic Trust will be subject to the customary limitations of the relief that would be expected to be obtained. The main limitations on short selling include the following: (i) the aggregate value of all short positions will not exceed 20% of the net asset value of the Strategic Trust; (ii) the Strategic Trust must hold cash cover in an amount that is at least 150% of the value of the securities sold short; and (iii) at the time securities of a particular issuer are sold short, the aggregate market value of all securities of that issuer sold short by the Strategic Trust will not exceed 5% of the net assets of the Strategic Trust.

Indicative Portfolio

If the Fund had been in existence as of September 30, 2009, the securities in the representative Portfolio below would have had a simple average current yield of 6.14%, a simple average yield-to-put and simple average yield-to-maturity of 12.97% and 9.94%, respectively, a term to the earlier of put and maturity of 4.42 years and an average weighted trading price of \$79.10. For the purposes of the yield-to-put calculation, yield-to-put is defined as the annual yield on a bond, assuming the security will be sold back to the issuer on the first permissible date after purchase. For the purposes of the yield-to-maturity calculation, yield-to-maturity is defined as the annual yield on a bond, assuming the security will be held until the maturity date. The average credit quality of the representative Portfolio would have been B to BB-. The Portfolio is expected to consist of 50 – 80 securities.

The following securities are representative of the type of securities that the Portfolio would have included if the Portfolio had existed on the date hereof:

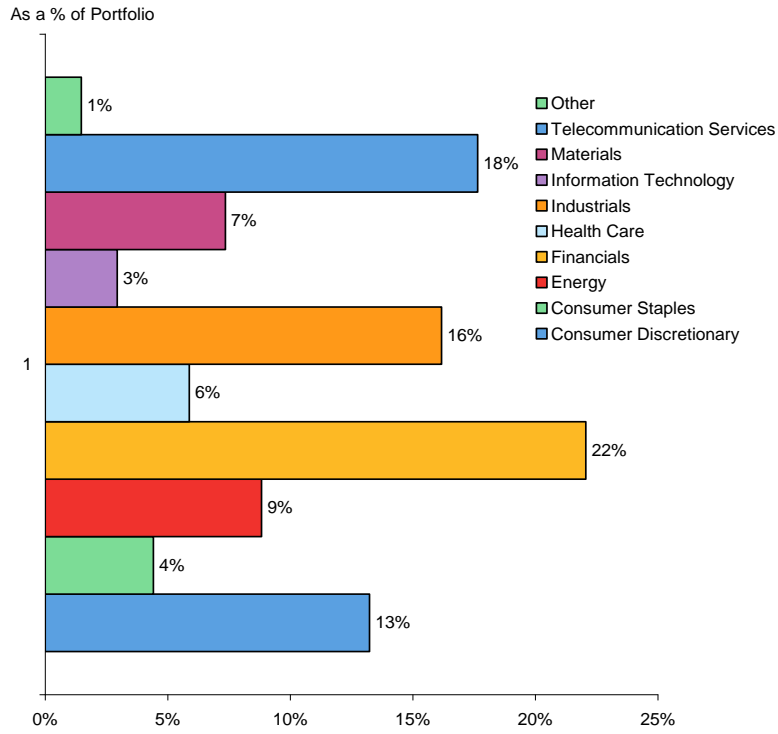
Name of Issuer	Industry Subsector	Current Yield	Yield-to-Put	Yield-to-Maturity	Put Date	S&P Rating
ADC Telecom Inc.	Telecomm Equipment	5.03%	9.02%	9.02%	7/15/17	NR
Alaska Communication Systems Group Inc.	Fixed Line Telecomm	6.37%	9.12%	9.12%	3/01/13	B+

Name of Issuer	Industry Subsector	Current Yield	Yield-to-Put	Yield-to-Maturity	Put Date	S&P Rating
Central European Media Enterprises Ltd.	Broadcasting & Entertainment	4.19%	9.12%	9.12%	3/15/13	B
Capital Source Inc.	Banks	8.52%	13.85%	8.68%	7/15/12	B+
L-1 Identity Solutions Inc.	Electronic Equipment	4.24%	8.72%	4.71%	5/15/27	BB-
US Airways Group Inc.	Airlines	8.70%	32.39%	10.12%	9/30/10	B-
LDK Solar Co., Ltd.	Electrical Components & Equipment	6.62%	28.60%	15.38%	4/15/11	NR
Penn Virginia Corp.	Exploration & Production	5.01%	8.25%	8.25%	11/15/12	BB-
Sirius XM Radio Inc.	Broadcasting & Entertainment	9.19%	13.55%	13.55%	12/01/14	B-
Terremark Worldwide Inc.	Computer Services	7.62%	10.99%	10.99%	6/15/13	B-
USEC Inc.	Nonferrous Metals	4.11%	9.98%	9.98%	10/01/14	B-
Viacom Inc.	Broadcasting & Entertainment	7.71%	9.71%	9.71%	3/15/31	BBB

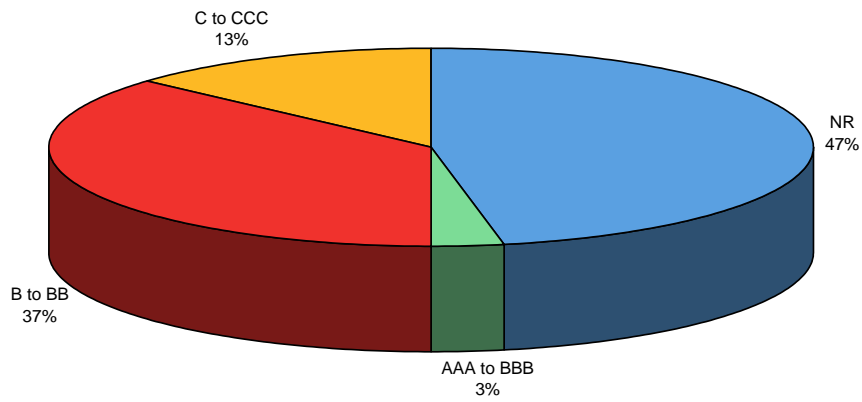
All of the issuers listed in the above table are domiciled in the United States, other than Central European Media Enterprises Ltd. (Bermuda) and LDK Solar Co., Ltd. (China).

The average credit quality of the Portfolio is generally expected to be B to BB- and if the securities are unrated, the Sub-Advisor anticipates that such securities will be of comparable credit quality. The following two charts illustrate the industry sectors and credit quality, respectively, of the securities in which the Indicative Portfolio would have been invested:

Sector Breakdown (As a % of portfolio)



Credit Quality Breakdown (As a % of the Portfolio)



The information contained in the above section is historical and is not intended to be, nor should it be construed to be, an indication as to the future credit rating levels or yield of the securities comprising the Portfolio. The Portfolio may or may not include issuers from the foregoing list and will include securities of issuers not listed above. The Manager will actively manage the Portfolio to seek to meet the Fund's investment objectives and therefore the composition of the Portfolio will vary from time to time based on the Investment Manager's and the Sub-Advisor's assessment of market conditions and the availability of suitable convertible bonds, and may differ substantially from the sub-set of the Indicative Portfolio whose information is described above.

As noted below under "Risk Factors", the Portfolio holds investments in convertible bonds which involve risks of default on interest and principal and price changes due to, without limitation, such factors as interest rates, general economic conditions and the issuer's creditworthiness.

Forward Agreement

The Lazard Strategic Global Convertible Bond Trust (the "Strategic Trust") is a newly created investment trust that will be established prior to the closing of the offering of Units (the "Offering") under the laws of Ontario pursuant to a declaration of trust by the Manager, as manager and trustee of the Strategic Trust.

The Fund will obtain economic exposure to the Portfolio through the Forward Agreement (as defined below). The Fund will invest the net proceeds of the Offering in a portfolio of common shares of Canadian public companies (the "Common Share Portfolio") acceptable to the Counterparty (as defined below). The Fund will then enter into a forward agreement (the "Forward Agreement"), the terms of which will be negotiated by the Manager on behalf of the Fund, with a Canadian chartered bank or an affiliate of a Canadian chartered bank whose obligations are guaranteed by a Canadian chartered bank (the "Counterparty") pursuant to which the Counterparty will agree to pay to the Fund, on the business day immediately prior to Conversion (the "Forward Termination Date"), as the purchase price for the Common Share Portfolio, an amount based on the value of either: (i) the units of the Strategic Trust, or (ii) a notional portfolio comprised primarily of U.S. dollar denominated global convertible bonds managed by the Investment Manager (the "Notional Portfolio"). It is the intention of the Manager to extend the Forward Agreement beyond Conversion.

The Strategic Trust will acquire the Portfolio. On or about the completion of the Offering, the Strategic Trust expects to issue units to the Counterparty with an aggregate value equal to the net proceeds of the Offering, which proceeds the Strategic Trust will use to acquire the Portfolio. The initial value of the Portfolio anticipated to be acquired by the Strategic Trust will be equal to the net proceeds of the Offering. There is no obligation on the Counterparty or an affiliate of the Counterparty to acquire units of the Strategic Trust. If the Counterparty or an affiliate of the Counterparty does not acquire units in the Strategic Trust, the Investment Manager will maintain the Notional Portfolio with an initial invested amount equal to the amount of the net proceeds of the Offering. If the Counterparty or an affiliate of the Counterparty acquires units of the Strategic Trust, the return to the Fund will, by virtue of the Forward Agreement, be based on the performance of the Strategic Trust which, in turn, will be based on the performance of the Portfolio. If no Strategic Trust units are acquired by the Counterparty, the return to the Fund will, by virtue of the Forward Agreement, be based on the performance of the Notional Portfolio. The Fund will partially settle the Forward Agreement prior to the Forward Termination Date in order to fund monthly distributions as well as redemptions of Units by Unitholders from time to time and for payment of expenses of the Fund. The Counterparty may be an affiliate of one of the Agents. See "Plan of Distribution". References throughout this Prospectus to the "Portfolio" will include the "Notional Portfolio" where the context so requires. This Prospectus assumes that the Counterparty will acquire units of the Strategic Trust.

The Manager acts as manager of the Strategic Trust and the Investment Manager will provide investment advisory and portfolio management services to the Strategic Trust and the Fund as described elsewhere in this Prospectus. The Investment Manager will appoint Lazard as its sub-advisors. See “Organization and Management Details of the Fund and the Strategic Trust”.

The return to the Unitholders will be dependent upon the economic performance of the Strategic Trust and the Portfolio by virtue of the Forward Agreement. However, neither the Fund nor the Unitholders will have any ownership interest in the Strategic Trust or the Portfolio.

Under the terms of the Forward Agreement, the Fund and the Counterparty have agreed that their settlement obligations under the Forward Agreement with respect to the Common Share Portfolio securities will be discharged by physical delivery of the Common Share Portfolio securities by the Fund to the Counterparty against cash payment or, at the election of the Fund, by the making of a net cash payment to the appropriate party. The amount payable by the Counterparty to the Fund for physical delivery of the Common Share Portfolio may be more or less than the original subscription price of the Units. If the Fund elects for physical delivery of the Common Share Portfolio under the Forward Agreement, the Counterparty will pay to the Fund on or about the Forward Termination Date as the purchase price for the Common Share Portfolio an amount determined with reference to the value of the units of the Strategic Trust or with reference to the Notional Portfolio, as applicable. Prior to the Forward Termination Date, Common Share Portfolio securities or other acceptable securities will be pledged to and may be held by the Counterparty as security for the obligations of the Fund under the Forward Agreement.

Under the Forward Agreement, the amount payable by the Counterparty to the Fund on or about the Forward Termination Date as the purchase price for the Common Share Portfolio may be reduced for all dividends and distributions, including extraordinary distributions, declared and paid on the Common Share Portfolio securities and paid to the Fund as owner of the Common Share Portfolio. In order to minimize the likelihood that such dividends or distributions will be paid, the Fund intends to acquire non-dividend paying common shares of Canadian public companies for the Common Share Portfolio. However, if any such dividends or distributions are to be received by the Fund, the Forward Agreement will provide that replacement securities acceptable to the Counterparty may, at the Fund’s option, be substituted for shares in respect of which the dividend or distribution has been declared prior to the record date for such dividend or distribution to preserve the value of the forward transaction. In the event that such replacement securities are not available, the Fund may consider contributing additional securities to the Common Share Portfolio or entering into additional forward, derivative or other transactions. The Forward Agreement will have similar provisions designed to avoid adjustments of the amount to be paid on or about the Forward Termination Date which might otherwise be required if the Fund receives consideration as a consequence of a merger transaction involving any of the securities in the Common Share Portfolio.

The Forward Agreement may be terminated prior to the Forward Termination Date in certain circumstances, including (i) in the event of a termination event under the Forward Agreement, or (ii) if an event of default or a termination event occurs with respect to the Fund or the Counterparty under the Forward Agreement.

Events of default under the Forward Agreement include the following: (i) failure by a party to make a payment or perform an obligation when due under the Forward Agreement which is not cured within any applicable grace period; (ii) a party makes a representation which is incorrect or misleading in any material respect; (iii) a party defaults in respect of a specified transaction which default is not cured within any applicable grace period; (iv) certain events related to the bankruptcy or insolvency of a party; and (v) a party consolidates, amalgamates or merges with or into, or transfers substantially all its assets to,

another entity and the resulting, surviving or transferee entity fails to assume the obligations of such party under the Forward Agreement.

Termination events under the Forward Agreement include the following: (i) it becomes unlawful for a party to perform its obligations under or comply with any material provisions of the Forward Agreement; (ii) certain tax events occur which require a party to indemnify the other party in respect of certain taxes or reduce the amount that a party would otherwise have been entitled to receive under the Forward Agreement; (iii) failure of the Fund to comply with its governing documents; (iv) certain regulatory, credit or legal events occur which affect a party thereto, or the Manager; (v) the NAV of the Fund declines by 50% or more during any 12 month period, calculated on a rolling basis; or (vi) if the Counterparty determines in its sole discretion, acting reasonably and in good faith, that it is unable to effectively hedge its position under the Forward Agreement or that the cost of hedging its position under the Forward Agreement has increased, including, without limitation, as a result of the adoption of or change in any applicable law or regulation (including, without limitation, any tax law).

The Counterparty may hedge its exposure under the Forward Agreement to the economic performance of the Strategic Trust. There is no assurance that the Counterparty will maintain a hedge or will do so with respect to the full amount or term of the Forward Agreement. The Fund is fully exposed to the credit risk associated with the Counterparty in respect of the Forward Agreement.

If the Forward Agreement is terminated prior to the Forward Termination Date for any reason, it is anticipated that the Forward Agreement will be settled by physical delivery of the Common Share Portfolio by the Fund to the Counterparty after payment of any amount owing to the Counterparty. In the event of an early termination, the Manager may, in its discretion, enter into a replacement forward agreement on terms satisfactory to the Manager, in its sole discretion, or the Manager may terminate the Fund and may take such other action as it considers necessary under the circumstances.

The Manager has applied for relief in each of the provinces of Canada from those provisions of NI 81-102 that would prohibit the Fund from: (i) entering into the Forward Agreement to indirectly invest more than 10% of its net assets in the Strategic Trust; and (ii) making and holding an indirect investment through the Forward Agreement in the Strategic Trust following Conversion. The ability to extend the Forward Agreement beyond Conversion will be subject to the terms of this relief. Prior to Conversion, the Forward Agreement will be consistent with the customary limitations of the relief that the Fund would expect to obtain, including the following: (i) the exposure of the Fund to securities of the Strategic Trust will be in accordance with the investment objectives of the Fund; (ii) no securities of the Strategic Trust will be distributed in Canada other than to the Counterparty if the Strategic Trust issues securities; (iii) the indirect investment by the Fund in the Portfolio owned by the Strategic Trust through the Forward Agreement will be made in compliance with each provision of section 2.5 of NI 81-102, except for sections 2.5(2)(a) and 2.5(2)(c) of NI 81-102; and (iv) the Strategic Trust will be subject to, and operate in accordance with, NI 81-102.

Foreign Currency Hedging

The Fund may be exposed to a number of foreign currencies. The Sub-Advisor intends that at least 90% of the Portfolio's U.S. dollar currency exposure will be hedged back to the Canadian dollar, subject to the Strategic Trust's investment restrictions. Other foreign currencies may be hedged in whole or in part, at the discretion of the Sub-Advisor from time to time. The distributions on securities held in the Portfolio, however, will not be hedged at any time and accordingly, no assurance can be given that the Strategic Trust and the Fund will not be adversely impacted by changes in foreign exchange rates.

Working Capital Facility

The Strategic Trust may enter into a working capital facility with a financial institution (which may be an affiliate of one of the Agents and/or an affiliate of the Counterparty) to provide the Strategic Trust with liquidity as a temporary measure to accommodate requests for redemptions of units of the Strategic Trust while the Strategic Trust effects an orderly liquidation of portfolio assets, or to permit the Strategic Trust to settle portfolio transactions. After giving effect to the transactions contemplated above, the outstanding amount of all borrowings of the Strategic Trust will not exceed 5% of the net assets of the Strategic Trust at the time of borrowing.

