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No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States or to U.S. persons. See "Plan of Distribution".

PRELIMINARY PROSPECTUS

Initial Public Offering

June 5, 2009

Gold Participation and Income Fund

● Combined Units \$12.00 per Combined Unit

Each Combined Unit consists of one Unit and one Warrant for one Unit.

Gold Participation and Income Fund (the "Fund"), an investment trust established under the laws of the Province of Ontario, proposes to issue Combined Units of the Fund ("Combined Units") at a price of \$12.00 per Combined Unit. The Units of the Fund are referred to herein as the "Units", the Warrants of the Fund are referred to herein as the "Warrants" and the offering of the Combined Units is referred to herein as the "Offering".

The Fund is designed to provide investors with Canadian-dollar exposure to the long-term performance of gold bullion and gold equity securities, while providing a monthly distribution stream and mitigating downside risk.

The Fund will seek to achieve its objectives by investing 100% of its net assets in the gold sector — initially 50% in Shares of SPDR Gold Trust, an exchange-traded fund that seeks to track the price of gold by investing directly in gold bullion, and 50% in a portfolio (the "Managed Gold Portfolio") of equity securities in the S&P/TSX Global Gold Index, a dynamic international benchmark of the world's leading gold companies.

Historically, gold equities have exhibited high volatility relative to the market, as measured by 30-day standard deviations of returns. The Fund intends to take advantage of the current high volatility of the Managed Gold Portfolio securities by writing covered call options on approximately 25% of its portfolio securities in order to mitigate downside risk for holders of its Units ("Unitholders") and to generate additional returns above the distribution income earned on its portfolio.

The Fund's investment objectives are:

- (i) to maximize total returns for Unitholders including both long-term appreciation in net asset value ("NAV") per Unit and distributions; and
- (ii) to pay Unitholders monthly distributions in an amount targeted to be 6.5% per annum on the NAV of the Fund.

It is expected that distributions over the life of the Fund will be derived primarily from net realized capital gains. The first distribution will be for the month of ● 2009 and is expected to be \$ ● per Unit. See "Investment Objectives".

To generate additional returns above the distributions earned on its equity securities, the Fund will from time to time write covered call options in respect of some or all of the securities in its portfolio and, based on the current distribution policies of securities in the Managed Gold Portfolio and current volatility levels, expects to write covered call options on approximately 25% of the securities in its portfolio as noted above. The composition of the Managed Gold Portfolio, the securities that may be subject to call options and the terms of such options will vary from time to time, depending on market conditions. The use of options may have the effect of limiting or reducing the total returns of the Fund, particularly in a rising market since the premiums associated with writing covered call options may be outweighed by the foregone opportunity of remaining fully invested in the securities comprising the Managed Gold Portfolio. However, the Fund's investment manager, Mulvihill Capital Management Inc. ("MCM") believes that in a flat or downward trending market, a portfolio that is subject to covered call option writing will generally provide higher relative returns and lower volatility than one on which no options are written.

As a result of its holdings of U.S.-dollar denominated securities, the Fund will be exposed to changes in the value of the U.S. dollar against the Canadian dollar. The Fund will hedge substantially all of the Fund's foreign currency exposure back to the Canadian dollar.

Based on the initial anticipated composition of the Fund's portfolio, the Fund is expected to generate dividend income of approximately 0.15% per annum which, after the deduction of expenses, will be distributed to Unitholders. The Fund's portfolio would be required to generate an additional return of approximately 8.49% per annum, including from dividend growth, realized capital appreciation and option premiums, in order for the Fund to maintain its targeted distributions and a stable NAV. Based on (i) the average current volatility of the issuers included in the S&P/TSX Global Gold Index, and (ii) the other assumptions set forth under "Investment Strategy — Covered Option Writing — Income from Covered Call Option Writing", including that the Fund writes at-the-money covered call options on approximately 25% of its portfolio, the Fund's portfolio would be expected to generate cash flow in excess of the above required additional return. The ability of the Fund to generate such returns will depend on the extent to which these assumptions turn out to be accurate.

MCM will be retained to implement the Fund's investment strategy. See "Organization and Management Details of the Fund — The Investment Manager". Mulvihill Fund Services Inc. (the "Manager") will be responsible for the management and administration of the Fund. See "Organization and Management Details of the Fund — The Manager".

Each Combined Unit consists of one transferable, redeemable Unit and one transferable Warrant for one Unit. Each Warrant for one Unit entitles the holder to purchase one Unit at a subscription price of \$12.00 on the business day that is one year following the closing of the Offering (the "Exercise Date"). Warrants may be tendered for exercise during the two-week period up to and including the Exercise Date. **Warrants for Units not exercised by the Exercise Date will be void and of no value.**

Prospective purchasers may purchase Combined Units either by: (i) a cash payment; or (ii) an exchange (the "Exchange Option") of Shares of SPDR Gold Trust or of freely-tradeable listed securities of issuers in the S&P/TSX Global Gold Index or the S&P/TSX 60 Index (the "Exchange Eligible Issuers"). **The Exchange Option does not constitute, and is not to be construed as, a take-over bid for any Exchange Eligible Issuer.** See "Purchases of Combined Units".

Price: \$12.00 per Combined Unit
Minimum Purchase: 100 Combined Units

	Price to the Public ⁽¹⁾	Agents' Fees	Net Proceeds to the Fund ⁽²⁾
Per Combined Unit	\$12.00	\$0.63	\$11.37
Total Minimum Offering ⁽³⁾⁽⁴⁾	\$ ●	\$ ●	\$ ●
Total Maximum Offering ⁽⁴⁾	\$ ●	\$ ●	\$ ●

Notes:

- (1) The offering price was established by negotiation between the Agents (as defined below) and the Manager. The price per Combined Unit is payable in cash or in securities of Exchange Eligible Issuers deposited pursuant to the Exchange Option.
- (2) Before deducting the expenses of issue (estimated to be \$ ●) which, subject to a maximum of 1.5% of the gross proceeds of the Offering, together with the Agents' fees, will be paid out of the proceeds of the Offering.
- (3) There will be no closing of the Offering unless a minimum of ● Combined Units are sold. If subscriptions for a minimum of ● Combined Units have not been received within 90 days following the date of issuance of a receipt for this prospectus, the Offering may not continue without the consent of the Canadian securities regulators and those who have subscribed for Combined Units on or before such date.
- (4) The Fund has granted the Agents an option (the "Over-Allotment Option"), exercisable until 30 days after the closing of the Offering, to purchase up to 15% of the aggregate number of Combined Units issued at the closing of the Offering on the same terms set forth above. This prospectus qualifies the distribution of the Over-Allotment Option and the Combined Units issuable on the exercise thereof. If the Over-Allotment Option is exercised in full, the total price to the public under the maximum offering of Combined Units will be \$ ● , the Agents' fees will be \$ ● and the net proceeds to the Fund will be \$ ● .

Commencing in 2011, Unitholders whose Units are surrendered for redemption at least twenty business days prior to the last day in January of 2011 or any year thereafter (the "January Redemption Date") will be entitled to receive a redemption price per Unit equal to the NAV per Unit determined as of such date. For Unitholders whose Units are surrendered for redemption at least ten business days prior to the last day of any other month (a "Monthly Redemption Date" and, together with the January Redemption Date, a "Redemption Date"), the redemption price per Unit will be determined by reference to market price. Units surrendered for redemption by a Unitholder on a Redemption Date will be redeemed on such Redemption Date and the Unitholder will receive payment on or before the fifteenth day following such Redemption Date. See "Redemption of Units".

Upon termination, the Fund will distribute its net assets to Unitholders. See "Termination of the Fund".

Provided that the Fund qualifies and continues to qualify at all times as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the "Tax Act"), or the Units are listed on a "designated stock exchange" for purposes of the Tax Act (which includes the Toronto Stock Exchange), 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 "registered plan"). Provided that Warrants are listed on a designated stock exchange, or provided that at all times Units are qualified investments for registered plans and the Fund is not, and deals at arm's length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the relevant registered plan within the meaning of the Tax Act, Warrants will be a qualified investment under the Tax Act for a registered plan. However, the holder of a tax-free savings account that governs a trust which holds Units or Warrants will be subject to a penalty tax if the holder does not deal at arm's length with the Fund for purposes of the Tax Act or if the holder has a significant interest (within the meaning of the Tax Act) in the Fund or in a corporation, partnership or trust with which the Fund does not deal at arm's length for purposes of the Tax Act. See "Investments by Registered Plans".

The value of Units will be reduced if the NAV per Unit exceeds \$11.70 and Warrants are exercised. If a Unitholder does not exercise Warrants in such circumstances, the Unitholder's *pro rata* interest in the assets of the Fund will be diluted. In order to maintain a Unitholder's *pro rata* interest in the assets of the Fund, the Unitholder will be required to pay in connection with the exercise of each Warrant an additional amount equal to \$12.00. While a Unitholder may sell the Warrants acquired hereunder, no assurance can be given that the proceeds of such sale would compensate the Unitholder for such dilution. See "Warrant Considerations".

There is no assurance that the Fund will be able to achieve its investment objectives. See "Risk Factors" for a discussion of certain factors that should be considered by prospective investors in the Units or Warrants. Within 30 days of the proper exercise of a Warrant, the Fund will pay a fee of \$0.12 per Warrant to RBC Dominion Securities Inc. for and on behalf of the Agents and a fee of \$0.18 per Warrant to the dealer whose client has exercised the Warrant. Such fees will be paid by the Fund out of the assets attributable to the Units. See "Fees and Expenses — Warrant Exercise Fee". The Agents may over-allot or effect transactions as described under "Plan of Distribution".

The Fund is not a trust company and, accordingly, the Fund is not registered under the trust company legislation of any jurisdiction as it does not carry on business as a trust company. The Fund is an investment trust which offers and sells its Units to the public. 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.

RBC Dominion Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Blackmont Capital Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation, GMP Securities L.P., HSBC Securities (Canada) Inc., Raymond James Ltd., Manulife Securities Incorporated, Richardson Partners Financial Limited and Wellington West Capital Markets Inc. (collectively, the "Agents") conditionally offer the Combined 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 (as defined herein), and subject to the approval of certain legal matters by Osler, Hoskin & Harcourt LLP, on behalf of the Fund, and Davies Ward Phillips & Vineberg LLP, on behalf of the Agents. See "Plan of Distribution".

Subscriptions for Combined 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 ● , 2009, but no later than ● , 2009. Registrations and transfers of Units and Warrants will be effected only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership. See "Plan of Distribution" and "Attributes of the Units and Warrants — Book-Entry-Only and Book-Based Systems".