OVERVIEW OF THE SECTOR THAT THE FUND INVESTS IN

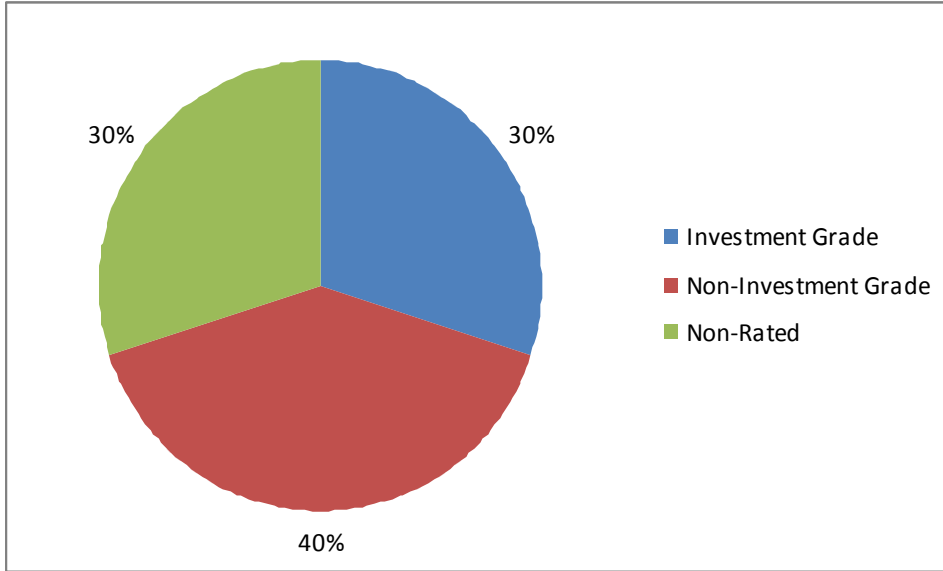
Convertible Securities Market

Convertible bonds generally provide:

1. security of principal through the obligation of the issuer to repay the principal amount in full at maturity;
2. attractive yields; and
3. the ability to participate in capital appreciation through the holder's right to convert the securities at a specified price into the underlying equity securities of the issuer.

Convertible bonds are debt securities issued by entities to finance operations and generally pay interest quarterly or semi-annually and repay principal on the maturity date. Convertible bonds tend to provide higher yields than comparable term government bonds, and less than high yield securities, and have a wide range of ratings reflecting the fact that the financial health of issuers can vary significantly.

On a global basis, convertible bonds that are rated by major rating agencies generally fall into two broad credit classifications: investment grade and sub-investment grade bonds. Credit quality is widely distributed, with investment grade, non-investment grade and non-rated bonds representing 30%, 40% and 30% of the market.

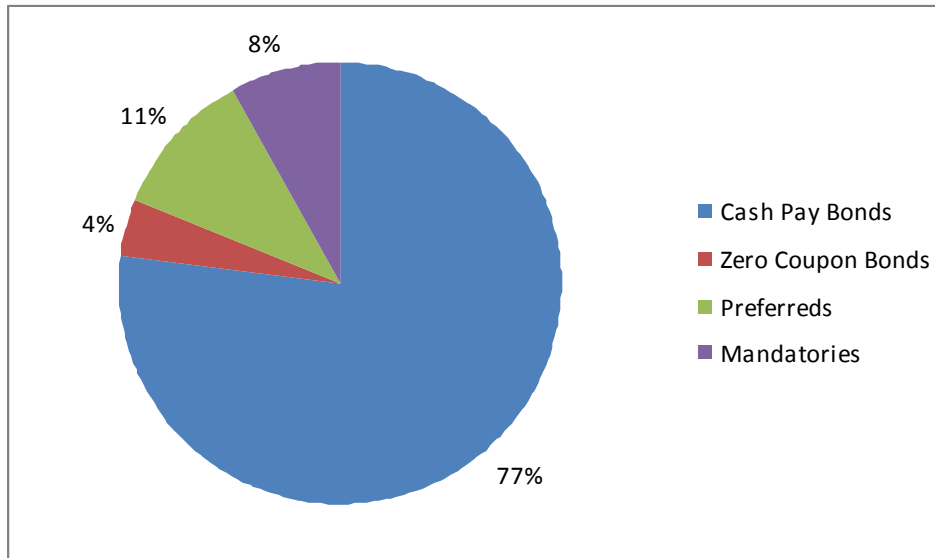


Source: Bloomberg, September 2009

Sub-investment grade bonds are issued by entities perceived to have a lower level of credit quality compared to more highly rated investment grade issuers. Sub-investment grade securities are generally considered to be debt securities that are rated at or below BB+ (a Standard & Poor’s rating category) and below Ba1 (a Moody’s Investors Service Inc. rating category).

The prices at which convertible bonds trade vary over time based on such factors as term to maturity, premium, the underlying stock price, interest rates, the liquidity of the security, underlying changes in the risks associated with the issuer of the securities, investor demand and general economic trends.

According to the Sub-Advisor, as of September 25, 2009, the U.S. convertible market yielded approximately 650 basis points over comparable U.S. Treasury notes. As per Barclays Capital, as of October 6, 2009, the U.S. convertible market approximated U.S.\$238 billion measured by market value (U.S.\$250 billion face value). Figures exclude issues of less than U.S.\$50 million. As measured by market value, cash pay bonds, zero coupon bonds, preferreds and mandatories represented 77%, 4%, 11% and 8%, respectively, of the total dollar amount outstanding.



Source: Bloomberg, September 2009

Industries represented include communications and media, utilities, consumer products, paper and forest products, health care, metals and minerals, gold and precious minerals, oil and gas, real estate, technology, financials and industrial products. The size of the global convertible securities marketplace is approximately U.S.\$500 billion with approximately U.S.\$300 billion in the Americas, U.S.\$110 billion in Europe and the Middle-East, U.S.\$35 billion in Japan, and U.S.\$55 billion in Asia, exclusive of Japan.

As discussed above under “Investment Strategies – Investment Rationale”, the Sub-Advisor believes that recent events, including the forced liquidation sales by hedge funds, have created an attractive entry point for fundamental investors. In particular, many convertible bonds are trading significantly below par value, resulting in high current cash yields and attractive yields to maturity/put. Accordingly, the Sub-Advisor believes that the convertible bond market currently offers an attractive risk return profile. The Sub-Advisor’s philosophy is that convertible bonds, as an asset class, are viewed as volatile and risky but that the optionality inherent in convertible bonds offers issuers refinancing alternatives not readily available to other financing vehicles. This can result in materially lower default rates and thus provides meaningful incremental return over a market cycle.

INVESTMENT RESTRICTIONS

Investment Restrictions of the Fund

The investment activities of the Fund prior to the Conversion are to be conducted in accordance with, among other things, the following investment restrictions:

- (i) the Fund will restrict its investments to equity securities consisting of common shares of Canadian public companies that are “Canadian securities” for the purposes of the *Income Tax Act* (Canada) (the “Tax Act”);
- (ii) the Fund will not purchase securities other than through normal market facilities unless the purchase price therefor approximates the prevailing market price or is negotiated or established on an arm’s length basis;

- (iii) the Fund will not purchase securities of an issuer if, as a result of such purchase, the Fund would be required to make a takeover bid that is a “formal bid” for the purposes of the *Securities Act* (Ontario) or the equivalent provision of applicable securities laws of any other jurisdiction;
- (iv) the Fund will manage its investments and affairs to ensure that it will be a “mutual fund trust” for purposes of the Tax Act and will not acquire any property that is “specified property” as such term is defined in certain proposals to amend the Tax Act released on September 16, 2004; and
- (v) the Fund will manage its investments and affairs to ensure that it will not be subject to the tax for SIFT trusts for purposes of the Tax Act.

The Fund will not enter into or maintain a forward contract or other derivative contract (other than the Forward Agreement or an agreement entered into for the same purpose), unless the Fund holds cash cover (within the meaning of NI 81-102) in an amount which, together with margin on account of the forward contract or other derivative and the market value of the forward contract or derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the forward contract or derivative (being that amount that is equal to the number of shares underlying the forward contract or derivative multiplied by the current market value of such share).

The Fund may also hold cash equivalents from time to time. In addition, but subject to these investment restrictions, the Fund has adopted, in connection with the Common Share Portfolio, a restriction which limits the purchase of securities of an issuer to not more than 10% of NAV at the time of purchase. A copy of such standard investment restrictions and practices will be provided by the Manager to any person on request.

Unitholder approval is required to change the investment restrictions (other than as a result of the termination of the Forward Agreement), investment objectives and investment strategies of the Fund. See “Conversion of the Fund” and “Securityholder Matters – Matters Requiring Securityholder Approval”.

Investment Restrictions of the Strategic Trust

The investment activities of the Strategic Trust are to be conducted in accordance with NI 81-102 as well as, among other things, the following investment restrictions which provide that the Strategic Trust will not:

- (i) invest less than 70% of the aggregate value of the assets of the Strategic Trust (“Total Assets”) in convertible bonds except in the 20 business day period following closing of the initial exempt offering of the Strategic Trust or prior to termination of the Strategic Trust;
- (ii) invest more than 30% of Total Assets in securities comprised of:
 - (1) U.S. government or U.S. agency securities;
 - (2) convertible securities (other than convertible bonds) of publicly listed issuers;
 - (3) non-convertible corporate bonds such as high yield corporate bonds; and

- (4) securities issued as a result of the conversion or maturity of convertible bonds previously held in the Portfolio;
- (iii) invest more than 30% of Total Assets in securities of issuers in any sector (per the GICS[®] Global Industry Classification Standard (as determined by MSCI Inc. (or such comparable index) from time to time));
- (iv) invest more than 25% of the Total Assets in securities denominated in currencies other than Canadian dollars or U.S. dollars;
- (v) with the exception of securities of the Strategic Trust's own issue, purchase securities from, sell securities to, or otherwise contract for the acquisition or disposition of securities with the Manager, the Investment Manager, the Sub-Advisor or any of their affiliates, any officer, director or shareholder of the Manager, the Investment Manager, or the Sub-Advisor, any person, trust, firm or corporation managed by the Manager, the Investment Manager, the Sub-Advisor or any of their affiliates or any firm or corporation in which any officer, director or shareholder of the Manager, the Investment Manager or the Sub-Advisor may have a material interest (which, for these purposes, includes beneficial ownership of more than 10% of the voting securities of such entity) unless, with respect to any purchase or sale of securities, any such transaction is effected through normal market facilities, pursuant to a non-pre-arranged trade, and the purchase price approximates the prevailing market price or is approved by the IRC (as defined below);
- (vi) own securities of an issuer if as a result of such ownership the Manager, the Investment Manager or the Sub-Advisor, or parties acting jointly or in concert with them, would, either directly or indirectly, hold or exercise control or direction over securities of such issuer that constitute in the aggregate more than 19.99% of the outstanding securities of that class of securities;
- (vii) invest in securities of an issuer that: (A) have a total fair market value that exceeds 5% of the equity value of such issuer for purposes of the Tax Act; or (B) securities of an issuer that, together with all securities of entities affiliated with the issuer owned by the Strategic Trust, have a total fair market value that is greater than 50% of the fair market value of all of the issued and outstanding units of the Strategic Trust;
- (viii) acquire more than 10% of the securities of any one particular issue of an issuer;
- (ix) invest in "Canadian real, immovable or resource property" as that term is defined in the Tax Act, if, at any time, the fair market value of such properties is greater than 50% of the fair market value of all of the issued and outstanding units of the Strategic Trust;
- (x) invest in any property that is used by the Strategic Trust in the course of carrying on a business in Canada;
- (xi) purchase the securities of an issuer incorporated or otherwise created under the laws of Canada or a province or territory thereof (a) representing more than 10% of (i) the votes attached to the outstanding voting securities of that issuer, or (ii)

the outstanding equity securities of that issuer; or (b) for the purposes of exercising control over management of that issuer or if, as a result of such purchase, the Strategic Trust would be required to make a take-over bid that is a “formal bid” for the purposes of applicable securities laws;

- (xii) purchase the securities of an issuer incorporated or otherwise created under the laws of the United States of America or a state, commonwealth or possession thereof (a) representing more than 5% of (i) the votes attached to the outstanding voting securities of that issuer, or (ii) the outstanding equity securities of that issuer; or (b) for the purposes of exercising control over management of that issuer or if, as a result of such purchase, the Strategic Trust would be required to make a take-over bid that is a “formal bid” for the purposes of applicable securities laws; or
- (xiii) employ leverage. For the avoidance of doubt, neither foreign currency hedging nor the working capital facility (in each case as permitted under this prospectus) will be considered to be employing leverage for the purposes of this prospectus.

If a percentage restriction on investment or use of assets or borrowing or financing arrangements set forth above as an investment restriction is adhered to at the time of the transaction, later changes to the market value of the investment or Total Assets will not be considered a violation of the investment restrictions (other than the restrictions in paragraphs (vii) and (ix) above). If the Strategic Trust receives from an issuer subscription rights to purchase securities of that issuer, and if the Strategic Trust exercises those subscription rights at a time when the Strategic Trust’s holdings of securities of that issuer would otherwise exceed the limits set forth above, the exercise of those rights will not constitute a violation of the investment restrictions if, prior to the receipt of securities of that issuer on exercise of these rights, the Strategic Trust has sold at least as many securities of the same class and value as would result in the restriction being complied with.

FEES AND EXPENSES

Initial Fees and Expenses

The expenses of the Offering (including the costs of printing and preparing this prospectus, legal and audit expenses of the Fund, marketing expenses and other out-of-pocket expenses incurred by the Agents and certain other expenses), which are estimated to be \$500,000 (subject to a maximum of 1.5% of the gross proceeds of the Offering), will, together with the Agents’ fees, be paid from the proceeds of the Offering.

Management Fee

An annual management fee (the “Management Fee”) of 1.25% of the NAV of the Fund at month end, paid monthly in arrears, plus an amount equal to the Servicing Fee (as defined below), plus applicable taxes, will be paid to the Manager. The Investment Manager will be remunerated by the Manager out of the Management Fee and the Sub-Advisor will be remunerated by the Investment Manager.

Ongoing Fees and Expenses

The Fund will pay for all ordinary expenses incurred in connection with its operation and administration and will bear indirectly all ordinary expenses incurred in connection with the operation and

administration of the Strategic Trust. It is expected that these expenses will include, without limitation: mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses; fees payable to the registrar and transfer agent; premiums for directors' and officers' insurance coverage for the directors and officers of the Manager and members of the IRC; any reasonable out-of-pocket expenses incurred by the Manager or its agents in connection with their on-going obligations to the Fund and the Strategic Trust; fees payable to the auditors and legal advisors of the Fund; regulatory filing, licensing fees; and any expenditures incurred upon the termination of the Fund. The aggregate amount of these fees and expenses is estimated to be \$250,000 per annum.

Counterparty Fees

The Fund will also pay to the Counterparty a fee under the Forward Agreement equal to 0.45% per annum of the NAV of the Strategic Trust, plus a fee, which may vary, based on the value of the Common Share Portfolio, calculated and payable monthly in arrears. This latter fee, which may vary, is intended to compensate the Counterparty for the costs of hedging its exposure under the Forward Agreement, if it chooses to do so, and will be approximately equal to the fees that would be charged to, and costs that would be incurred by, the Counterparty for borrowing securities matching the securities in the Common Share Portfolio or otherwise hedging its exposure under the Forward Agreement. The fee is payable whether or not the Counterparty actually hedges its exposure.

Servicing Fee

A servicing fee (the "Servicing Fee") will be payable to each dealer whose clients hold Units. The Servicing Fee will accrue daily and be paid at the end of each calendar quarter commencing on December 31, 2009 and will be equal to 0.40% annually of the NAV per Unit, plus applicable taxes. The Servicing Fee payable to registered dealers in respect of the period ending December 31, 2009, shall be paid on a *pro rata* basis.

RISK FACTORS

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units which prospective investors should consider before purchasing such Units:

No Assurances of Achieving Distribution and Capital Appreciation Objectives

There is no assurance that the Fund will be able to achieve its distribution and capital appreciation objectives. The funds available for distribution to Unitholders will vary according to, among other things, the interest paid on the securities in the Portfolio and the value of the securities in the Portfolio. There is no assurance that the Portfolio will earn any return. No assurance can be given as to the amount of distributions in future years. No assurance can be given that the NAV per Unit will appreciate.

It is possible that, due to declines in the market value of the securities in the Portfolio or the distributions made thereunder, the Fund will have insufficient assets to achieve in full its distribution and capital appreciation investment objectives, including that of long-term total returns.

General Risks of Investing in Convertible Bonds

The Portfolio holds investments in convertible bonds which involve risks of default on interest and principal and price changes due to, without limitation, such factors as interest rates, general economic conditions and the issuer's creditworthiness. Convertible bonds may be less liquid than other securities

and involve the risk that the Manager may not be able to dispose of them at current market prices. During periods of thin trading, the spread between bid and ask prices is likely to increase. Convertible bonds may experience greater price volatility than conventional debt securities, due to, among other things, the volatility of the underlying equity security. There is no guarantee that an investment in convertible bonds of an issuer will provide a greater rate of return than either the equity or fixed income securities of such issuer, or any positive return at all. Convertible bonds are often subordinate to conventional debt securities of an issuer, and the analysis of the creditworthiness of convertible bonds may be more complex than for rated debt instruments. Generally, debt securities will decrease in value when interest rates rise and increase in value when interest rates decline. In addition, convertible bonds typically contain provisions which allow the issuer of these securities to call or redeem the securities. In circumstances where an issuer has exercised its call or redemption right, the Fund would have to seek alternative investment opportunities.