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PROSPECTUS SUMMARY

The following is a summary of the principal features of the offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.

Product Overview and Investment Rationale

Gold Participation and Income Fund (the “Fund”) is designed to provide investors with Canadian-dollar exposure to the long-term performance of gold bullion and gold equity securities, while providing a monthly distribution stream and mitigating downside risk.

The Fund will seek to achieve its objectives by investing 100% of its net assets in the gold sector — initially 50% in Shares of SPDR Gold Trust, an exchange-traded fund that seeks to track the price of gold by investing directly in gold bullion, and 50% in a portfolio (the “Managed Gold Portfolio”) of equity securities in the S&P/TSX Global Gold Index, a dynamic international benchmark of the world’s leading gold companies.

Historically, gold equities have exhibited high volatility relative to the market, as measured by 30-day standard deviations of returns. The Fund intends to take advantage of the current high volatility of the Managed Gold Portfolio securities by writing covered call options on approximately 25% of its portfolio securities in order to mitigate downside risk for holders of its Units (“Unitholders”) and to generate additional returns above the distribution income earned on its portfolio.

Issuer: The Fund is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of ● , 2009. See “Overview of the Legal Structure of the Fund”.

Offering: The Fund is offering Combined Units of the Fund (“Combined Units”).

Maximum Issue: \$ ● (● Combined Units)

Minimum Issue: \$ ● (● Combined Units)

Price: \$12.00 per Combined Unit

Minimum Subscription: 100 Combined Units (\$1,200)

Units and Warrants: Each Combined Unit consists of one transferable, redeemable Unit and one transferable Warrant for one Unit. The Units of the Fund are referred to herein as the “Units”, the Warrants of the Fund are referred to herein as the “Warrants” and the offering of the Combined Units is referred to herein as the “Offering”.

Each Warrant for one Unit entitles the holder to purchase one Unit at a subscription price of \$12.00 on the business day that is one year following the closing of the Offering (the “Exercise Date”). Warrants may be tendered for exercise during the two-week period up to and including the Exercise Date. **Warrants for Units not exercised by the Exercise Date will be void and of no value.**

Within 30 days of the proper exercise of a Warrant, the Fund will pay a fee of \$0.12 per Warrant to RBC Dominion Securities Inc. for and on behalf of the Agents (as defined below) and a fee of \$0.18 per Warrant to the dealer whose client has exercised the Warrant. Such fees will be paid by the Fund out of the assets attributable to the Units. See “Fees and Expenses — Warrant Exercise Fee”. The Units and Warrants comprising the Combined Units will separate immediately following the earlier of the closing of the final exercise of the Over-Allotment Option (as defined below) or 30 days after the closing of the Offering, and may be transferred separately thereafter. See “Attributes of the Units and Warrants — Description of the Securities Distributed”.

The value of Units will be reduced if the net asset value (“NAV”) per Unit exceeds \$11.70 and Warrants are exercised. If a Unitholder does not exercise Warrants in such circumstances, the Unitholder’s *pro rata* interest in the assets of the Fund will be diluted. In order to maintain a Unitholder’s *pro rata* interest in the assets of the Fund, the Unitholder will be required to pay in connection with the exercise of each Warrant an additional amount equal to \$12.00. While a Unitholder may sell the Warrants acquired hereunder, no assurance can be given that the proceeds of such sale would compensate the Unitholder for such dilution. See “Warrant Considerations”.

Investment Objectives:

The Fund’s investment objectives are:

- (i) to maximize total returns for Unitholders including both long-term appreciation in NAV per Unit and distributions; and
- (ii) to pay Unitholders monthly distributions in an amount targeted to be 6.5% per annum on the NAV of the Fund.

It is expected that distributions over the life of the Fund will be derived primarily from net realized capital gains. The first distribution will be for the month of ● 2009 and is expected to be \$ ● per Unit.

See “Investment Objectives”.

Investment Strategy:

As noted above, the Fund will invest 100% of its net assets in the gold sector — initially 50% in Shares of SPDR Gold Trust and 50% in the Managed Gold Portfolio, which will consist of equity securities in the S&P/TSX Global Gold Index.

To generate additional returns above the distributions earned on its equity securities, the Fund will from time to time write covered call options in respect of some or all of the securities in its portfolio and, based on the current distribution policies of securities in the Managed Gold Portfolio and current volatility levels, expects to write covered call options on approximately 25% of the securities in its portfolio as noted above. The composition of the Managed Gold Portfolio, the securities that may be subject to call options and the terms of such options will vary from time to time, depending on market conditions. The use of options may have the effect of limiting or reducing the total returns of the Fund, particularly in a rising market since the premiums associated with writing covered call options may be outweighed by the foregone opportunity of remaining fully invested in the securities comprising the Managed Gold Portfolio. However, the Fund’s investment manager, Mulvihill Capital Management Inc. (“MCM” or the “Investment Manager”) believes that in a flat or downward trending market, a portfolio that is subject to covered call option writing will generally provide higher relative returns and lower volatility than one on which no options are written.

As a result of its holdings of U.S.-dollar denominated securities, the Fund will be exposed to changes in the value of the U.S. dollar against the Canadian dollar. The Fund will hedge substantially all of the Fund’s foreign currency exposure back to the Canadian dollar.

For defensive purposes, the Fund may, on a temporary basis, hold cash and invest in cash equivalents and may purchase put options on individual securities or on the S&P/TSX Global Gold Index to protect the Fund against declines in the market.

Based on the initial anticipated composition of the Fund's portfolio, the Fund is expected to generate dividend income of approximately 0.15% per annum which, after the deduction of expenses, will be distributed to Unitholders. The Fund's portfolio would be required to generate an additional return of approximately 8.49% per annum, including from dividend growth, realized capital appreciation and option premiums, in order for the Fund to maintain its targeted distributions and a stable NAV. Based on (i) the average current volatility of the issuers included in the S&P/TSX Global Gold Index, and (ii) the other assumptions set forth under "Investment Strategy — Covered Option Writing — Income from Covered Call Option Writing", including that the Fund writes at-the-money covered call options on approximately 25% of its portfolio, the Fund's portfolio would be expected to generate cash flow in excess of the above required additional return. The ability of the Fund to generate such returns will depend on the extent to which these assumptions turn out to be accurate.

See "Investment Strategy".

Portfolio Investments:

The Investment Manager believes, based on its research and analysis, and supported by research compiled by the World Gold Council, that a number of factors make gold an attractive investment both in the short and long-term, including the following:

- (i) gold may act as a hedge against inflation and depreciation of the U.S. dollar;
- (ii) gold may reduce overall portfolio risk by acting as an effective portfolio diversifier;
- (iii) gold has historically acted as a safe haven from the uncertainty of economic events; and
- (iv) supply and demand factors are expected to support high gold bullion prices over the long-term.

The following chart illustrates the cumulative growth of \$100 invested in each of gold bullion, the S&P/TSX Global Gold Index and the S&P/TSX Composite Total Return Index from the date of inception of the S&P/TSX Global Gold Index on October 2, 2000 to June 4, 2009.

Cumulative Growth of \$100 from October 2, 2000 to June 4, 2009



	<u>Gold Bullion</u>	<u>S&P/TSX Global Gold Index</u>	<u>S&P/TSX Composite Total Return Index</u>
Annualized Return (October 2, 2000 to June 4, 2009)	15.85%	15.01%	2.21%

Since the inception of SPDR Gold Trust on November 18, 2004, the historical correlation of the returns of SPDR Gold Trust to the movements in the spot price of gold bullion has been over 91% and is currently 95.9%.

The table below sets out, as at June 4, 2009, the following information for each of the securities in the S&P/TSX Global Gold Index: name of issuer, market capitalization, closing price, average trailing 30-day volatility level, dividend yield and ten-year (or since inception, as the case may be) compounded annual growth rate (“CAGR”); and for the Shares of SPDR Gold Trust, market capitalization and closing price.

S&P/TSX Global Gold Index Constituents and SPDR Gold Trust

	Market Capitalization	Closing Price ⁽¹⁾	Price Volatility	Dividend Yield ⁽²⁾⁽³⁾	CAGR ⁽⁴⁾
Canadian Issuers:					
Agnico-Eagle Mines Ltd.	\$10,331,010,000	\$66.33	46.84%	0.35%	23.24%
Alamos Gold Inc.	\$ 1,040,427,000	\$ 9.70	66.80%	0.00%	32.96%
Aurizon Mines Ltd.	\$ 748,494,000	\$ 4.72	59.52%	0.00%	21.84%
Barrick Gold Corporation	\$36,065,540,000	\$41.30	35.93%	1.09%	4.60%
Eldorado Gold Corporation	\$ 3,913,784,000	\$10.55	56.76%	0.00%	33.29%
Franco-Nevada Corporation	\$ 3,024,045,000	\$30.15	43.92%	0.93%	57.14%
Gammon Gold Inc.	\$ 1,159,359,000	\$ 9.42	81.34%	0.00%	16.99%
Goldcorp Inc.	\$30,222,030,000	\$41.39	42.91%	0.49%	27.04%
IAMGOLD Corporation	\$ 4,242,242,000	\$11.62	44.02%	0.64%	14.45%
Kinross Gold Corporation	\$15,198,350,000	\$21.88	46.17%	0.47%	11.00%
New Gold Inc.	\$ 655,549,500	\$ 3.08	86.09%	0.00%	-4.87%
Osisko Mining Corporation	\$ 1,786,122,000	\$ 6.94	54.12%	0.00%	60.55%
Red Back Mining Inc.	\$ 2,095,919,000	\$ 9.15	62.08%	0.00%	45.27%
Yamana Gold Inc.	\$ 9,088,432,000	\$12.40	51.30%	0.41%	-5.44%
Average			55.56%	0.31%	24.15%
U.S. Issuers:⁽⁵⁾					
Newmont Mining Corporation	\$23,218,290,000	\$47.44	41.24%	0.84%	10.06%
Royal Gold Incorporated	\$ 1,880,795,000	\$46.19	48.70%	0.69%	28.22%
Seabridge Gold Inc.	\$ 1,083,054,000	\$28.95	61.72%	0.00%	68.40%
Average			50.55%	0.51%	35.56%
International Issuers:⁽⁵⁾					
AngloGold Ashanti Limited	\$14,753,290,000	\$41.65	51.44%	0.24%	8.30%
Gold Fields Limited	\$ 9,001,275,000	\$12.78	52.21%	0.46%	15.30%
Harmony Gold Mining Company Limited	\$ 4,953,382,000	\$11.63	49.22%	0.00%	8.64%
Lihir Gold Limited	\$ 6,127,904,000	\$25.87	56.37%	0.00%	13.91%
Randgold Resources Limited	\$ 5,542,743,000	\$72.20	53.07%	0.18%	69.34%
Average			52.46%	0.18%	23.10%
Managed Gold Portfolio Average⁽⁶⁾			54.17%	0.31%	25.47%
SPDR Gold Trust ⁽⁵⁾	\$35,662,840,000	\$96.23			