Equity Risk

The Portfolio may consist of equities such as common shares, preferred shares or units of income trusts give the holder part ownership in the issuer, including equity securities issued on the conversion or at maturity of its convertible bonds. The value of an equity security changes with the fortunes of the issuer that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. Equity related securities that provide indirect exposure to the equity securities of an issuer, such as convertible bonds, can also be affected by equity risk. Present economic conditions may adversely affect issuers and the pricing of their securities. Further continued volatility or illiquidity could impair materially the profitability of these issuers.

Smaller Capitalization Companies

The Portfolio may include equity securities of smaller and less well established companies. The earnings and share prices of such companies tend to be more volatile and the markets for the shares tend to be less liquid, with resulting higher risk of loss, when compared to investments in larger and more established companies.

Performance of the Portfolio

The NAV per Unit will vary with the NAV of the units of the Strategic Trust and 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 global convertible securities market generally, such as general economic and political conditions 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.

Recent Global Financial Developments

Global financial markets have experienced a sharp increase in volatility during recent months. This has been, in part, the result of a revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as global governments are attempting to restore liquidity to the global economies, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not materially and adversely affect economies around the world in the near to medium term. Some of these economies may experience significantly diminished

growth or a recession. These market conditions and unexpected volatility or illiquidity in financial markets may also adversely affect the prospects of the Fund and the value of the securities included in the Portfolio and may increase the risk of default on interest and principal.

Reliance on the Manager, the Investment Manager and the Sub-Advisor

Unitholders will be dependent on the ability of the Manager to manage the Fund in a manner consistent with the investment objectives, strategy and restrictions of the Fund. Performance of the investments in the Portfolio will seek to be dependent on the Investment Manager, which provides portfolio management services to the Fund, and on the Sub-Advisor, which provide sub-advisory services to the Investment Manager with respect to the Portfolio. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to or with respect to the Fund will continue to be employed by the Manager, the Investment Manager, or the Sub-Advisor, respectively.

Currency Exposure

As the Portfolio will seek to be invested in securities traded in U.S. dollars, the NAV of the Fund, when measured in Canadian dollars, will, to the extent this has not been hedged against, be affected by changes in the value of the US dollar relative to the Canadian dollar. The Strategic Trust may not be fully hedged and distributions received on the Portfolio will not be hedged and accordingly no assurance can be given that the Fund will not be adversely impacted by changes in foreign exchange rates or other factors. The use of hedges, if used, involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the Investment Manager's assessment of certain market movements is incorrect, the risk that the use of hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting or reducing the total returns to the Strategic Trust and therefore the Fund if the Investment Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, the costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances.

Liquidity of the Securities in the Portfolio

Some of the securities in which the Strategic Trust intends to invest may be thinly traded and some may have no market at all. It is possible that the Strategic Trust may not be able to sell portions of such securities without facing substantially adverse prices. If the Strategic Trust is required to transact in such securities or other assets before their intended investment horizon, the performance of the Fund could suffer.

Counterparty Risk

The Fund will enter into the Forward Agreement with the Counterparty pursuant to which the Fund will be required on the Forward Termination Date to physically deliver the Common Share Portfolio to the Counterparty in exchange for a cash payment in an amount determined with reference to the value of the units of the Strategic Trust, or at the election of the Fund, to make a net cash payment to the appropriate party in an amount which may be more or less than the original subscription price of the Units. In entering into the Forward Agreement, the Fund will be exposed to the credit risk associated with the Counterparty and the possibility exists that the Counterparty will default on its payment obligations under the Forward Agreement. Depending on the value of the Common Share Portfolio, the Fund's exposure to the credit risk of the Counterparty may be significant.

Forward Agreement Proceeds

The possibility exists that the Counterparty pursuant to the Forward Agreement will default on its payment obligations under the Forward Agreement or that the proceeds of the Forward Agreement will be used to satisfy other liabilities of the Fund, which liabilities could include obligations to third-party creditors if the Fund has insufficient assets, excluding the proceeds of the Forward Agreement, to pay its liabilities. Unitholders will have no recourse or rights against the assets of the Portfolio, the Investment Manager or the Counterparty in respect of the Forward Agreement or arising out of the Forward Agreement.

Market for Securities

There is currently no market through which the Units may be sold and purchasers may not be able to resell the Units purchased under this prospectus. This may affect the pricing of the Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Units, and the extent of issuer regulation.

Status of the Fund for Securities Law Purposes

Prior to Conversion, the Fund will not be a “mutual fund” as defined under Canadian securities laws and, accordingly, the Fund is not subject to the Canadian policies and regulations that apply to open-end mutual funds. As a result, some of the protections provided to investors in mutual funds under such laws will not be available to investors in the Units and restrictions imposed on mutual funds under Canadian securities laws, including NI 81-102, do not apply to the Fund. However, notwithstanding the fact that the Fund is not a “mutual fund” prior to Conversion, the Fund will operate in accordance with the provisions of NI 81-102 from inception, except as disclosed in the prospectus.

Conversion

After Conversion, Unitholders will not have the right to approve changes to the investment strategies of the Fund.

Risks Related to Redemptions

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 increase the management expense ratio of the Fund and require the Fund to pre-settle the Forward Agreement and consequently require the Strategic Trust to liquidate Portfolio securities at depressed prices to fund such pre-settlement and consequent redemptions. In any such circumstance, the Manager may determine it appropriate to (i) suspend redemptions of Units (as described under “Redemption of Securities – Suspension of Redemptions”) or (ii) terminate the Fund without the approval of the Unitholders if, in the opinion of the Manager, it is no longer economically feasible to continue the Fund or the Manager determines that it would be in the best interests of Unitholders to terminate the Fund.

Potential Conflicts of Interest

The Manager, the Investment Manager and the Sub-Advisor, their respective directors and officers and their respective affiliates and associates, may engage in the promotion, management or investment management of other accounts, funds or trusts which invest primarily in the securities held by the Strategic Trust.

Although officers, directors and professional staff of the Manager, the Investment Manager and the Sub-Advisor will devote as much time to the Fund and the Strategic Trust as is deemed appropriate to perform its duties, the staff of the Manager, the Investment Manager and the Sub-Advisor may have conflicts in allocating its time and services among the Fund, the Strategic Trust and the other funds managed by the Manager, the Investment Manager and the Sub-Advisor.

Residency of the Sub-Advisor

The Sub-Advisor is resident outside Canada and all or a substantial portion of its assets are located outside Canada. As a result, anyone seeking to enforce legal rights the Sub-Advisor may find it difficult to do so.

Changes in Legislation

There can be no assurance that income tax, securities and other laws will not be changed in a manner which adversely affects the distributions received by the Fund or by the Unitholders.

Taxation of the Fund

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 income tax laws and the administrative policies and assessing practices of the CRA (as defined below) respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the Unitholders.

Treatment of Proceeds of Disposition

In determining its income for tax purposes, the Fund will treat gains and losses on the disposition of securities in the Common Share Portfolio under the Forward Agreement as capital gains and losses and the Fund will make the election under the Tax Act to treat each of its “Canadian securities” as defined in subsection 39(6) of the Tax Act as capital property.

If, contrary to the advice of counsel to the Fund and the Agents or as a result of a change of law, upon physical settlement of the Forward Agreement the character and timing of the gain under the Forward Agreement were other than a capital gain on the sale of securities thereunder, after tax returns to Unitholders could be reduced.

Operating History

Each of the Fund and the Strategic Trust is a newly organized investment trust with no previous operating history.

Not a Trust Company

The Fund is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that Act or any other legislation.

Nature of Units

The Units are neither fixed income nor equity securities. The Units represent a fractional interest in the net assets of the Fund. Units are dissimilar to debt instruments in that there is no principal amount owing Unitholders. 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.

Liability of Unitholders

The Fund is a unit trust and as such its Unitholders do not receive the protection of statutorily mandated limited liability in some provinces as in the case of shareholders of most Canadian corporations. There is no guarantee, therefore, that Unitholders could not be made party to legal action in connection with the Fund. However, the Declaration of Trust provides that no Unitholder, in its capacity as such, will be subject to any liability whatsoever, in tort, contract or otherwise, to any person in connection with the Fund’s property or the obligations or the affairs of the Fund and all such persons are to look solely to the Fund’s property for satisfaction of claims of any nature arising out of or in connection therewith and only the Fund’s property will be subject to levy or execution.

Pursuant to the Declaration of Trust, the Fund will indemnify and hold harmless each Unitholder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having limited liability. The Declaration of Trust also provides that the Trustee and the Manager shall use reasonable efforts to cause to be inserted in each material written agreement, undertaking and obligation signed by or on behalf of the Fund a provision to the effect that such agreement, undertaking or obligation will not be binding upon Unitholders personally.

As a result of the foregoing, it is considered that the risk of any personal liability of Unitholders is minimal in view of the nature of its activities. If a Unitholder should be required to satisfy any obligation of the Fund, such Unitholder will be entitled to reimbursement from any available assets of the Fund.

Foreign Issuer Risk

Investments in the Portfolio may involve exposure to issuers domiciled both within North America and outside of North America. Investing in securities from corporations domiciled outside of North America involves risks that differ from those risks associated with investing in securities of issuers domiciled in North America, including the veracity of the legal regimes in which these issuers operate and the rights of creditors in these jurisdictions.

Extension of Forward Agreement

It is the intention of the Manager to extend the Forward Agreement beyond Conversion, subject to obtaining the necessary exemptive relief and the agreement of the Counterparty. The Fund has applied for exemptive relief in each of the provinces of Canada from those provisions of NI 81-102 that would prohibit the Fund from extending the Forward Agreement beyond Conversion. There is no assurance that such exemptive relief will be obtained.

DISTRIBUTION POLICY

The Fund intends to make monthly cash distributions to Unitholders of record on the last business day of each month. Distributions will be paid no later than the 15th day of the following month (each, a “Distribution Payment Date”). The Fund will not have a fixed monthly distribution but will determine and announce each May, commencing in 2011, the indicative distribution amount (the “Indicative

Distribution Amount”) for the following twelve months. The initial cash distribution is anticipated to be payable on January 15, 2010, to Unitholders of record on December 31, 2009, based on an anticipated closing of December 9, 2009.

Prior to the determination of the Indicative Distribution Amount commencing in May 2011, the initial monthly distributions are targeted to be \$0.0583 per Unit (\$0.70 per annum representing an annual cash distribution of 7.0% based on the \$10.00 per Unit issue price). There can be no assurance that the Fund may be able to achieve its monthly distribution objective or make payments on any Distribution Payment Date.

Assuming the gross proceeds of the Offering are \$100 million and fees and expenses are as described herein, the Portfolio would be required to generate an average annual total return of 9.92% in order for the Fund to achieve its initial Indicative Distribution Amount level and maintain a stable NAV of the Fund.

If the increase in the value of the Portfolio is less than the amount necessary to fund the monthly distributions (through partial settlements of the Forward Agreement) and if the Manager chooses to nevertheless effect settlements of the Forward Agreement to ensure that the monthly distributions are paid to Unitholders, this will result in a portion of the capital of the Fund being returned to Unitholders and, accordingly, NAV per Unit will be reduced below its initial amount. The amount of distributions may fluctuate and no assurance can be given that distributions will remain at the initial Indicative Distribution Amount level and maintain a stable NAV of the Fund.

Amounts distributed on the Units that represent returns of capital are generally non-taxable to a Unitholder but reduce the Unitholder’s adjusted cost base of the Units for tax purposes. See “Income Tax Considerations”.

If the Fund’s net income for tax purposes, including net realized capital gains, for any year exceeds the aggregate amount of the regular monthly distributions made in the year to Unitholders, the Fund will also be required to pay or make payable one or more special distributions (in cash or Units) in such year to Unitholders as is necessary to ensure that the Fund will not be liable for income tax on such amounts under the Tax Act (after taking into account all available deductions, credits and refunds).

There can be no assurance given as to the amount of targeted distributions, if any, in the future. There is no assurance that the Fund will meet its investment objectives.

The Manager anticipates that, of the distributions anticipated to be made in the initial period of the Fund’s life, only a very small portion would represent capital gains, with the balance representing returns of capital. Thereafter, the Manager anticipates that the proportion of capital gains to returns of capital will increase as the Fund disposes of more Common Share Portfolio securities on the partial settlement of the Forward Agreement. The actual amounts of capital gains distributed to Unitholders in each year will depend on the proceeds of disposition realized by the Fund on the disposition of Common Share Portfolio securities under the Forward Agreement and the adjusted cost base of such securities. See “Income Tax Considerations”.

PURCHASES OF SECURITIES

Prospective purchasers may subscribe for Units through any one of the Agents or any member of a sub-agency group that the Agents may form. Closing of the Offering will take place on or about December 9, 2009, or such later date as may be agreed upon by the Fund and the Agents that is on or

before December 31, 2009. The distribution price was determined by negotiation between the Agents and the Fund. See “Plan of Distribution”. Prospective purchasers may acquire Units by cash payment.

CONVERSION OF THE FUND

On or about June 30, 2011, the Fund will automatically convert to an open-end fund to be managed by the Manager and the Units will be delisted. After Conversion, the Fund will be governed by, and operate in accordance with, NI 81-102. The Fund has applied for relief in each of the provinces of Canada from those provisions of NI 81-102 that would prohibit the Fund from maintaining the Forward Agreement or engaging in short selling activities following Conversion (see “Exemptions and Approvals”). To the extent that the portfolio of the Fund, the Fund’s investment practices or any other aspect of its operations are not compliant with NI 81-102, the Manager has applied for exemptive relief or else will conform the portfolio, its practices and/or operations to the requirements of NI 81-102. See “Exemptions and Approvals”.

After Conversion, the units of the Fund held by Unitholders will be redeemable daily at NAV per Unit less any costs of funding the redemption.

Following Conversion, it is expected that the Fund will prepare and file a continuous offering prospectus for the issue of additional units to be issued and sold on a continuous basis at the NAV of the units of the Fund.

The Manager may effect such changes to the Declaration of Trust as it deems necessary or desirable in order to give effect to the Conversion.

After Conversion, matters requiring Unitholder approval will be subject to NI 81-102, with the result that the circumstances under which Unitholders will be entitled to a vote will be reduced and certain matters that require approval by an Extraordinary Resolution (as defined under “Securityholder Matters – Matters Requiring Securityholder Approval”) will, after the Conversion, require the approval of the holders of a simple majority of the units voting thereon.

REDEMPTION OF SECURITIES

Redemption on the First NAV Redemption Date

Prior to Conversion, Units may be surrendered for redemption by the registered Unitholder during the period between May 2, 2011 and 5:00 p.m. (Toronto time) on May 30, 2011 (the “Notice Period”) to the registrar and transfer agent of the Fund. Units surrendered for redemption by a Unitholder during the Notice Period will be redeemed on May 31, 2011 (the “First NAV Redemption Date”) and the Unitholder will receive payment on or before 14 days after the First NAV Redemption Date at a redemption price per Unit equal to the NAV per Unit less any costs of funding the redemption as at the First NAV Redemption Date. On or after the Conversion Date, Unitholders may redeem Units on any business day at their NAV per Unit less any costs of funding the redemption.

Annual Redemption

If the Conversion does not occur on or before July 15, 2011, Units may be surrendered for redemption by the registered Unitholder during the period between July 18, 2011 and 5:00 p.m. (Toronto time) on August 15, 2011 (the “Second Notice Period”) to the registrar and transfer agent of the Fund. Units surrendered for redemption by a Unitholder during the Second Notice Period will be redeemed on August 16, 2011 (the “Second NAV Redemption Date”) and the Unitholder will receive payment on or

before 14 days after the Second NAV Redemption Date at a redemption price per Unit equal to the NAV per Unit less any costs of funding the redemption as at the Second NAV Redemption Date. If the Conversion has still not occurred prior to July 15 of any subsequent year, Units may be surrendered by the registered Unitholder for redemption on August 16th (or, if August 16 is not a business day, the next business day thereafter) of such subsequent year in the manner as indicated above.

Monthly Redemption

Prior to Conversion, commencing 30 days following the closing of the Offering, Units may be surrendered at any time for redemption on the last business day of each month (the “Redemption Date”) subject to the Fund’s right to suspend redemptions, for a redemption price per Unit (the “Redemption Amount”) equal to the lesser of: (i) 95% of the weighted average price per Unit (the “Market Price”) at which the Units have traded on the principal exchange on which the Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) during the period of the last 10 days during which the Units traded on such exchange or market immediately prior to the date on which the Units were tendered for redemption, provided that if there was trading on such exchange or market for fewer than five days during the specified trading day period, the Redemption Amount shall be the average of the following prices established for each of the trading days during the specified trading day period: the average of the last bid and ask prices of the Units for each day on which there was not trading and the weighted average trading prices of the Units for each day that there was trading; and (ii) an amount equal to: (a) 95% of the closing price of the Units on the date on which the Units were tendered for redemption, on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) if there was a trade on the date on which the Units were tendered for redemption and the stock exchange or market provides a closing price; (b) 95% of the average of the highest and lowest prices of Units on the date on which the Units were tendered for redemption, on the principal exchange on which the Units are listed (or, if the Units are not listed on any exchange, on the principal market on which the Units are quoted for trading) if there was trading on the date on which the Units were tendered for redemption and the exchange or other market provides only the highest and lowest trading prices of the Units traded on a particular day; or (c) 95% of the average of the last bid and ask prices quoted in respect of the Units on the principal exchange on which the Units are listed (or, if the Units are not listed on any exchange, as quoted on the principal market on which the Units are quoted for trading) if there was no trading on the date on which the Units were tendered for redemption.