(1) Security prices and all other data are in respect of the securities of the issuers listed on the Toronto Stock Exchange (Canadian Issuers) or The New York Stock Exchange (U.S. or International Issuers) or The NASDAQ Stock Market (U.S. or International Issuers). As adjusted for stock splits.

(2) Bloomberg indicated dividend yield.

(3) Before taking into account applicable foreign withholding tax.

(4) From June 7, 1999 to June 4, 2009, or since the securities began trading on the applicable stock exchange as follows: Alamos Gold Inc. (June 21, 2004), Franco-Nevada Corporation (December 3, 2007), New Gold Inc. (December 31, 2002), Red Back Mining Inc. (December 8, 2004) and Randgold Resources Limited (July 10, 2002).

(5) In U.S. dollars.

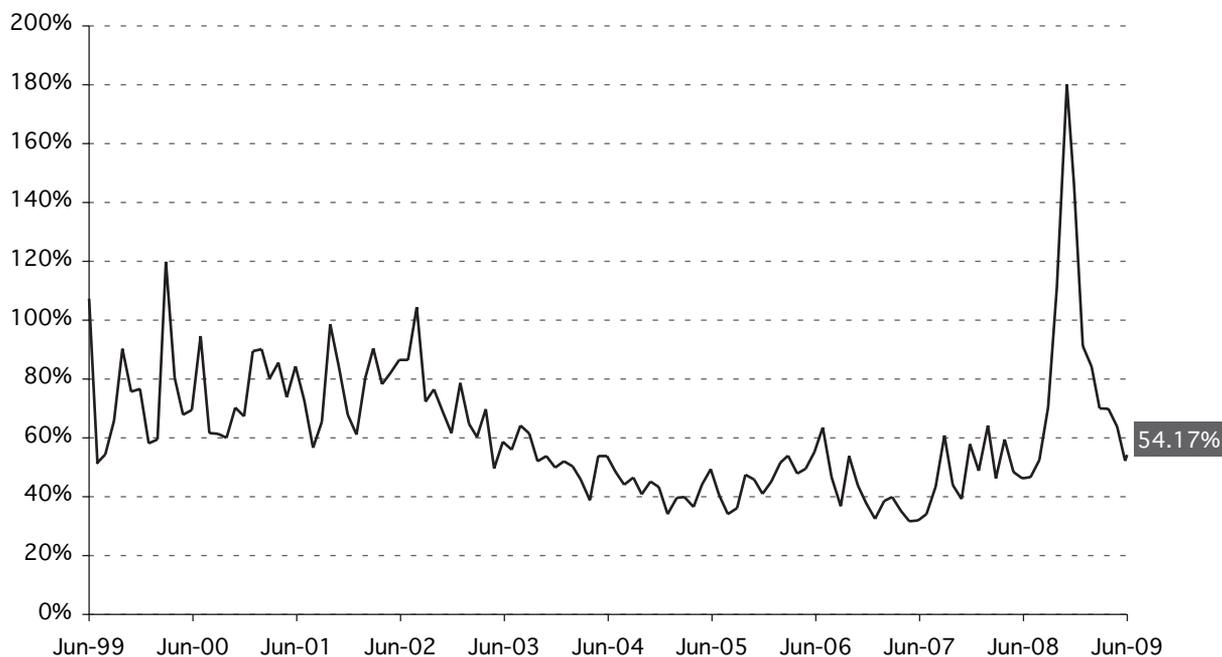
(6) Assumes equal weighting of the issuers included in the Managed Gold Portfolio.

Source: Bloomberg

Covered Call Option Writing and Volatility History:

Under the Black-Scholes Model (modified to include dividends), the price volatility of the security is one of the primary factors that affects the amount of option premium received by the seller of a call option on such security. The following chart illustrates the historical average trailing 30-day volatility levels (expressed in percentages on an annualized basis) for the securities in the S&P/TSX Global Gold Index for the ten years ended June 4, 2009. The 10-year average volatility level as at June 4, 2009 was 61.32%.

Average Price Volatility of Securities in the Managed Gold Portfolio⁽¹⁾



(1) Assumes equal weighting of the issuers included in the Managed Gold Portfolio.

The information set forth above is historical and is not intended to be, nor should it be construed as, an indication as to future volatility levels of the securities in the Managed Gold Portfolio.

Risk Factors:

An investment in Combined Units and Units will be subject to certain risk factors, including:

- (i) the assets of the Fund are concentrated in the securities of gold-related issuers;
- (ii) the risks associated with an investment in the assets of the Fund, including those affecting the price of gold;
- (iii) the possibility that if a holder of Units does not exercise, or sells, the holder's Warrants, the value of the holder's Units may be diluted as a result of the exercise of Warrants by others;

- (iv) the fact that the amount of dividends, distributions and option premiums received by the Fund and the value of the securities in the Fund's portfolio will be influenced by factors beyond the Fund's control means that there are no assurances that the Fund will be able to achieve its stated investment objectives, including its distribution targets;
- (v) liquidity and counterparty risks associated with the writing of covered call options and cash-covered put options;
- (vi) liquidity and counterparty risks associated with the use of derivative instruments to hedge currency exposure;
- (vii) the Fund's reliance on its investment manager, MCM;
- (viii) fluctuations in prevailing interest rates may affect the market price of the Units;
- (ix) the Units may trade at a discount to their NAV;
- (x) the fact that redemptions of the Units by their holders could significantly reduce the trading liquidity of the Units;
- (xi) the Fund is a newly organized investment trust with no previous operating history;
- (xii) as the Fund is not a "mutual fund" as defined under Canadian securities laws, the Fund is not subject to the policies and regulations of the Canadian securities regulators that apply to such funds;
- (xiii) counterparty risks associated with securities lending; and
- (xiv) various tax matters.

See "Risk Factors".

Income Tax Considerations:

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 the taxable portion of the net realized capital gains of the Fund, paid or payable to the Unitholder in the taxation year (whether in cash or in Units). To the extent that amounts payable to Unitholders are designated as taxable capital gains, those amounts will be treated as capital gains realized by such Unitholders. A Unitholder who disposes of Units held as capital property (on redemption or otherwise) will realize a capital gain (or capital loss) to the extent that the proceeds of disposition of the Units exceed (or are less than) the adjusted cost base of such Units and any reasonable costs of disposition.

The exercise of a Warrant will not constitute a disposition of property for the purposes of the Tax Act and, consequently, no gain or loss will be realized upon the exercise of a Warrant. A Unitholder who holds Warrants as capital property will, upon the disposition of a Warrant other than pursuant to the exercise thereof, realize a capital gain (or capital loss) in the taxation year of the Unitholder in which the disposition occurs to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Warrant to the Unitholder.

A Unitholder who acquires Combined Units pursuant to the Exchange Option (as defined below) will be disposing of securities of one or more Exchange Eligible Issuers (as defined below). Provided that the Unitholder holds such securities as capital property, he or she will realize a capital gain (or loss) to the extent that the proceeds of disposition, net of reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such securities.

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

Exchange Option:

At the election of a prospective purchaser of Combined Units, the price for each Combined Unit purchased may be paid either by: (i) a cash payment; or (ii) an exchange (the “Exchange Option”) of Shares of SPDR Gold Trust or of freely-tradeable listed securities of issuers in the S&P/TSX Global Gold Index or the S&P/TSX 60 Index (the “Exchange Eligible Issuers”). A prospective purchaser of Combined Units who elects to pay for Combined Units by using the Exchange Option must have done so by depositing (in the form of a book-entry deposit) securities of Exchange Eligible Issuers with Computershare Investor Services Inc., the Fund’s agent for the Exchange Option, through CDS Clearing and Depository Services Inc. (“CDS”) prior to 5:00 p.m. (Toronto time) on June 26, 2009. Such book-entry deposits must have been made by a participant in CDS, which may have had an earlier deadline for receiving instructions from the participant’s clients to deposit securities of Exchange Eligible Issuers under the Exchange Option. Each prospective purchaser who has authorized the deposit of securities of an Exchange Eligible Issuer through CDS has the right to withdraw such deposit of securities at any time on or before midnight on the second business day after receipt or deemed receipt of this prospectus and any amendment. The Fund will sell the securities of Exchange Eligible Issuers that the Investment Manager determines will not be included in its portfolio. See “Purchases of Combined Units”.

The purchase of Combined Units by the exchange of securities of an Exchange Eligible Issuer pursuant to the Exchange Option will be a taxable event for the purchaser. See “Income Tax Considerations”.

Redemption of Units:

Commencing in 2011, Unitholders whose Units are surrendered for redemption at least twenty business days prior to the last day in January of 2011 or any year thereafter (the “January Redemption Date”) will be entitled to receive a redemption price per Unit equal to the NAV per Unit determined as of such date. For Unitholders whose Units are surrendered for redemption at least ten business days prior to the last day of any other month (a “Monthly Redemption Date” and, together with the January Redemption Date, a “Redemption Date”), the redemption price per Unit will be determined by reference to market price. Units surrendered for redemption by a Unitholder on a Redemption Date will be redeemed on such Redemption Date and the Unitholder will receive payment on or before the fifteenth day following such Redemption Date. See “Redemption of Units”.

Distribution Policy:

The Fund intends to pay monthly cash distributions on the last day of each month in an amount targeted to be 6.5% per annum on the NAV of the Fund. The Fund has determined to base the distributions it pays on the NAV of the Fund in order to better facilitate the preservation and enhancement of the Fund's NAV and to enable Unitholders to benefit from any increases in the NAV of the Fund through the resulting increased distributions. The monthly distributions will be determined using the last NAV prior to the declaration date for the distribution. There can be no assurance that the Fund will be able to make distributions at its targeted rate. The distribution policy of the Fund, including the targeted distribution rate, will be reviewed by Mulvihill Fund Services Inc. ("Mulvihill" or the "Manager"), the manager of the Fund, on an annual basis.

It is expected that distributions over the life of the Fund will be derived primarily from net realized capital gains. The first distribution will be for the month of ● 2009 and is expected to be \$ ● per Unit.