The Redemption Amount will be paid to the Manager by the Fund and the Unitholder will receive payment on or before the 3rd business day following the Redemption Date. Any unpaid distribution payable on or before the Redemption Date in respect of Units tendered for redemption on such Redemption Date will also be paid on the same day as the redemption proceeds are paid.

Written notice of redemption must be provided to the Toronto office of the Fund’s registrar and transfer agent no later than 4:00 p.m. (Toronto time) on the fifth business day immediately preceding a Redemption Date. If the redemption request is deposited with a dealer, the dealer must send the redemption request to the Toronto office of the Fund’s registrar and transfer agent on the same day. Any request received after such time will receive the Redemption Amount on the next following Redemption Date.

Suspension of Redemptions

The Manager may suspend the redemption of Units or payment of redemption proceeds: (i) during any period when normal trading is suspended on stock exchanges or other markets on which securities owned by the Strategic Trust are listed and traded, if these securities represent more than 50%

by value or underlying market exposure of the Total Assets, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund; or (ii) with the permission of the Canadian securities regulators, for a period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Strategic Trust and 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 as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first business day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

INCOME TAX CONSIDERATIONS

In the opinion of Aird & Berlis LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this prospectus. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm's length with and is not affiliated with the Fund and holds Units as capital property. Generally, the Units will be considered to be capital property to a purchaser provided that the purchaser does not hold such Units 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 in the nature of trade. Certain Unitholders who might not otherwise be considered to hold Units as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" as defined in the Tax Act 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 is based on the facts set out in this prospectus, the current provisions of the Tax Act and the regulations thereunder, counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "CRA") published in writing by it prior to the date hereof 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) prior to the date hereof (such proposals referred to hereafter as the "Tax Proposals") and relies upon advice from the Manager and the Agents as to certain factual matters. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

On October 31, 2003 the Department of Finance released a Tax Proposal (the "October 2003 Proposals") relating to the deductibility of losses under the Tax Act. Under the October 2003 Proposals, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If the October 2003 Proposals were to apply to the Fund, certain losses of the Fund may be limited with after-tax returns to Unitholders reduced as a result. On

February 23, 2005, the Minister of Finance (Canada) announced that an alternative proposal to replace the October 2003 Proposals would be released (the “Alternative Proposal”). To date, the Alternative Proposal has not been released and no assurance can be given that it will not adversely affect the Fund.

This summary is also based on the assumption that the Fund will at no time be subject to the tax for “SIFT trusts” for purposes of the Tax Act.

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 will vary depending on an investor’s particular circumstances including the province in which the investor 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 investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.

Status of the Fund

This summary is based on the assumptions that the Fund will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act, that the Fund will validly elect under the Tax Act to be a mutual fund trust from the date it was established, that the Fund has not been established and will not be maintained primarily for the benefit of non-residents and that not more than 50% (based on fair market value) of the Units will be held by non-residents of Canada, partnerships that are not “Canadian partnerships” as defined in the Tax Act, or any combination thereof.

If certain Tax Proposals released on September 16, 2004 are enacted as proposed (the “September 16th Tax Proposals”), the Fund would cease to qualify as a mutual fund trust for purposes of the Tax Act if, at any time after 2004, the fair market value of all Units held by non-residents, or partnerships that are not Canadian partnerships, or any combination of the foregoing, is more than 50% of the fair market value of all issued and outstanding Units unless not more than 10% (based on fair market value) of the Fund’s property is at any time “taxable Canadian property” within the meaning of the Tax Act and certain other types of specified property. The September 16th Tax Proposals were not included in Bill C-52, which received Royal Assent on June 22, 2007. Pursuant to an amendment to the Tax Act contained in Bill C-52, the Fund would be deemed not be a mutual fund trust after any time when it can reasonably be considered that the Fund was established or is maintained primarily for the benefit of non-resident persons unless at that time, all or substantially all of its property is property other than taxable Canadian property. It is not clear whether this amendment supersedes the September 16th Tax Proposals. Restrictions on the ownership of Units are intended to limit the number of Units held by non-residents such that non-residents, partnerships that are not Canadian partnerships, or any combination of the foregoing, may not own Units representing more than 50% of the Units (on a number of Units or a fair market value basis). Further, provided the Fund complies with its investment restrictions, it is not anticipated that more than 10% of the fair market value of the Fund’s assets will, at any time, consist of “specified property” as defined in the September 16th Tax Proposals, with the result that the Manager does not anticipate that the September 16th Tax Proposals (even if enacted in their current form) or the above-mentioned amendment to the Tax Act would lead to a loss of mutual fund trust status for the Fund.

To qualify as a mutual fund trust (i) the Fund must be a Canadian resident “unit trust” for purposes of the Tax Act, (ii) the only undertaking of the Fund must be (a) the investing of its funds in property (other than real property or interests in real property), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) that is capital property of the Fund, or (c) any combination of the activities described in (a) and (b), and (iii) the Fund must

comply with certain minimum requirements respecting the ownership and dispersal of Units (the “minimum distribution requirements”). In this connection, (i) the Manager intends to cause the Fund to qualify as a unit trust throughout the life of the Fund, (ii) the Fund’s undertaking conforms with the restrictions for mutual fund trusts, and (iii) the Manager has advised counsel that it has no reason to believe that, following the closing of the Offering, the Fund will not comply with the minimum distribution requirements at all material times. The Manager has advised counsel that it intends to ensure that the Fund will meet the requirements necessary for it to qualify as a mutual fund trust no later than the closing of the Offering and at all times thereafter and to file the necessary election so that the Fund will qualify as a mutual fund trust throughout its first taxation year.

If the Fund were not to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different.

Provided that the Fund qualifies, and continues at all times to qualify, as a “mutual fund trust” within the meaning of the Tax Act, 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 (each a “plan trust”).

Taxation of the Fund

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including dividends and net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Unitholders in the year. The Manager has advised counsel that the Fund intends to make distributions to Unitholders and to deduct, in computing its income in each taxation year, such amount as will be sufficient to ensure that the Fund will not be liable for income tax under Part I of the Tax Act for each year other than such tax on net realized capital gains that will be recoverable by the Fund in respect of such year by reason of the capital gains refund mechanism. The Manager has advised counsel that the Fund intends to make an election under subsection 39(4) of the Tax Act so that all securities included in the Common Share Portfolio that are “Canadian securities” (as defined in the Tax Act) will be deemed to be capital property to the Fund. In determining its income for tax purposes, the Fund will treat gains and losses on the disposition of securities in the Common Share Portfolio under the Forward Agreement as capital gains and losses.

The Fund will be entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act 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 (the “Capital Gains Refund”). 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 disposition of securities included in the Common Share Portfolio under the Forward Agreement in connection with the redemption of Units.

The Fund will not realize any income, gain or loss as a result of entering into the Forward Agreement. Provided the Fund elects to have each of its Canadian securities treated as capital property, gains or losses realized by the Fund on the sale of Canadian securities should be taxed as capital gains or capital losses. If the obligations of the Fund and the Counterparty are settled by making cash payments, a payment made or received by the Fund may be treated as an income outlay or receipt, as applicable. If the Fund delivers securities in the Common Share Portfolio to the Counterparty in satisfaction of its obligations under the Forward Agreement, the Fund will realize capital gains (or capital losses) equal to the amount by which such purchase price (less reasonable costs of disposition) exceeds (or is less than) the aggregate adjusted cost base of such securities.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income. The Fund may generally deduct the costs and expenses of the Offering paid by the Fund and not reimbursed at a rate of 20% per year, pro-rated where the Fund's taxation year is less than 365 days. Any losses incurred by the Fund may not be allocated to Unitholders but may generally be carried forward and back and deducted in computing the taxable income of the Fund in accordance with the detailed rules and limitations in the Tax Act (including the October 2003 Proposals discussed below).

It is possible that, under the October 2003 Proposals, or the Alternative Proposal, the deduction of losses of the Fund in a particular taxation year could be limited. Under the October 2003 Proposals, a taxpayer will have a loss for a taxation year from a particular source that is a business or property only if, in that year, it is reasonable to expect that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, and can reasonably be expected to carry on, the business, or has held, and can reasonably be expected to hold, the property. If the deduction of losses of the Fund is limited in a particular year, the taxable income of the Fund would be increased along with the taxable amount of distributions to Unitholders.

Taxation of Unitholders

A Unitholder will generally be required to include in computing income for a taxation year the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder (whether in cash or in Units) in the taxation year. The non-taxable portion of the Fund's net realized capital gains paid or payable and designated to a Unitholder in a taxation year will not be included in the Unitholder's income for the year. Any other amount in excess of the Unitholder's share of the Fund's net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder's income, but will generally reduce the adjusted cost base of the Unitholder's Units. 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 Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain to zero. Any losses of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund and the taxable dividends, if any, received or deemed to be received, by the Fund on shares of taxable Canadian corporations as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. Amounts designated as taxable dividends will be subject to the gross-up and dividend tax credit rules, including the enhanced gross-up and tax credit applicable to designated 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 utilize, 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 Unitholder but not deducted by the Fund will not be included in the Unitholder's income. However, the adjusted cost base of the Unitholder's Units will be reduced by such amount (other than the non-taxable portion of the Fund's net realized capital gains paid or payable and designated to a Unitholder in a taxation year). 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 Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain to zero.

On the disposition or deemed disposition of a Unit (whether on a sale, redemption or otherwise), the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition (other than any amount payable by the Fund which represents an amount that is otherwise required to be included in the Unitholder's income as described above) exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition.

For the purpose of determining the adjusted cost base of Units to a Unitholder, when Units are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units owned by the Unitholder as capital property immediately before that time. The cost of Units acquired as a distribution of income or capital gains 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 and will not affect the aggregate adjusted cost base to a Unitholder of Units.

One-half of any capital gain (a "taxable capital gain") realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss (an "allowable capital loss") realized may be deducted from taxable capital gains of the Unitholder for that year. 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.

If a Unitholder would otherwise realize a capital loss on the disposition of a Unit and the Unitholder, the Unitholder's spouse or another person affiliated with the Unitholder (including a corporation controlled by the Unitholder) acquires Units within 30 days before or after the disposition which are considered to be "substituted property", the Unitholder's capital loss may be deemed to be a superficial loss. If so, the Unitholder will not be allowed to recognize the capital loss and it will be added to the adjusted cost base to the owner of the Units that are substituted property.

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as taxable dividends from taxable Canadian corporations or as net realized taxable capital gains as well as taxable capital gains realized by the Unitholders on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

Based on counsel's understanding of the CRA's current administrative policies and assessing practices, the Conversion of the Fund from a closed-end mutual fund to an open-end mutual fund will not result in a disposition of Units by the Unitholders.

Taxation of Registered Plans

Amounts of income and capital gains included in a plan trust's income are generally not taxable under Part I of the Tax Act, provided that the Units are qualified investments for the plan trust. See "Income Tax Considerations – Status of the Fund". Unitholders should consult their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a plan trust.

Notwithstanding the foregoing, if the Units are "prohibited investments" for the purposes of a tax-free savings account, a holder will be subject to a penalty tax as set out in the Tax Act. A "prohibited investment" includes a unit of a trust which does not deal at arm's length with the holder, or in which the holder has a significant interest, which in general terms means the ownership of 10% or more of the value of the trust's outstanding units by the holder, either alone or together with persons and partnerships with which the holder does not deal at arm's length. Holders are advised to consult their own tax advisors in this regard.

Tax Implications of the Fund's Distribution Policy

The NAV per Unit will, in part, reflect any income and gains of the Fund that have accrued or been realized but not made payable at the time Units were acquired. A Unitholder who acquires Units, including on a distribution in the form of Units, may become taxable on the Unitholder's share of income and capital gains of the Fund that accrued before Units were acquired. While it is expected that the term of the Forward Agreement will be not more than three years, distributions of gains realized under the Forward Agreement will be made on an annual or more frequent basis with the result that there may be income and gains at any point in time. Since the Fund intends to make monthly distributions as described under "Distribution Policy", the consequences of acquiring Units late in the calendar year will generally depend on the amount of distributions throughout the year and whether a special distribution to Unitholders as described under "Distribution Policy" is necessary to ensure that the Fund will not be liable for non-refundable income tax on such amounts under the Tax Act.

ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND AND THE STRATEGIC TRUST

Manager of the Fund and the Strategic Trust

The Manager will perform the management functions of the Fund pursuant to the Declaration of Trust. The Manager will also perform the management functions of the Strategic Trust pursuant to the declaration of trust dated November 25, 2009 (the "Strategic Trust Declaration of Trust"). The Manager will provide all administrative services required by the Fund and the Strategic Trust and, on behalf of the Fund and the Strategic Trust, will retain the Investment Manager to provide the investment advisory and portfolio management services required by the Fund and the Strategic Trust. Navina is a specialized financial services company, providing structured products and other financial services to clients. Navina is the manager of Global Agribusiness Trust (AGB.UN-T) and the Navina/Lazard U.S. High Yield Bond Fund. The Manager carries on business at 220 Bay Street, Suite 1500, Toronto, Ontario, M5J 2W4.

The Investment Manager and the Manager have entered into discussions regarding the potential acquisition of the business and operations of the Manager by the Investment Manager. Such acquisition is subject to a number of conditions including the execution of definitive documentation.

Duties and Services to be Provided by the Manager

Pursuant to the Declaration of Trust and the Strategic Trust Declaration of Trust, as applicable, Navina is the manager of the Fund and the Strategic Trust and, as such, is responsible for making all investment decisions of the Fund and the Strategic Trust in accordance with the investment objectives, strategy and restrictions and for arranging for the execution of all Portfolio transactions. The Manager may delegate certain of its powers to third parties, where, in the discretion of the Manager, it would be in the best interests of the Fund or the Strategic Trust, as applicable, to do so. The Manager's duties include, without limitation: authorizing the payment of operating expenses incurred on behalf of the Fund and the Strategic Trust; preparing financial statements and financial and accounting information as required by the Fund; ensuring that Unitholders are provided with financial statements (including semi-annual and annual financial statements) and other reports as are required by applicable law from time to time; ensuring that the Fund complies with regulatory requirements; preparing the Fund's reports to Unitholders and the Canadian securities regulatory authorities; determining the amount of distributions to be made by the Fund; and negotiating contractual agreements with third-party providers of services, including registrars, transfer agents, auditors and printers.

The Manager will retain the Investment Manager to provide investment advisory and portfolio management services with respect to the Common Share Portfolio and the Portfolio and will monitor the Fund's and the Strategic Trust's investment strategies and ensure compliance with their respective investment restrictions.

Details of the Declaration of Trust and the Strategic Trust Declaration of Trust Concerning the Manager

Pursuant to the Declaration of Trust and the Strategic Trust Declaration of Trust, the Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and the Strategic Trust and to exercise the care, diligence and skill of a reasonably prudent person in the circumstances. The Declaration of Trust and the Strategic Trust Declaration of Trust provide that the Manager will not be liable in any way for any default, failure or defect in the Common Share Portfolio held by the Fund or the Portfolio held by the Strategic Trust if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence, disregard of the Manager's standard of care and duty or by any material breach or default by it of its obligations under the Declaration of Trust or the Strategic Trust Declaration of Trust, as applicable.

Unless the Manager resigns or is removed as described below, the Manager will continue as Manager until the termination of the Fund and/or the Strategic Trust, as applicable. The Manager may resign if the Fund or the Strategic Trust, as applicable, is in breach or default of the provisions of the Declaration of Trust or the Strategic Trust Declaration of Trust, as applicable, and, if capable of being cured, any such breach or default has not been cured within 30 days' notice of such breach or default to the Fund or the Strategic Trust. The Manager is deemed to have resigned if the Manager becomes bankrupt or insolvent or in the event the Manager ceases to be resident in Canada for the purposes of the Tax Act. The Manager may not be removed as manager of the Fund other than by an Extraordinary Resolution (as defined below) of the Unitholders or as manager of the Strategic Trust by way of a resolution passed by at least 66²/₃% of the votes cast at a meeting called and held for such purpose or by way of written resolution of the holders of units of the Strategic Trust.

The Manager will be reimbursed by the Fund and the Strategic Trust, as applicable, for all reasonable costs and expenses incurred by the Manager on behalf of the Fund or the Strategic Trust as described under "Fees and Expenses — Ongoing Fees and Expenses". In addition, the Manager and each of its directors, officers, employees, shareholders and agents will be indemnified by the Fund and the Strategic Trust, as applicable, for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made against, the Manager, or any of its directors, officers, employees, shareholders or agents, in the exercise of its duties as Manager, except those resulting from the Manager's wilful misconduct, bad faith, negligence, disregard of the Manager's standard of care or material breach or default by the Manager of its obligations under the Declaration of Trust or the Strategic Trust Declaration of Trust, as applicable.

Officers and Directors of the Manager of the Fund

The name and municipality of residence of each of the directors, applicable officers and senior management of the Manager and their principal occupation are as follows:

<u>Name and Municipality of Residence</u>	<u>Position with Manager</u>	<u>Principal Occupation</u>
ANDREW BENTLEY Toronto, Ontario	President, Chief Executive Officer, Chairman and Director	President and Chief Executive Officer, Navina Capital Corp.

<u>Name and Municipality of Residence</u>	<u>Position with Manager</u>	<u>Principal Occupation</u>
LAWRENCE GUY Toronto, Ontario	Chief Financial Officer, Executive Vice President, Secretary and Director	Chief Financial Officer and Executive Vice President, Navina Capital Corp.
ENRIQUE GOMEZ Richmond Hill, Ontario	Director	Chief Financial Officer and Vice President, Finance, Brookfield Homes (Ontario) Limited
GEOFFREY HORTON Toronto, Ontario	Director	Managing Partner, VL Advisors Inc. (formerly known as Skylon Advisors and CI Funds) and VentureLink LP
DONALD WATTS Milton, Ontario	Director	Director, Sales and Marketing, Spinal Biologics Division, Medtronic Canada

The following is a brief description of the background of the directors and officers of Navina.

Andrew Bentley. Mr. Bentley has been in the financial services industry for over ten years and is currently President and Chief Executive Officer of Navina Capital Corp. Prior thereto, Mr. Bentley was Senior Vice President at Fairway Capital Management Corp. where he headed sales and marketing efforts for the firm. From September 2003 until October 2005, Mr. Bentley was the President of NGB Management Inc. and the Manager of a \$120 million venture capital life science fund. He was a Vice President of Skylon Capital Corp. from July 2001 until the sale of that firm in September 2003. Mr. Bentley holds an Honours Bachelor of Science (Biology) degree from Queen's University and a Bachelor of Kinesiology degree from McMaster University.

Lawrence Guy. Mr. Guy has more than 10 years experience in the specialty investment fund business working with retail structured products, closed-end funds, and various specialty limited partnerships. Mr. Guy is currently Chief Financial Officer and Executive Vice President of Navina Capital Corp. Formerly as Vice President of Fairway Capital Management Corp., Mr. Guy had responsibility for product development and marketing. Prior to working at Fairway Capital Management Corp. Mr. Guy held senior management roles with First Trust Portfolios of Toronto, Canada and Lawrence & Company Inc. Mr. Guy holds a B.A. (Economics) degree from the University of Western Ontario. Mr. Guy is a CFA charterholder.

Enrique Gomez. Mr. Gomez is currently Chief Financial Officer and Vice President, Finance with Brookfield Homes (Ontario) Limited. He has been with the company for five years and has been in the real estate industry for the past seven years. Mr. Gomez obtained his Chartered Accountant designation in 1999 after a two year career in public accounting with Grant Thornton. Mr. Gomez has also worked with several large public companies including Trizec Properties Inc. and Oracle Corporation. Mr. Gomez holds an Honours B.A. (Urban Development) from the University of Western Ontario and a degree in Public Accountancy from McGill University.

Geoffrey Horton. Mr. Horton is currently Managing Partner of VL Advisors Inc. (formerly known as Skylon Advisors and CI Funds) and VentureLink LP, the investment advisor and manager respectively of four labour-sponsored investment funds focused on private investments in areas such as financial services, technology and alternative energy. Since 1995 he has been employed in similar roles acting as an investment manager. He currently sits on the board of directors of seven private companies.

Mr. Horton holds a Bachelor of Commerce (Honours) degree from Queen's University and is a CFA charterholder.

Donald Watts. Mr. Watts is currently Director, Sales and Marketing, Spinal Biologics Division, at Medtronic Canada. Prior to this Mr. Watts was Commercial Director, Pharmaceuticals and Contact Lenses, at Bausch and Lomb Canada. He has been in the pharmaceutical industry for more than 11 years, most of which were spent with Organon Canada Ltd., a mid-sized global R&D and pharmaceutical marketing organization. Mr. Watts obtained his Master of Business Administration from the Richard Ivey School of Business, University of Western Ontario. Mr. Watts also holds a Bachelor of Science from the University of Western Ontario.

The Investment Manager

The Investment Manager is located at 220 Bay Street, Suite 1500, Toronto, Ontario, M5J 2W4. The Investment Manager has been retained by the Manager to provide investment advisory services to the Strategic Trust and to acquire the Common Share Portfolio on behalf of the Fund. Founded in 2001, the Investment Manager is a specialized global asset management firm with interests and investments in Canada and around the world. As at August 31, 2009, the Investment Manager managed 15 funds with total assets under management of approximately \$225 million.

The Investment Manager and the Manager have entered into discussions regarding the potential acquisition of the business and operations of the Manager by the Investment Manager. Such acquisition is subject to a number of conditions including the execution of definitive documentation.

The following is a brief description of the background of the individuals of the Investment Manager who will be primarily responsible for providing investment advisory services to the Fund and the Strategic Trust:

Ravi Sood. Mr. Sood is President and Chief Operating Officer of the Investment Manager. He has provided the direction, leadership and strategy for the Investment Manager's investing activities since 1998. Mr. Sood was previously employed by a major international investment bank. He holds a Bachelor of Mathematics with distinction from the University of Waterloo.

Glenn MacNeill. Mr. MacNeill is Senior Vice-President and Chief Investment Officer of the Investment Manager. He has more than 30 years of financial and petroleum-related experience, including portfolio management, corporate finance and equity/debt analysis. Prior to joining the Investment Manager, Mr. MacNeill spent nine years with Sentry Select Capital Corp. as Vice-President, Investment where he served as the principal portfolio manager of Sentry Select Energy Growth Fund, Sentry Select Canadian Resource Class and the NCE Flow-Through investment funds. He has extensive experience in oil and gas royalty trusts, energy companies and private investment opportunities. Mr. MacNeill served as an oil and gas research analyst at HSBC Securities and an energy equity analyst with Scotia Capital Markets, where he covered integrated oil companies and a selection of petroleum companies. He also served as a portfolio manager with Imperial Life/Laurentian Financial Inc. for six years. Mr. MacNeill is a Professional Engineer and received a Bachelor of Science Degree in Mechanical Engineering from Queen's University in Kingston, Ontario.

Details of the Portfolio Management Agreements

The Investment Manager will provide investment advisory and portfolio management services to the Fund with respect to the Common Share Portfolio pursuant to a portfolio management agreement (the "Fund Portfolio Management Agreement") to be entered into on or prior to the closing of the

Offering between the Manager, the Fund and the Investment Manager. Under the Fund Portfolio Management Agreement, the Investment Manager's obligations with respect to the Common Share Portfolio are limited to initially selecting a portfolio of common shares and replacement securities of Canadian public companies that are acceptable to the Counterparty. Other than with respect to the Common Share Portfolio, the Investment Manager has no other obligations, and provides no other services with respect to the Fund, including but not limited to the selection of the Counterparty or establishing the terms and conditions of the Forward Agreement or any replacement forward agreement. In addition, the Investment Manager will provide investment advisory and portfolio management services to the Strategic Trust pursuant to a portfolio management agreement (the "Strategic Trust Portfolio Management Agreement") to be entered into on or prior to the closing of the Offering between the Manager, the Strategic Trust and the Investment Manager (the "Strategic Trust Portfolio Management Agreement" and collectively with the Fund Portfolio Management Agreement, the "Portfolio Management Agreements"). Decisions regarding the purchase and sale of securities and the execution of transactions will be made by the Investment Manager, in accordance with and subject to the terms of the Portfolio Management Agreements. Subject to the terms of the Portfolio Management Agreements, the Investment Manager will acquire the Common Share Portfolio and any replacement securities and implement the investment strategies for the Portfolio on an ongoing basis.

Under the Portfolio Management Agreements, the Investment Manager covenants to act at all times on a basis which is fair and reasonable to the Manager, the Fund or the Strategic Trust, as applicable, to act honestly and in good faith with a view to the best interests of the Fund, or the Strategic Trust, as applicable, and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. The Portfolio Management Agreements provide that the Investment Manager will not be liable in any way to the parties indemnified under the Portfolio Management Agreements for any default, failure or defect in any of the securities comprising the Common Share Portfolio or the Portfolio, as applicable, if it satisfied the standard of care, diligence and skill set forth above. The Fund Portfolio Management Agreement provides that, notwithstanding anything to the contrary regarding the Investment Manager's obligations set forth therein, its obligations with respect to the Common Share Portfolio are limited to initially selecting a portfolio of common shares of Canadian public companies and replacement securities that are acceptable to the Counterparty and, further, that the Investment Manager will have no liability for any depreciation or loss to the Fund associated with the Common Share Portfolio provided it has satisfied its standard of care. Pursuant to the Portfolio Management Agreements, the Investment Manager, its affiliates and any of their officers, directors, employees, shareholders and agents shall be indemnified by the Manager and from the assets of the Fund or the Strategic Trust, as applicable, against all losses (other than loss of profits), expenses and liabilities incurred by any of them in connection with any matter relating to their respective duties under the Portfolio Management Agreements, unless any such indemnified person is finally adjudicated to have committed a material breach or default of its obligations under the Portfolio Management Agreements or an act or omission involving wilful misconduct, bad faith, negligence or reckless disregard of such person's duties under the Portfolio Management Agreements.

The Portfolio Management Agreements, unless terminated as described below, will continue until the Termination Date (defined under "Termination of the Fund"). The Investment Manager may terminate a Portfolio Management Agreement, without payment of any penalty, including in the following circumstances: (i) upon 30 days' notice; (ii) in the event that the Manager is in material breach of the applicable Portfolio Management Agreement and the material breach has not been cured within 20 business days' notice thereof to the Manager; (iii) if there is a material change in the investment objectives, strategy and/or restrictions of the Fund to which the Investment Manager has not previously agreed; (iv) if there is a dissolution and commencement of winding-up of the Fund or the Strategic Trust, as applicable; (v) if the Manager, the Fund or the Strategic Trust, as applicable, becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in

respect of the Manager, the Fund or the Strategic Trust or a substantial portion of any of their assets; (vi) if the assets of the Manager, the Fund or the Strategic Trust, as applicable, become subject to seizure or confiscation by any public or governmental organization; or (vii) if the Manager or one of its affiliates ceases to be the Manager of the Fund or the Strategic Trust.

The Manager may terminate a Portfolio Management Agreement, without payment of any penalty, including in the following circumstances: (i) upon 30 days' notice; (ii) in the event that the Investment Manager is in material breach of the applicable Portfolio Management Agreement and the material breach has not been cured within 20 business days' notice thereof to the Investment Manager; (iii) if there is a dissolution and commencement of winding-up of the Investment Manager; (iv) if the Investment Manager becomes bankrupt or insolvent or makes a general assignment for the benefit of the creditors or a receiver is appointed in respect of the Investment Manager or a substantial portion of the assets of the Investment Manager; (v) if the assets of the Investment Manager become subject to seizure or confiscation by any public or governmental organization; (vi) if the Investment Manager has lost any registration, license or other authorization or cannot rely on an exemption therefrom required by the Investment Manager for it to perform the services delegated to it thereunder; or (vii) if the Investment Manager has breached its standard of care or acted with wilful misconduct, fraud or negligence.

The Portfolio Management Agreements will not be subject to termination under clause (ii) in the preceding paragraph if a material breach by the Investment Manager cannot be cured within 20 business days' notice thereof but the Investment Manager commences the cure within the 20 business day period and completes the cure within 45 days of such notice. In addition, if the Investment Manager purchases or sells a security for the Common Share Portfolio or the Portfolio or takes any other action with respect to the assets of the Common Share Portfolio or the Portfolio that through inadvertence violates any investment strategy or restriction set forth in the Portfolio Management Agreements and the violation has or will have a material adverse effect on the Common Share Portfolio or the Portfolio, as applicable, then it will not be considered a material breach for purposes of the termination right in clause (ii) in the preceding paragraph if the Investment Manager takes action that returns the Common Share Portfolio or the Portfolio, as applicable, to compliance with such investment strategy or restriction within the cure period described above, as the same may be extended by agreement in writing by all the parties to the Portfolio Management Agreements.

In the event that a Portfolio Management Agreement is terminated as provided above, the Manager shall promptly appoint one or more successor investment advisors to carry out the activities of the Investment Manager until a meeting of Unitholders is held to confirm such appointment.

The Manager is responsible for payment of the investment management fees of the Investment Manager out of the Management Fee. See "Fees and Expenses - Ongoing Fees and Expenses".

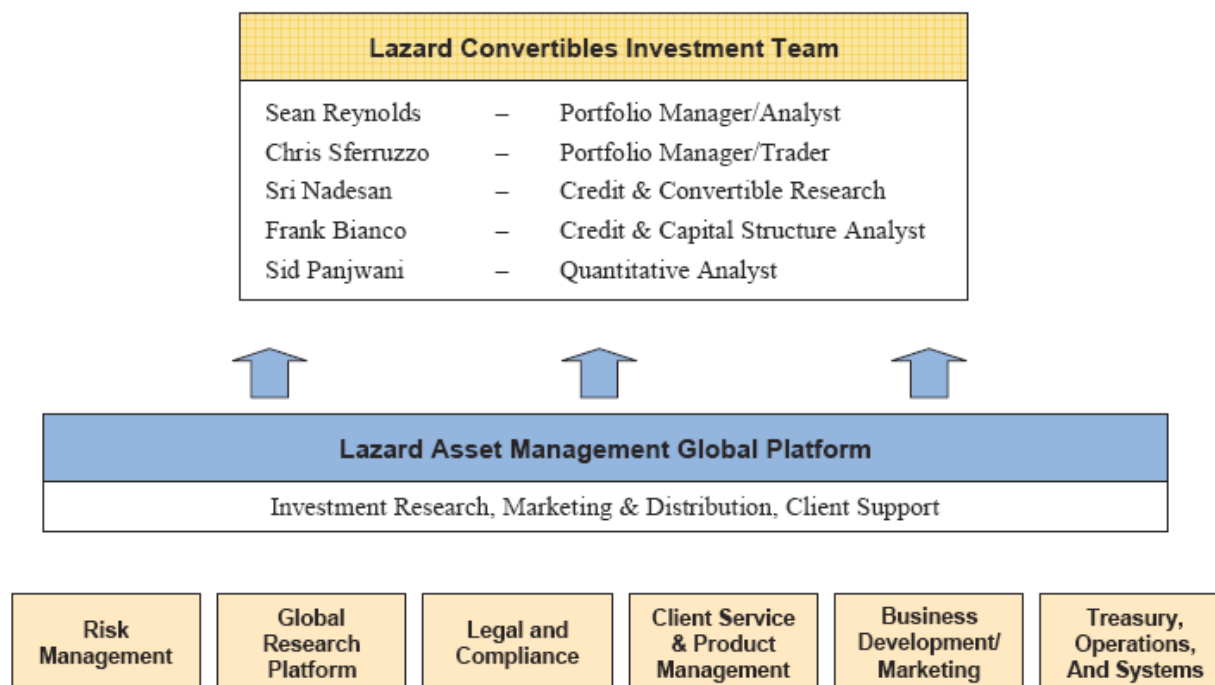
The Sub-Advisor

The Sub-Advisor is located at 30 Rockefeller Plaza, New York, New York, 10112. The Sub-Advisor is registered as an investment advisor with the U.S. Securities and Exchange Commission. Lazard is an indirect, wholly-owned subsidiary of Lazard Ltd. The Investment Manager will be responsible for all investment advisory services that are provided to the Fund and the Strategic Trust by the Sub-Advisor. With its origin dating back to 1848, Lazard Ltd. is one of the world's pre-eminent financial advisory and asset management firms. Lazard was established in 1970, and is known for providing investment management and advisory services to institutional, financial intermediary, and private clients around the world. As of June 30, 2009, Lazard, together with its subsidiaries, had total assets under management of approximately U.S.\$86.3 billion, including roughly U.S.\$400 million in convertible security and related strategies. Sean Reynolds, a senior Portfolio Manager/Analyst at Lazard

and head of a five-member team with over 75 years of combined experience in convertible arbitrage and relative value strategies, will advise the Strategic Trust.

The Sub-Advisor is resident outside Canada and all or a substantial portion of its assets are located outside Canada. As a result, anyone seeking to enforce legal rights against the Sub-Advisor may find it difficult to do so.

Lazard, together with its affiliates, serves as investment advisor to several fixed income funds using a variety of strategies. The table below sets out Lazard’s approach to investing in convertible bonds:



49 Staff support the Global Alternative Investments Business*
49 Research Analysts Worldwide

* Members of the above groups that are dedicated exclusively to Alternative Investments as of 30 June 2009. This number may include staff who split time with other business channels.

Lazard applies a differentiated investment approach to the convertible securities market in which it seeks opportunities by looking beyond the traditional drivers of the valuation of such securities (i.e. credit and volatility); instead, Lazard seeks to apply rigorous fundamental and credit analysis to identify other catalysts impacting convertible securities, namely special situations and events. Lazard seeks to explore a variety of investment theses using optimal capital markets instruments (e.g. convertible securities, options, etc.).

To facilitate its investment approach, Lazard’s convertible securities team works with over 50 analysts, including 25 dedicated industry analysts, who collaborate across Lazard’s Global Research Platform and provide the team with insights on special situations and event catalysts. The team’s relative value platform, a representation of its differentiated investment process, is built on innovative analysis

and a disciplined risk control process at security and portfolio levels and allows the team to track all securities within the convertible securities market.