If, in any year after making its targeted monthly distributions, there would otherwise remain in the Fund, as a consequence of dividend growth, realized capital appreciation, the receipt of option premiums or the settlement of currency contracts, net income or net realized capital gains that are unsheltered by any loss carryforwards from prior years, the Fund intends to make, on December 31 of that year, a special distribution of such remaining net income and net realized capital gains in order to ensure that the Fund will not be liable for income tax thereon under the Tax Act. Such distributions will be made in Units that may at the discretion of the Fund be automatically consolidated.

See "Distribution Policy" and "Income Tax Considerations".

Termination:

The Fund does not have a fixed termination date but may be terminated upon not less than 90 days' written notice to the Manager from the Trustee (as defined below) with the approval of Unitholders by a two-thirds majority vote passed at a duly convened meeting of Unitholders called for the purpose of considering such termination, provided that Unitholders holding at least 10% of the Units outstanding on the record date of the meeting vote in favour of such termination.

The Manager, may, in its discretion, terminate the Fund without the approval of Unitholders if, in the opinion of the Manager after consulting with the Fund's Advisory Board (as defined herein), the NAV of the Fund has been reduced as a result of redemptions or otherwise such that it is no longer economically feasible to continue the Fund and it would be in the best interests of Unitholders to terminate the Fund.

Immediately prior to the Termination Date, MCM will, to the extent possible, convert the assets of the Fund to cash and the Trustee, after paying or making adequate provision for all of the Fund's liabilities, shall distribute the net assets of the Fund to Unitholders as soon as practicable after the date of termination.

See "Termination of the Fund".

Taxation of Registered Plans:

Provided that the Fund qualifies and continues to qualify at all times as a mutual fund trust within the meaning of the Tax Act, or the Units are listed on a “designated stock exchange” for purposes of the Tax Act (which includes the Toronto Stock Exchange), 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 “registered plan”). Provided that Warrants are listed on a designated stock exchange, or provided that at all times Units are qualified investments for registered plans and the Fund is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the relevant registered plan within the meaning of the Tax Act, Warrants will be a qualified investment under the Tax Act for a registered plan. However, the holder of a tax-free savings account that governs a trust which holds Units or Warrants will be subject to a penalty tax if the holder does not deal at arm’s length with the Fund for purposes of the Tax Act or if the holder has a significant interest (within the meaning of the Tax Act) in the Fund or in a corporation, partnership or trust with which the Fund does not deal at arm’s length for purposes of the Tax Act. See “Investments by Registered Plans”.

Organization and Management of the Fund:*Investment Manager and Promoter*

MCM, with total assets under management of approximately \$800 million, is the investment manager of the Fund. The Investment Manager implements the investment strategy of the Fund from its principal office in Toronto, Ontario. Mulvihill is a wholly-owned subsidiary of MCM. See “Organization and Management Details of the Fund — The Investment Manager”.

MCM may be considered a promoter of the Fund within the meaning of the securities legislation of certain provinces of Canada by reason of its initiative in organizing the Fund. See “Organization and Management Details of the Fund — Promoter”.

Trustee and Custodian

RBC Dexia Investor Services Trust, located in Toronto, Ontario, is the trustee (the “Trustee”) of the Fund. The Trustee also acts as custodian of the assets of the Fund and is responsible for certain aspects of the day-to-day administration of the Fund. See “Organization and Management Details of the Fund — The Trustee” and “Organization and Management Details of the Fund — The Custodian”.

Auditors

The auditors of the Fund are Deloitte & Touche LLP, Chartered Accountants, Licensed Public Accountants, Toronto, Ontario.

Manager

Mulvihill, the manager of the Fund, is responsible for providing or arranging for the provision of administrative services required by the Fund. The principal office of Mulvihill is located at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9. See “Organization and Management Details of the Fund — The Manager”.

Registrar and Transfer Agent

Computershare Investor Services Inc. will provide the Fund with registrar, transfer and distribution agency services in respect of the Combined Units and the Units from its principal offices in Toronto, Ontario.

Warrant Agent

The warrant agent for the Warrants is Computershare Trust Company of Canada at its principal office in Toronto, Ontario.

Exchange Agent

Computershare Investor Services Inc., at its principal offices in Toronto, Ontario is the Exchange Agent for the Exchange Option.

Agents:

RBC Dominion Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Blackmont Capital Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation, GMP Securities L.P., HSBC Securities (Canada) Inc., Raymond James Ltd., Manulife Securities Incorporated, Richardson Partners Financial Limited and Wellington West Capital Markets Inc. (collectively, the “Agents”) conditionally offer the Combined 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 (as defined herein), and subject to the approval of certain legal matters by Osler, Hoskin & Harcourt LLP, on behalf of the Fund, and Davies Ward Phillips & Vineberg LLP, on behalf of the Agents.

The Fund has granted the Agents an option (the “Over-Allotment Option”), exercisable until 30 days after the closing of the Offering, to purchase up to 15% of the aggregate number of Combined Units issued at the closing of the Offering on the same terms set forth above. This prospectus qualifies the distribution of the Over-Allotment Option and the Combined Units issuable on the exercise thereof. If the Over-Allotment Option is exercised in full, the total price to the public under the maximum offering of Combined Units will be \$ ● , the Agents’ fees will be \$ ● and the net proceeds to the Fund will be \$ ● . See “Plan of Distribution”.