Sean Reynolds is a senior Portfolio Manager/Analyst at Lazard and heads a five-member team with over 75 years of combined experience in convertible arbitrage and relative value strategies. Prior to joining Lazard in 2007, Mr. Reynolds was a portfolio manager for convertible arbitrage strategies at SAC Capital Management from April 2003 to August 2006 and, subsequent to this, senior portfolio manager at Sailfish Capital Partners' G2 Multistrategy Fund. Previously he was a convertible arbitrage portfolio manager at the Clinton Group, Inc. From 1997 to 2002, Mr. Reynolds was a managing director and Head of Convertibles Sales (U.S.) at Deutsche Bank Securities, including a period as an executive member of the North American Management Committee, Deutsche Bank Equities. Prior to 1997, Mr. Reynolds was responsible for global convertible securities sales at UBS Securities and domestic convertibles at Merrill Lynch. He has been in the investment industry since 1993. Mr. Reynolds has an MBA from the Wharton School of the University of Pennsylvania and a BA in Math and BAI (BSc) in Engineering from Trinity College Dublin.

Christopher Sferruzzo is a Vice President, Portfolio Manager/Analyst Lazard. Chris Sferruzzo is a portfolio manager/analyst and trader on the Rathmore team. He began working in the investment field in 1998. Prior to joining Lazard in 2008, Chris was a senior portfolio manager in convertible arbitrage at Argent Funds Group LLC, where he oversaw a global convertible bond and equity derivative portfolio. Previously, Chris was a portfolio manager and sell-side trader at McMahan Securities, where he managed a proprietary convertible bond portfolio. Prior to that, he worked at Clinton Group as a buy-side trader. Chris started his career at Dreyfus Corporation as an analyst. He has an MBA from the University of Connecticut and a BS in Finance from St. John's University.

Sritharan Nadesan is a Senior Vice President, Portfolio Manager/Analyst Lazard. Sritharan Nadesan is a credit/convertible research analyst on the Rathmore team. He began working in the investment field in 1992. Prior to joining Lazard in 2008, Sri was a Director and Senior Convertibles Analyst at Wachovia Securities Inc., covering the U.S. Convertibles market with a specialty in the Consumer Cyclical, Financials and REITs sectors. Prior to Wachovia, Sri was a Director and Senior Convertibles Analyst at UBS Warburg LLC, focusing on the Broadcasting/Media and Consumer Cyclical sectors. Previously, Sri was a Convertibles Analyst at Lehman Brothers. Sri started his career at Tube Investments Ltd. in India as a Corporate Finance Analyst. He has a Joint Ph.D. and MBA in International Business and Finance from New York University, as well as a Bachelor of Commerce in Accounting from Loyola College in Madras, India. Sri has FINRA (formerly NASD) Series 7, 16, 63 and 86 licenses.

Frank Bianco, CFA is a Vice President, Research Analyst Lazard. Frank Bianco is a credit and capital structure analyst on the Rathmore team. He began working in the investment field in 1991. Prior to joining Lazard in 2009, Frank was a Portfolio Manager and Head of Credit Research at Argent Funds Group LLC, where he oversaw domestic and international convertible bond, high yield and equity derivative portfolios. Prior to that, Frank was a senior research analyst at McMahan Securities Co. L.P., covering the Biotechnology and Healthcare sectors. Previously, he was a senior research analyst in the Credit Risk Management division of the Federal Reserve Bank of New York. Frank started his career as a credit analyst at American International Group. Frank has a BA in Economics from Ohio Wesleyan University. He is a member of the New York Society of Security Analysts (NYSSA) and holds NASD (now FINRA) Series 7, 86 and 87 licenses.

Siddharth H. Panjwani is a Quantitative Research Analyst Lazard. Sid Panjwani is a quantitative research analyst on the Rathmore team. Prior to joining Lazard in 2007, Sid conducted quantitative analysis and fundamental research as well as facilitated development of various indices, including hedge

funds, private equity and commodities, at Standard & Poor's. He began his career in the investment field in 2004 at AIG Global Investment Group, where he assisted in establishing a convertible bond fund. He has an MBA (Hons) from Carnegie Mellon University and a BE (BSc) in Computer Science from the University of Bombay.

Details of the Sub-Advisory Agreement

The Investment Manager has retained the services of the Sub-Advisor to provide certain investment advisory and portfolio management services with respect to Strategic Trust pursuant to a sub-advisory agreement (the "Sub-Advisory Agreement") to be entered into on or prior to the closing of the Offering between the Investment Manager and the Sub-Advisor. Under the Sub-Advisory Agreement, the Sub-Advisor covenants to act honestly and in good faith with a view to the best interests of the Strategic Trust and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. Pursuant to the Sub-Advisory Agreement, the Sub-Advisor, its affiliates and any of its officers, directors, employees, shareholders and agents shall be indemnified against all losses (other than loss of profits), expenses and liabilities incurred by any of them in connection with any matter relating to its respective duties under the Sub-Advisory Agreement, unless any such indemnified person is finally adjudicated to have committed a material breach or default of its obligations under the Sub-Advisory Agreement or an act or omission involving wilful misconduct, bad faith, negligence or reckless disregard of such person's duties under the Sub-Advisory Agreement.

The Sub-Advisory Agreement, unless terminated as described below, will continue until the termination of the Strategic Trust. Notwithstanding the foregoing, the Sub-Advisory Agreement, and the services provided thereunder by the Sub-Advisor to the Strategic Trust, are assignable to the Fund upon the termination of the Forward Agreement. The Sub-Advisor may terminate the Sub-Advisory Agreement, without payment of any penalty, in the following circumstances: (i) upon 30 days' notice; (ii) immediately upon termination of the Portfolio Management Agreements; (iii) in the event that the Investment Manager is in material breach of the Sub-Advisory Agreement and the material breach has not been cured within 20 business days' notice thereof to the Investment Manager; (iv) if there is a dissolution and commencement of winding-up of the Investment Manager; (v) if the Investment Manager becomes bankrupt or insolvent or makes a general assignment for the benefit of the creditors or a receiver is appointed in respect of the Investment Manager or a substantial portion of the assets of the Investment Manager; (vi) if the assets of the Investment Manager become subject to seizure or confiscation by any public or governmental organization; (vii) if the Investment Manager has lost any registration, license or other authorization or cannot rely on an exemption therefrom required by the Investment Manager for it to perform the services delegated to it thereunder; or (viii) if the Investment Manager has breached its standard of care or acted with wilful misconduct, fraud or negligence.

The Investment Manager may terminate the Sub-Advisory Agreement, without payment of any penalty, in the following circumstances: (i) upon 30 days' notice; (ii) in the event that the Sub-Advisor is in material breach of the Sub-Advisory Agreement and the material breach has not been cured within 20 business days' notice thereof to the Sub-Advisor; (iii) if there is a dissolution and commencement of winding-up of the Sub-Advisor; (iv) if the Sub-Advisor becomes bankrupt or insolvent or makes a general assignment for the benefit of the creditors or a receiver is appointed in respect of the Sub-Advisor or a substantial portion of the assets of the Sub-Advisor; (v) if the assets of the Sub-Advisor become subject to seizure or confiscation by any public or governmental organization; (vi) if the Sub-Advisor has lost any registration, license or other authorization or cannot rely on an exemption therefrom required by the Sub-Advisor for it to perform the services delegated to it thereunder; or (vii) if the Sub-Advisor has breached its standard of care or acted with wilful misconduct, fraud or negligence.

The Sub-Advisory Agreement will not be subject to termination under clause (ii) in the preceding paragraph if a material breach by the Sub-Advisor cannot be cured within 20 business days' notice thereof but the Sub-Advisor commences the cure within the 20 business day period and completes the cure within 45 days of such notice. In addition, if the Sub-Advisor purchases or sells a security for the Portfolio or takes any other action with respect to the assets of the Portfolio that through inadvertence violates any investment strategy or restriction set forth in the Sub-Advisory Agreement and the violation has or will have a material adverse effect on the Portfolio then it will not be considered a material breach for purposes of the termination right in clause (ii) in the preceding paragraph if the Sub-Advisor takes action that returns the Portfolio to compliance with such investment strategy or restriction within the cure period described above, as the same may be extended by agreement in writing by the parties to the Sub-Advisory Agreement.

The Investment Manager is responsible for payment of the fees of the Sub-Advisor.

Conflicts of Interest

The Manager, the Investment Manager and the Sub-Advisor and their affiliates are engaged in a wide range of investment management, investment advisory and other business activities. The services provided by the Manager under the Declaration of Trust and the Strategic Trust Declaration of Trust, the Investment Manager under the Portfolio Management Agreements, and the Sub-Advisor under the Sub-Advisory Agreement are not exclusive and nothing in those agreements prevent the Manager, the Investment Manager, the Sub-Advisor or any of their affiliates from providing similar services to other investment funds and other persons (whether or not their investment objectives, strategies and policies are similar to those of the Fund) or from engaging in other activities. Each of the Investment Manager's investment decisions for the Fund and the Strategic Trust will be made independently of those made for other persons and independently of its own investments. Similarly, each of the Sub-Advisor's investment decisions for the Strategic Trust will be made independently of those made for other persons and independently of its own investments.

Whenever the Investment Manager or the Sub-Advisor proposes to make an investment, the investment opportunity will be allocated, on an equitable basis between the Strategic Trust and any other fund for which the proposed investment would be within such fund's investment objectives, as required by the Declaration of Trust, and the Strategic Trust Portfolio Management Agreement and the Sub-Advisory Agreement.

Where the Manager, the Investment Manager, the Sub-Advisor or their affiliates otherwise perceives, in the course of its business, that it is or may be in a material conflict of interest position, the matter will be referred to the IRC.

The IRC will consider all matters referred to it and provide its recommendations to the Manager as soon as possible. See "Organization and Management Details of the Fund and the Strategic Trust – Independent Review Committee".

Independent Review Committee

The Manager has established, and appointed the first members of, an Independent Review Committee (the "IRC") for the Fund, in accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* ("NI 81-107").

The IRC is composed of three individuals, each of whom is independent of the Fund, the Manager and its affiliates. The current members of the IRC, and their principal occupations, are as follows:

Name and Municipality of Residence	Principal Occupation
JOHN CROW Toronto, Ontario	Consultant Mr. Crow is the former Governor of the Bank of Canada and a noted economist. He is a director or advisor to a number of companies, and is also a Senior Fellow of the C.D. Howe Institute. In 1999, he chaired a committee of international experts that was commissioned by the Executive Board of the International Monetary Fund (the “IMF”) to evaluate IMF bilateral, regional, and multilateral surveillance activities, and in 2002, he took part in a high level international mission to advise on monetary problems in Argentina. In 2003, he chaired an international task force commissioned by the International Federation of Accountants to examine the loss of credibility in financial reporting and how to restore it. Mr. Crow is the author (2002) of <i>Making Money: An Insider’s Perspective on Finance, Politics, and Canada’s Central Bank</i> .
AMAR BHALLA Toronto, Ontario	President, Capit Investment Corp. Mr. Bhalla is the President of Capit Investment Corp., an investment management firm focused on private equity and venture capital. He is a founder of three capital pool companies, Carlaw Capital Corp. (now Nyah Resources Inc.), Carlaw Capital II Corp. (now TrueContext Mobile Solutions Corporation) and Carlaw Capital III Corp. In the past nine years, Mr. Bhalla has been involved in a variety of business segments. He recently served as Chief Executive Officer of Crescent Logic Inc., a Toronto-based software firm. Prior to joining Crescent Logic, Mr. Bhalla allocated capital in both public and private ventures on behalf of Toronto-based investment groups. Mr. Bhalla received his C.F.A. designation in September 2004 and received his B.A. degree from McGill University in June 1999.
CARRIE FREEBOROUGH Toronto, Ontario	Ms. Freeborough has over 15 years of experience in equity sales and trading. Most recently, Ms. Freeborough was the Head of Canadian Sales/Trading at Citigroup Global Markets Canada (“Citi”) for its newly opened equity trading desk in Toronto. She was responsible for starting, building and running the Institutional Equity desk which trades global securities for Canadian institutional clients. Previous to her role at Citi, Ms. Freeborough had been at UBS Securities for eight years where she was an executive director. Ms. Freeborough had a number of roles over her time at UBS including starting and running their program trading desk. She has an undergraduate degree in Fine Arts from the University of Western Ontario and an MBA from The Richard Ivey School of Business.

The IRC will become fully operational in accordance with the Declaration of Trust and will function in accordance with the applicable securities laws, including NI 81-107. The IRC has adopted a written charter that includes its mandate, responsibilities and functions, and the policies and procedures it will follow when performing its functions.

In accordance with NI 81-107, the mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager is subject when managing the Fund. The Manager is required under NI 81-107 to identify conflicts of interest inherent in its management of the Fund, and request input from the IRC on how it manages those conflicts of interest, as well as on its written policies and procedures outlining its management of those conflicts of interest.

The Manager must refer its proposed course of action in respect of any such conflict of interest matters to the IRC for its review. Certain matters require the IRC's prior approval, but in most cases the IRC will provide a recommendation to the Manager as to whether or not, in the opinion of the IRC, the Manager's proposed action provides a fair and reasonable result for the Fund. For recurring conflict of interest matters, the IRC can provide the Manager with standing instructions.

The members of the IRC will be indemnified by the Manager and the Fund, in keeping with NI 81-107. The IRC members will not be responsible for the investments made by the Fund, or for the performance of the Fund. The members of the IRC may serve in a similar capacity in respect of other funds managed by the Manager.

The members of the IRC are currently paid an aggregate annual fee of \$105,000 for serving on the IRC of the investment funds in the Navina family of investment funds. Each of such investment funds, including the Fund, is responsible for a portion of such fee which is allocated by the Manager among the various funds. Expenses incurred by the members of the IRC in connection with performing their duties are also the responsibility of the investment funds, including the Fund. All fees and expenses of setting up and running the IRC to be paid by the Fund and the regular fees and expenses of the IRC (based on the amounts agreed by the Manager for the first year) have been included in the Fund's estimated annual operating expenses (see "Fees and Expenses"). In future years the IRC members will set their own compensation in accordance with NI 81-107. In addition, the IRC has the authority, pursuant to NI 81-107 to retain independent counsel or other advisors, at the expense of the Fund, if the members deem it necessary to do so.

The IRC will report at least annually to the Unitholders of the Fund on its activities, as required by NI 81-107. The reports of the IRC will be available free of charge from the Manager on request by contacting the Manager at its office and will be posted on the Manager's website at www.navinacapital.com. The first report of the IRC will be available on or before August, 2010 and thereafter on or about August in each year.

The Trustee

The Manager is the trustee of the Fund under the Declaration of Trust, and is responsible for managing all of the Fund's activities. The address of the Manager where it principally provides services to the Fund is 220 Bay Street, Suite 1500, Toronto, Ontario M5J 2W4.

Pursuant to the Declaration of Trust, the Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Unitholders and to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. The Declaration of Trust provides that the Manager will not be liable in carrying out its duties under the Declaration of Trust except in cases of wilful misconduct, bad faith, negligence or the disregard of its

obligations or duties or breach of its standard of care and duty. The Manager and each of its directors, officers, and employees will be indemnified by the Fund for all liabilities and expenses reasonably incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Manager or any of its officers, directors, employees, shareholders or agents in the exercise of its duties under the Declaration of Trust, except those resulting from such person's wilful misconduct, bad faith, negligence, disregard of such person's obligations or duties or breach of their standard of care in relation to the matter in respect of which indemnification is claimed.

Unless the Manager resigns or is removed as described below, the Manager will continue as trustee until the termination of the Fund. The Manager or any successor trustee may resign upon 60 days' written notice to Unitholders, and the Manager is deemed to have resigned in certain circumstances, including if the Manager becomes bankrupt or insolvent or in the event the Manager ceases to be resident in Canada for the purposes of the Tax Act. The Manager may not be removed other than by an Extraordinary Resolution of the Unitholders in the event the Manager is in material breach or default of the provisions of the Declaration of Trust and, if capable of being cured, such breach or default had not been cured within 20 business days' notice of such breach or default. Any such resignation or removal shall become effective only upon the appointment of a successor trustee. If the Manager resigns or is removed by Unitholders, its successor must be approved by Unitholders. If, after the resignation or removal of the Manager, no successor has been appointed within 90 days, the Manager or any Unitholder may apply to a court of competent jurisdiction for the appointment of a successor trustee. If a successor trustee is not appointed, the Fund shall be terminated.

The Manager is entitled to fees for its services under the Declaration of Trust as described under "Fees and Expenses — Ongoing Fees and Expenses" and will be reimbursed by the Fund for all reasonable costs and expenses incurred by the Manager on behalf of the Fund.

The services to be provided by the Manager under the Declaration of Trust are not exclusive to the Fund and nothing in the Declaration of Trust prevents the Manager from providing similar management services to other investment funds and other clients (whether or not their activities are similar to those of the Fund) or from engaging in other activities.

The Custodian

State Street Trust Company Canada (the "Custodian") will be appointed custodian of the Fund pursuant to a custodian agreement between the Fund and the Custodian (the "Custodian Agreement"). The Custodian's principal place of business in respect of the Fund is Toronto, Ontario. The Custodian Agreement will provide that the Custodian, except as described below, will receive and hold all cash, portfolio securities and other assets of the Fund for safekeeping. The Custodian will receive fees for custodial services provided to the Fund. In the event that any portfolio assets are acquired by the Fund that cannot be held in Canada, the Custodian may appoint sub-custodians who are qualified to act as such.

In carrying out its duties, the Custodian is required to exercise:

- (a) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances, or
- (b) at least the same degree of care which it gives to its own property of a similar kind under its custody, if this is a higher degree of care than in paragraph (a) above.

Except to the extent the Custodian has not complied with its standard of care, the Custodian will not be liable for any act or omission in the course of, or connected to, rendering services under the

Custodian Agreement or for loss to, or diminution of, the Fund's property. In no event shall the Custodian be liable for any consequential or special damages. The Fund shall indemnify and save harmless the Custodian, and its affiliates, subsidiaries and agents, and their directors, officers, and employees from and against all legal fees, judgments and amounts paid in settlement incurred by such indemnified parties in connection with custodial or sub-custodial services provided under the Custodian Agreement except to the extent incurred as a result of breach of the above standard of care.

The Custodian Agreement provides that the agreement may be terminated by either party at any time on 60 days' written notice unless a different period is agreed to. Either party may terminate the Custodian Agreement immediately in the event that either party is declared bankrupt or shall be insolvent, the assets or the business of either party shall become liable to seizure or confiscation by a public or governmental authority, or the Manager's powers and authorities to act on behalf of or represent the Fund have been revoked or terminated.

Auditor

The auditors of the Fund are Ernst & Young LLP at its principal office located at 222 Bay Street, Toronto-Dominion Centre, Toronto, Ontario M5K 1J7.

Promoter

The Manager may be considered a promoter of the Fund within the meaning of the securities legislation of certain provinces or territories of Canada by reason of its initiative in organizing the Fund. The promoter will not receive any benefits, directly or indirectly, from the issuance of securities offered hereunder other than as described under "Fees and Expenses".

CALCULATION OF NET ASSET VALUE

The NAV of the Fund on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV of the Fund will be calculated using the fair value of the Fund's assets and liabilities. The NAV per Unit on any day will be obtained by dividing the NAV of the Fund on such day by the number of Units then outstanding.

Valuation Policies and Procedures of the Fund

In determining the NAV of the Fund or the Strategic Trust, at any time the Manager will take into account the following:

- (a) the value of any cash on hand or on deposit, prepaid expenses, cash dividends and other distributions declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Manager determines that any such asset is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Manager determines to be the fair value thereof;
- (b) bonds, debentures and other debt securities shall be valued by taking the average of the bid and ask prices at the Valuation Time (as defined below) on the Valuation Date (as defined below). Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest, which approximates fair value;

- (c) any security that is listed or dealt in on a stock exchange shall be valued at the sale price last reported at the Valuation Time on the Valuation Date on the principal stock exchange on which such security is traded, or, if no sale price is available at that time, the last closing price quoted for the security, but if bid and ask quotes are available, at the average of the latest bid and asked price rather than at the last quoted closing price;
- (d) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, shall be treated as a liability of the Fund or the Strategic Trust, as applicable;
- (e) any security sold but not delivered, pending receipt of the proceeds, shall be valued at the net sale price;
- (f) illiquid securities shall be valued at the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's or the Strategic Trust's, as applicable, acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of such securities may be made where the date on which the restriction will be lifted is known;
- (g) the value of any futures contract or forward contract shall be the gain or loss with respect thereto that would be realized if, at the Valuation Time, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- (h) debt-like securities and listed warrants shall be valued at the current market value thereof;
- (i) the value of the non-public investments will be valued by the Manager at fair market value. In determining fair market value, the Manager's objective will be to establish what the transaction price would have been on the Valuation Date in an arm's length transaction motivated by normal business considerations. Fair market value will be estimated based on the results of a valuation technique that makes maximum use of inputs observed from markets, and relies as little as possible on inputs generated by the Manager. In addition, the Manager incorporates factors that market participants would consider in setting the price and is consistent with accepted economic methods for pricing such financial instruments and will be in accordance with CICA Handbook Section 3855, paragraphs A47-A65;
- (j) units of any underlying fund will be valued at the NAV of such units as provided by such fund from time to time;
- (k) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Manager shall make such valuation as it considers fair and reasonable;

- (l) the value of all assets of the Fund or the Strategic Trust, as applicable, quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable to the Fund or the Strategic Trust, as applicable, in foreign currency and the value of all liabilities and contractual obligations payable by the Fund or the Strategic Trust, as applicable, in foreign currency shall be determined using the applicable rate of exchange current at, or as nearly as practicable to, the applicable date on which NAV is determined; and
- (m) estimated operating expenses shall be accrued to the date as of which the NAV is being determined.

Except as described below, National Instrument 81-106 *Investment Fund Continuous Disclosure* (“NI 81-106”) requires an investment fund, such as the Fund, to calculate its net assets in accordance with Canadian GAAP (as defined below). Canadian GAAP was recently modified by the introduction of section 3855 *Financial Instruments - Recognition and Measurement* of the handbook of the Canadian Institute of Chartered Accountants. Section 3855 redefines fair value as being the closing bid price for long positions and the closing ask price for short positions, in lieu of the closing or last trade price for all positions. Section 3855 applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2006. Therefore, the combined effect of NI 81-106 and section 3855 would require the Fund to determine the value of securities listed on a recognized public securities exchange or on NASDAQ using the fair value as defined by section 3855. However, since September 8, 2008, NI-81-106 permits investment funds, such as the Fund, to calculate its NAV in accordance with Canadian GAAP without giving effect to section 3855 for purposes other than issuing annual or interim financial statements, such as the issue and redemption of Units.

Financial statements of the Fund will contain a reconciliation of the net assets per Unit that is reported in such financial statements in accordance with Canadian GAAP to the NAV per Unit used by the Fund for all other purposes.

Reporting of Net Asset Value

The NAV of the Fund and NAV per Unit will be calculated as of 4:00 p.m. (Toronto time) or such other time as the Manager deems appropriate (the “Valuation Time”) every business day (each, a “Valuation Date”). Such information will be provided by the Manager to Unitholders on request by calling toll-free 1-800-513-3868 or daily via the Internet at www.navinacapital.com.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

The Units

The Fund is authorized to issue an unlimited number of Units. Except as provided under “Non-Resident Unitholders” below, all Units have equal rights and privileges. Each Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, and distributions upon the termination of the Fund. Units are issued only as fully paid and are non-assessable. Units will only be issued through the book-based system administered by CDS.

The Declaration of Trust provides that the Fund may not issue additional Units following completion of the Offering and prior to Conversion, except: (i) at a price that yields net proceeds of not

less than 100% of NAV per Unit calculated as of the close of business on the business day immediately prior to the pricing of such offering; (ii) by way of Unit distributions; or (iii) with the approval of Unitholders. Immediately after a pro-rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units may be consolidated such that each Unitholder will hold, after the consolidation, the same number of Units as the Unitholder held before the non-cash distributions, except in the case of a non-resident Unitholder to the extent tax was required to be withheld in respect of the distribution. Subject to the foregoing, the Fund may also allot and issue Units or other securities at such time or times and in such manner as the Manager in its sole discretion shall determine.

Registration and Redemption of Units

Registration of interests of the Units will be made only through the book based system of CDS. On the date of closing of the Offering, the Fund will electronically deposit to CDS the aggregate number of Units subscribed for under the Offering. Units must be purchased only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation. References in this prospectus to a Unitholder means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

The Fund, the Manager and the Agents will not have any liability for (i) records maintained by CDS relating to the beneficial interests in the Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units may be limited due to the lack of a physical certificate.

The Fund has the option to terminate registration of the Units through CDS' book based system in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

Market Purchases

The Fund may purchase Units through the facilities of the Toronto Stock Exchange (the "TSX") if the Manager determines that such purchases are in the best interest of the Fund. Purchases of Units by the Fund will be subject to compliance with any applicable regulatory requirements and limitations.

SECURITYHOLDER MATTERS

Meetings of Securityholders

A meeting of Unitholders may be convened by the Manager by a written requisition specifying the purpose of the meeting and must be convened if requisitioned by Unitholders holding not less than 10% of the Units then outstanding by a written requisition specifying the purpose of the meeting. Not less than 21 days' and not more than 50 days' notice will be given of any meeting of Unitholders. The quorum at any meeting of Unitholders is one Unitholder present in person or represented by proxy holding not less than 5% of the outstanding Units except for the purpose of any meeting called to consider item (e) below under "Matters Requiring Securityholder Approval" in which case the quorum shall be Unitholder(s) holding 15% of the outstanding Units. If no quorum is present at such meeting when

called, the meeting, if called on the requisition of Unitholders, will be terminated and otherwise will be adjourned for not less than 10 days and at the adjourned meeting the Unitholders then present in person or represented by proxy will form the necessary quorum. At any meeting of Unitholders, each Unitholder will be entitled to one vote for each Unit registered in the Unitholder's name.

The Fund does not intend to hold annual meetings of Unitholders.

Matters Requiring Securityholder Approval

Pursuant to the Declaration of Trust, the following matters require the approval of Unitholders by resolution passed by at least 66²/₃% of the votes cast at a meeting called and held for such purpose or by way of written resolution (each, an "Extraordinary Resolution"), other than item (i), which requires approval of Unitholders by a simple majority vote at a meeting called and held for such purpose:

- (a) a change in the investment objectives of the Fund as described under "Investment Objectives";
- (b) a change in the investment strategies of the Fund as described under "Investment Strategies";
- (c) a change in the investment restrictions of the Fund as described under "Investment Restrictions", other than to adopt the investment restrictions of the Strategic Trust in connection with a termination of the Forward Agreement;
- (d) any change in the basis of calculating fees or other expenses that are charged to the Fund which could result in an increase in charges to the Fund other than a fee or expense charged by a person or company that is at arm's length to the Fund;
- (e) a fee or expense to be charged to the Fund or directly to its Unitholders by the Fund or the Manager in connection with the holding of Units that could result in an increase in charges to the Fund or to Unitholders is introduced;
- (f) except as described under "Organization and Management Details of the Fund and the Strategic Trust — Manager of the Fund and the Strategic Trust", a change of the Manager of the Fund, other than a change resulting in an affiliate of such person assuming such position;
- (g) except as described under "Organization and Management Details of the Fund and the Strategic Trust - The Trustee", a change in the trustee of the Fund, other than a change resulting in an affiliate of such person assuming such position;
- (h) a change in the auditors of the Fund;
- (i) a reorganization (other than the Conversion) with, or transfer of assets to, a mutual fund trust, if:
 - (i) the Fund ceases to continue after the reorganization or transfer of assets; and
 - (ii) the transaction results in Unitholders becoming securityholders in the mutual fund trust;

- (j) a reorganization (other than the Conversion) with, or acquisition of assets of, a mutual fund trust, if
 - (i) the Fund continues after the reorganization or acquisition of assets;
 - (ii) the transaction results in the securityholders of the mutual fund trust becoming unitholders of the Fund; and
 - (iii) the transaction would be a material change to the Fund;
- (k) a termination of the Fund, other than as described under “Termination of the Fund” or in the case of the Conversion;
- (l) an amendment, modification or variation in the provisions or rights attaching to the Units or certain amendments to the Declaration of Trust;
- (m) the issuance of additional Units, other than: (i) for net proceeds equal to or greater than 100% of the most recently calculated NAV per Unit calculated immediately prior to the pricing of such issuance; or (ii) by way of Unit distribution; and
- (n) a reduction in the frequency of calculating the NAV per Unit.

Amendments to the Declaration of Trust

The Trustee may, without the approval of or notice to Unitholders, amend the Declaration of Trust for certain limited purposes specified therein, including to:

- (a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law or regulation applicable to or affecting the Fund;
- (b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (c) bring the Declaration of Trust into conformity with applicable laws, including the rules and policies of Canadian securities regulators or with current practice within the securities or investment fund industries provided that any such amendment does not adversely affect the rights, privileges or interests of Unitholders;
- (d) maintain, or permit the Manager to take such steps as may be desirable or necessary to maintain, the status of the Fund as a “mutual fund trust” and a “unit trust” for the purposes of the Tax Act or to respond to amendments to the Tax Act or to the interpretation thereof;
- (e) provide added protection to Unitholders; or
- (f) effect the Conversion.

Except for changes to the Declaration of Trust which require the approval of Unitholders or changes described above which do not require approval of or prior notice to Unitholders, the Declaration

of Trust may be amended from time to time by the Manager upon not less than 30 days' prior written notice to Unitholders.

Reporting to Securityholders

The Fund's fiscal year will be the calendar year. The annual financial statements of the Fund shall be audited by the Fund's auditors in accordance with Canadian generally accepted auditing standards. The auditors will be asked to report on the fair presentation of the annual financial statements in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards, as the case may be ("Canadian GAAP"). The Manager will ensure that the Fund complies with all applicable reporting and administrative requirements, including preparing and issuing unaudited interim financial statements.

The Fund will deliver to its Unitholders annual and interim financial statements, and annual and interim management reports of fund performance, of the Strategic Trust, in accordance with Part 5 of NI 81-106.

The Manager will keep adequate books and records reflecting the activities of the Fund. A Unitholder or his, her or its duly authorized representative will have the right to examine the books and records of the Fund during normal business hours at the offices of the Manager. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Fund.

TERMINATION OF THE FUND

The Fund does not have a fixed termination date. However, the Fund may be terminated at any time upon not less than 90 days' written notice by the Trustee provided that the prior approval of Unitholders has been obtained by a majority vote at a meeting of Unitholders called for that purpose (the "Termination Date") or in the event that a Forward Agreement cannot be entered into by the Fund on commercial reasonable terms satisfactory to the Manager; provided, however, that the Trustee may, in its discretion, on 60 days' notice to Unitholders, terminate the Fund without the approval of Unitholders if, in the opinion of the Trustee, the NAV of the Fund is reduced as a result of redemptions or otherwise so that it is no longer economically feasible to continue the Fund or the Trustee determines to terminate the Fund in connection with the Conversion. The Fund will also issue a press release ten days prior to the Termination Date setting forth the details of the termination including the fact that, upon termination, the net assets of the Fund will be distributed to Unitholders on a *pro rata* basis. Immediately prior to the termination of the Fund, including on the Termination Date, the Trustee will, to the extent possible, convert the assets of the Fund to cash and after paying or making adequate provision for all of the Fund's liabilities, distribute the net assets of the Fund to the Unitholders as soon as practicable after the date of termination or, should the termination occur in connection with the Conversion, any unliquidated assets may be distributed in specie rather than in cash, subject to compliance with any securities or other laws applicable to such distributions.

In the event the Forward Agreement terminates prior to the termination of the Fund, the Fund may enter into a new forward agreement. Although this action does not require Unitholder approval, the Fund will provide at least 30 days notice to the Unitholders of such action by way of press release. The Fund will issue a second press release at least 10 days in advance of such action.

USE OF PROCEEDS

The net proceeds from the sale of Units will be as follows:

	Maximum Offering	Minimum Offering⁽¹⁾
Gross proceeds to the Fund	\$150,000,000	\$20,000,000
Agents' fees	\$7,875,000	\$1,050,000
Expenses of issue	\$500,000	\$300,000
Net proceeds to the Fund	\$141,625,000	\$18,650,000

Note:

- (1) If subscriptions for a minimum of 2,000,000 Units (\$20,000,000) have not been received within 90 days following the date of issuance of a final receipt for the prospectus, the Offering may not continue without the consent of the Canadian securities regulators and those who have subscribed for Units on or before such date.

The Fund will invest the net proceeds of the Offering in the Common Share Portfolio. The Fund will then enter into the Forward Agreement with the Counterparty pursuant to which the Counterparty will agree to pay to the Fund on the Forward Termination Date, an amount determined with reference to the value of the units of the Strategic Trust.

PLAN OF DISTRIBUTION

Pursuant to an agreement dated as of November 25, 2009 (the "Agency Agreement") between BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Canaccord Capital Corporation, Dundee Securities Corporation, HSBC Securities (Canada) Inc., Raymond James Ltd., Blackmont Capital Inc., Rothenberg Capital Management Inc., Wellington West Capital Markets Inc., Desjardins Securities Inc., GMP Securities L.P., Manulife Securities Incorporated and Research Capital Corporation (collectively, the "Agents"), the Manager, the Investment Manager, the Sub-Advisor, and the Fund, the Agents have agreed to offer the Units for sale, as agents of the Fund, on a best efforts basis, if, as and when issued by the Fund at a price of \$10.00 per Unit. The Agents will receive a fee equal to \$0.525 for each Unit sold and will be reimbursed for out-of-pocket expenses incurred by them. The distribution price was determined by negotiation between the Agents and the Fund. The Agents may 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 Units offered hereby, the Agents will not be obligated to purchase Units which are not sold.

If subscriptions for a minimum of 2,000,000 Units (\$20,000,000) have not been received within 90 days following the date of issuance of a final receipt for the prospectus, the Offering may not continue without the consent of the Canadian securities regulators and those who have subscribed for Units on or before such date. Under the terms of the Agency Agreement, the Agents may, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Agency Agreement. In the event that the minimum Offering is not achieved by the Fund and the necessary consents are not obtained or if the closing of the Offering does not occur for any reason, subscription proceeds received from prospective purchasers will be held in trust by the applicable Agent and will be returned to such purchasers promptly without interest or deduction. Subscriptions for Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. Closing of the Offering will take place on or about

December 9, 2009 or such later date as may be agreed upon by the Fund and the Agents that is on or before December 31, 2009.

The TSX has conditionally approved the listing of the Units. The listing is subject to the Fund fulfilling all of the requirements of the TSX on or before February 1, 2010. The Units will be listed on the TSX under the symbol “CBF.UN”.

At the closing of the Offering, the Fund will enter into the Forward Agreement with the Counterparty, which will be a Canadian chartered bank or an affiliate of a Canadian chartered bank and an affiliate of one of the Agents. Accordingly, the Fund may be considered to be a “connected issuer” of such Agent. See “Investment Strategies – Forward Agreement”.

The Fund will obtain a receipt for a prospectus of the Strategic Trust from each of the Autorité des marchés financiers and the Ontario Securities Commission in order to enable the Strategic Trust to become a reporting issuer under the *Securities Act* (Ontario) and the *Securities Act* (Québec). The Fund will also deliver a copy of such prospectus to purchasers of Units in the Province of Québec prior to the purchase of Units by any person in the Province of Québec.

Non-Resident Unitholders

At no time may non-residents of Canada and/or partnerships that are not Canadian partnerships within the meaning of the Tax Act (or any combination thereof) (collectively, “non-residents”) be the beneficial owners of a majority of the Units (on a number of Units or a fair market value basis), and the Manager shall inform the registrar and transfer agent of the Fund of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units then outstanding (on a number of Units or a fair market value basis) are, or may be, non-residents, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units (on a number of Units or a fair market value basis) are beneficially held by non-residents, or that such a situation is imminent, the Manager may send a notice to such non-resident Unitholders, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to dispose of their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not disposed of the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents within such period, the Manager may, on behalf of such Unitholders, dispose of such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such disposition, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds on the redemption of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the Fund as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Fund as a mutual fund trust for purposes of the Tax Act.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

The Manager has established a proxy voting policy (the “Proxy Voting Policy”) that provides that the Manager will vote the securities in the Portfolio in the best interests of the Unitholders. The Proxy Voting Policy provides that routine, uncontested matters to be considered at annual general meetings will generally be voted in accordance with management’s recommendations. More complex, non-routine matters (i.e. certain issues related to the compensation and liability of directors, amendments to the constating documents of an issuer, share and debt issuances, related party transactions, reorganizations, restructurings, shareholder proposals and proposals relating to corporate social responsibility) will be decided on a case-by-case basis.

The Proxy Voting Policy also provides procedures for dealing with potential conflicts of interest, the delegation of proxy voting services to third party service providers such as Institutional Shareholder Services Canada Corp. and recordkeeping obligations whereby the Manager will maintain records of all votes cast by the Fund. The Manager will publish these records on an annual basis, commencing in 2009, on its web site at www.navinacapital.com. A copy of the Proxy Voting Policy is available on request by contacting the Manager at 1-800-513-3868.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Units:

- (a) the Declaration of Trust described under “Organization and Management Details of the Fund and the Strategic Trust”, “Attributes of the Securities” and “Securityholder Matters”;
- (b) the Strategic Trust Declaration of Trust described under “Organization and Management Details of the Fund and the Strategic Trust”;
- (c) the Forward Agreement described under “Investment Strategies”;
- (d) the Agency Agreement described under “Plan of Distribution”;
- (e) the Fund Portfolio Management Agreement described under “Organization and Management Details of the Fund and the Strategic Trust”;
- (f) the Strategic Trust Portfolio Management Agreement described under “Organization and Management Details of the Fund and the Strategic Trust”;
- (g) the Sub-Advisory Agreement described under “Organization and Management Details of the Fund and the Strategic Trust”; and
- (h) the Custodian Agreement described under “Organization and Management Details of the Fund and the Strategic Trust”.

Copies of the agreements referred to above after the execution thereof may be inspected during business hours at the principal office of the Fund during the course of distribution of the Units offered hereby.

EXPERTS

The matters referred to under “Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon on behalf of the Fund and the Manager by Aird & Berlis LLP, and on behalf of the Agents by Blake, Cassels & Graydon LLP.

EXEMPTIONS AND APPROVALS

In the event that the Manager and the Counterparty propose to extend the Forward Agreement beyond Conversion, the Fund has applied for exemptive relief under NI 81-102 to permit the following practices, if required:

- (a) entering into the Forward Agreement to indirectly invest more than 10% of its net assets in the Strategic Trust; and
- (b) making and holding an indirect investment through the Forward Agreement in the Strategic Trust.

The Strategic Trust intends to apply for exemptive relief from those provisions of NI 81-102 that would prohibit the Strategic Trust from engaging in short selling activities as described in this prospectus. The Fund has also applied for similar exemptive relief from such provisions in the event that the Forward Agreement terminates on or prior to Conversion.

There are no assurances that such relief will be obtained. In the event that such relief is not obtained, the Forward Agreement will terminate on the business day immediately prior to the Conversion and the Fund will not be permitted to sell securities short.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces 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, 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. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

In addition, the Trustee has agreed on behalf of the Fund that purchasers in the Province of Québec have the right to withdraw from an agreement to purchase Units which may be exercised within two business days of receipt or deemed receipt of a prospectus of the Strategic Trust.

AUDITORS' CONSENT

We have read the prospectus of Lazard Global Convertible Bond Fund (the "Fund") dated November 25, 2009 relating to the issue and sale of units of the Fund. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the Trustee of the Fund on the statement of net assets of the Fund as at November 25, 2009. Our report is dated November 25, 2009.

Toronto, Ontario
November 25, 2009

(Signed) Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

AUDITORS' REPORT

To the Trustee of Lazard Global Convertible Bond Fund

We have audited the statement of net assets of Lazard Global Convertible Bond Fund (the "Fund") as at November 25, 2009. This financial statement is the responsibility of the Fund's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this statement of net assets presents fairly, in all material respects, the financial position of the Fund as at November 25, 2009 in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
November 25, 2009

(Signed) Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

LAZARD GLOBAL CONVERTIBLE BOND FUND

STATEMENT OF NET ASSETS

As at November 25, 2009

ASSET

Cash..... \$10

UNITHOLDER'S EQUITY (Note 1)

Unitholder's equity (1 Unit)..... \$10

Approved by the Manager:

NAVINA CAPITAL CORP.

(Signed) ANDREW BENTLEY
Director

(Signed) LAWRENCE GUY
Director

The accompanying notes are an integral part of this statement of net assets.

LAZARD GLOBAL CONVERTIBLE BOND FUND

NOTES TO STATEMENT OF NET ASSETS

As at November 25, 2009

1. ORGANIZATION AND UNITHOLDER'S EQUITY

Lazard Global Convertible Bond Fund (the "Fund") is a closed-end investment fund governed by the laws of the Province of Ontario by a Declaration of Trust (the "Declaration of Trust") dated November 23, 2009 by Navina Capital Corp. ("Navina" or the "Manager"), as trustee of the Fund. The Fund is authorized to issue an unlimited number of Units. On November 25, 2009, the Fund issued one Unit to Navina.

2. MANAGEMENT AND OTHER FEES

As compensation for management and investment management services rendered to the Fund pursuant to the Declaration of Trust, the Manager is entitled to receive an annual management fee of 1.25% of the net asset value ("NAV") of the Fund at month end, paid monthly in arrears, plus an amount equal to the servicing fee (the "Servicing Fee") to be paid by the Manager to registered dealers, plus any applicable taxes.

The Fund will pay for all ordinary expenses incurred in connection with its operation and administration and will bear indirectly all ordinary expenses incurred in connection with the operation and administration of the Strategic Trust. It is expected that these expenses will include, without limitation: mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses; fees payable to the registrar and transfer agent; premiums for directors' and officers' insurance coverage for the directors and officers of the Manager and members of the Manager's Independent Review Committee; any reasonable out-of-pocket expenses incurred by the Manager or its agents in connection with their on-going obligations to the Fund and the Strategic Trust; fees payable to the auditors and legal advisors of the Fund; regulatory filing, licensing fees; and any expenditures incurred upon the termination of the Fund. The aggregate amount of these fees and expenses is estimated to be \$250,000 per annum.

The Fund will pay to the counterparty under the forward agreement a fee equal to 0.45% per annum of the NAV of the Strategic Trust, plus a fee, which may vary, based on the value of the Common Share Portfolio, calculated and payable monthly in arrears.

The Servicing Fee is equal to 0.40% annually of the NAV per Unit for each Unit held by clients of registered dealers calculated and paid at the end of each calendar quarter commencing on December 31, 2009.

3. CONVERSION

On or about June 30, 2011, the Fund will automatically convert to an open-end mutual fund to be managed by the Manager (the "Conversion"). Unless required regulatory relief has been obtained to allow for continued exposure to the Portfolio through the Forward Agreement following Conversion, the Forward Agreement will terminate on the business day immediately prior to the Conversion.

4. REDEMPTIONS

Prior to Conversion, Units may be surrendered for redemption by the registered Unitholder during the period between May 3, 2011 and 5:00 p.m. (Toronto time) on May 30, 2011 (the “Notice Period”) to the registrar and transfer agent of the Fund. Units surrendered for redemption by a Unitholder during the Notice Period will be redeemed on May 31, 2011 (the “First NAV Redemption Date”) and the Unitholder will receive payment on or before 14 days after the First NAV Redemption Date at a redemption price per Unit equal to the NAV per Unit less any costs of funding the redemption as at the First NAV Redemption Date. On or after the Conversion Date, Unitholders may redeem Units on any business day at their NAV per Unit less any costs of funding the redemption.

If the Conversion does not occur on or before July 15, 2011, Units may be surrendered for redemption by the registered Unitholder during the period between July 18, 2011 and 5:00 p.m. (Toronto time) on August 15, 2011 (the “Second Notice Period”) to the registrar and transfer agent of the Fund. Units surrendered for redemption by a Unitholder during the Second Notice Period will be redeemed on August 16, 2011 (the “Second NAV Redemption Date”) and the Unitholder will receive payment on or before 14 days after the Second NAV Redemption Date at a redemption price per Unit equal to the NAV per Unit less any costs of funding the redemption as at the Second NAV Redemption Date. If the Conversion has still not occurred prior to July 15 of any subsequent year, Units may be surrendered by the registered Unitholder for redemption on August 16th (or, if August 16 is not a business day, the next business day thereafter) of such subsequent year in the manner as indicated above.

In order to provide investors with liquidity, commencing 30 days following closing of the Offering, Units may be redeemed on the last business day of each month, subject to the Fund’s right to suspend redemptions in certain circumstances, for a redemption price equal to the lesser of: (i) 95% of the weighted average price per Unit at which the Units have traded on the principal exchange on which the Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) during the period of the last 10 days during which Units traded on such exchange or market immediately prior to the date on which the Units were tendered for redemption, provided that if there was trading on such exchange or market for fewer than five days during the specified trading day period, the Redemption Price shall be the average of the following prices established for each of the trading days during the specified trading day period: the average of the last bid and ask prices of the Units for each day on which there was no trading and the weighted average trading prices of the Units for each day that there was trading; and (ii) an amount equal to: (a) 95% of the closing price of the Units on the date on which the Units were tendered for redemption, on the principal stock exchange on which Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) if there was a trade on the date on which the Units were tendered for redemption and the stock exchange or market provides a closing price; (b) 95% of the average of the highest and lowest prices of the Units on the date on which the Units were tendered for redemption, on the principal exchange on which the Units are listed (or, if the Units are not listed on any exchange, on the principal market on which the Units are quoted for trading) if there was trading on the date on which the Units were tendered for redemption and the exchange or other market provides only the highest and lowest trading prices of the Units traded on a particular day; or (c) 95% of the average of the last bid and ask prices quoted in respect of the Units on the principal exchange on which the Units are listed (or, if the Units are not listed on any exchange, as quoted on the principal market on which the Units are quoted for trading) if there was no trading on the date on which the Units were tendered for redemption.

5. **FORWARD AGREEMENT**

The Fund will obtain economic exposure to the Portfolio through the Forward Agreement (as defined below). The Fund will invest the net proceeds of the Offering in a portfolio of common shares of Canadian public companies (the “Common Share Portfolio”) acceptable to the Counterparty (as defined below). The Fund will then enter into a forward agreement (the “Forward Agreement”), the terms of which will be negotiated by the Manager on behalf of the Fund, with a Canadian chartered bank or an affiliate of a Canadian chartered bank whose obligations are guaranteed by a Canadian chartered bank (the “Counterparty”) pursuant to which the Counterparty will agree to pay to the Fund on the business day immediately prior to Conversion (the “Forward Termination Date”) as the purchase price for the Common Share Portfolio, an amount based on the value of either: (i) the units of the Lazard Strategic Global Convertible Bond Trust (the “Strategic Trust”), or (ii) a notional portfolio comprised primarily of U.S. dollar denominated global convertible bonds managed by the Investment Manager (the “Notional Portfolio”). The Strategic Trust will acquire the Portfolio. On or about the completion of the Offering, the Strategic Trust expects to issue units to the Counterparty with an aggregate value equal to the net proceeds of the Offering, which proceeds the Strategic Trust will use to acquire the Portfolio. The initial value of the Portfolio anticipated to be acquired by the Strategic Trust will be equal to the net proceeds of the Offering. There is no obligation on the Counterparty or an affiliate of the Counterparty to acquire units of the Strategic Trust. If the Counterparty or an affiliate of the Counterparty does not acquire units in the Strategic Trust, the Investment Manager will maintain the Notional Portfolio with an initial invested amount equal to the amount of the net proceeds of the Offering. If the Counterparty or an affiliate of the Counterparty acquires units of the Strategic Trust, the return to the Fund will, by virtue of the Forward Agreement, be based on the performance of the Strategic Trust which, in turn, will be based on the performance of the Portfolio. If no Strategic Trust units are acquired by the Counterparty, the return to the Fund will, by virtue of the Forward Agreement, be based on the performance of the Notional Portfolio. The Fund will partially settle the Forward Agreement prior to the Forward Termination Date in order to fund monthly distributions as well as redemptions of Units by Unitholders from time to time and for payment of expenses of the Fund.

6. **SUBSEQUENT EVENT**

The Fund has engaged BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Canaccord Capital Corporation, Dundee Securities Corporation, HSBC Securities (Canada) Inc., Raymond James Ltd., Blackmont Capital Inc., Rothenberg Capital Management Inc., Wellington West Capital Markets Inc., Desjardins Securities Inc., GMP Securities L.P., Manulife Securities Incorporated and Research Capital Corporation (collectively, the “Agents”) as agents to offer Units for sale to the public pursuant to a prospectus dated November 25, 2009 and pursuant to which the Fund has agreed to create, issue and sell a minimum of 2,000,000 Units and a maximum of 15,000,000 Units at \$10.00 per Unit. The expenses of the offering of the Units (the “Offering”), estimated at \$500,000 subject to a maximum of 1.5% of the gross proceeds of the Offering, together with the Agents’ fee of \$0.525 per Unit, will be paid from the proceeds of the Offering.

CERTIFICATE OF THE FUND, THE MANAGER AND THE PROMOTER

Dated: November 25, 2009

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the Provinces of Canada.

NAVINA CAPITAL CORP.

(as Trustee and Manager of Lazard Global Convertible Bond Fund)

(SIGNED) ANDREW BENTLEY
Chief Executive Officer

(SIGNED) LAWRENCE GUY
Chief Financial Officer

On behalf of the Board of Directors of NAVINA CAPITAL CORP.

(SIGNED) ENRIQUE GOMEZ
Director

(SIGNED) GEOFFREY HORTON
Director

NAVINA CAPITAL CORP.

(as Promoter of Lazard Global Convertible Bond Fund)

(SIGNED) ANDREW BENTLEY
Chief Executive Officer

CERTIFICATE OF THE AGENTS

Dated: November 25, 2009

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the Provinces of Canada.

BMO NESBITT BURNS INC.

CIBC WORLD MARKETS INC.

**RBC DOMINION
SECURITIES INC.**

(SIGNED) ROBIN G. TESSIER

(SIGNED) MICHAEL D. SHUH

(SIGNED) EDWARD V. JACKSON

SCOTIA CAPITAL INC.

(SIGNED) BRIAN D. MCCHESENEY

**CANACCORD CAPITAL
CORPORATION**

**DUNDEE SECURITIES
CORPORATION**

**HSBC SECURITIES
(CANADA) INC.**

RAYMOND JAMES LTD.

(SIGNED) RON SEDRAN

(SIGNED) VILMA JONES

(SIGNED) BRENT LARKAN

(SIGNED) J. GRAHAM FELL

BLACKMONT CAPITAL INC.

**ROTHENBERG CAPITAL
MANAGEMENT INC.**

**WELLINGTON WEST CAPITAL
MARKETS INC.**

(SIGNED) CHARLES A.V. PENNOCK

(SIGNED) ROBERT ROTHENBERG

(SIGNED) SCOTT D. LARIN

**DESJARDINS
SECURITIES INC.**

GMP SECURITIES L.P.

**MANULIFE SECURITIES
INCORPORATED**

**RESEARCH CAPITAL
CORPORATION**

(SIGNED) BETH A. SHAW

(SIGNED) NEIL SELFE

(SIGNED) DAVID MACLEOD

(SIGNED) DAVID J. KEATING