INFORMATION FROM THIRD PARTY SOURCES

Certain information contained in this prospectus is taken from third party sources. None of the Manager, the Fund, the Investment Manager or the Agents has independently verified the accuracy or completeness of any such information or assumes any responsibility for the completeness or accuracy of such information.

FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus are forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions to the extent they relate to the Fund, the Manager or the Investment Manager. Forward-looking statements are not historical facts but reflect the current expectations of the Fund, the Manager and the Investment Manager regarding future results or events. Such forward-looking statements reflect the Fund’s, the Manager’s and the Investment Manager’s current beliefs and are based on information currently available to them. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results or events to differ materially from current expectations. Some of these risks, uncertainties and other factors are described in this prospectus under the heading “Risk Factors”. Although the forward-looking statements contained in this prospectus are based upon assumptions that the Fund, the Manager and the Investment Manager believe to be reasonable, neither the Fund, the Manager nor the Investment Manager can assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein were prepared for the purpose of providing prospective investors with information about the Fund and may not be appropriate for other purposes. Neither the Fund, the Manager nor the Investment Manager assumes any obligation to update or revise them to reflect new events or circumstances, except as required by law.

SUMMARY OF FEES AND EXPENSES

The following table lists the fees and expenses payable by the Fund. For further particulars, see “Fees and Expenses”.

<u>Type of Fee</u>	<u>Amount and Description</u>
Fees payable to the Agents for selling Combined Units:	\$0.63 per Combined Unit (5.25%).
Expenses of issue:	The Fund will pay the expenses incurred in connection with the Offering of Combined Units by the Fund (estimated to be \$ ●) subject to a maximum of 1.5% of the gross proceeds of the Offering.
Warrant exercise fee:	Within 30 days of the proper exercise of a Warrant, the Fund will pay a fee of \$0.12 per Warrant to RBC Dominion Securities Inc. for and on behalf of the Agents and a fee of \$0.18 per Warrant to the dealer whose client has exercised the Warrant. Such fees will be paid by the Fund out of the assets attributable to the Units.
Fee payable to Mulvihill for acting as manager of the Fund	Annual rate of 0.10% of the Fund’s NAV calculated and payable monthly, plus applicable taxes.
Fee payable to MCM for acting as investment manager of the Fund	Annual rate of 0.70% of the Fund’s NAV calculated and payable monthly, plus applicable taxes.
Operating expenses:	The Fund will pay all ordinary expenses incurred in connection with its operation and administration, estimated to be \$250,000 per annum. The Fund will also be responsible for commissions and other costs of securities transactions and any extraordinary expenses which may be incurred by it from time to time.
Service Fee:	The Fund will pay a service fee (the “Service Fee”) to each dealer whose clients hold Units. The Service Fee will be calculated and paid at the end of each calendar quarter and will be equal to 0.40% annually of the NAV of the Units held by clients of the dealer.
Fees and expenses of SPDR Gold Trust:	In addition to the fees and expenses payable by the Fund, the fees and expenses of SPDR Gold Trust, in which the Fund invests, are estimated to be 0.40% per annum of SPDR Gold Trust’s daily net asset value.

GLOSSARY

ADRs	American Depository Receipts issued by a depository that evidence a beneficial interest in securities of an issuer that are held on deposit by the depository.
at-the-money	in relation to a call option, means a call option with a strike price equal to the current market price of the underlying security and, in relation to a put option, means a put option with a strike price equal to the current market price of the underlying security.
Black-Scholes Model	a widely used option pricing model developed by Fischer Black and Myron Scholes in 1973. The model can be used to calculate the theoretical value of an option based on the current price of the underlying security, the strike price and term of the option, prevailing interest rates and the volatility of the price of the underlying security.
business day	any day on which the Toronto Stock Exchange and The New York Stock Exchange are open for business.
call option	the right, but not the obligation, of the option holder to buy a security from the seller of the option at a specified price at any time during a specified time period or at expiry.
cash-covered put option	a put option entered into in circumstances where the seller of the put option holds cash equivalents or other acceptable cash cover (as defined in NI 81-102) sufficient to acquire the securities underlying the option at the strike price throughout the term of the option.
cash equivalents	means, and for the purposes of “cash cover” and “cash-covered put option”, “cash” as used therein means: <ul style="list-style-type: none">(a) cash on deposit at the Fund’s custodian;(b) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by:<ul style="list-style-type: none">(i) any of the Federal or Provincial Governments of Canada; or(ii) the Government of the United States; or(iii) a Canadian financial institution;provided that, in the case of (ii) and (iii), such evidence of indebtedness has a rating of at least R-1 (mid) by DBRS Limited or the equivalent rating from another approved rating organization; or(c) other cash cover as defined in NI 81-102.
covered call option	a call option entered into in circumstances where the seller of the call option holds the underlying security throughout the term of the option.
gold bullion	physical gold, commonly priced in U.S. dollars.
in-the-money	in relation to a call option, means a call option with a strike price less than the current market price of the underlying security and, in relation to a put option, means a put option with a strike price greater than the current market price of the underlying security.
inverse exchange-traded fund	an exchange-traded fund, traded on a public stock market, which is designed to perform as the inverse of the index or benchmark it is designed to track.

NAV per Unit	in general, the NAV of the Fund divided by the number of Units then outstanding. See “Calculation of Net Asset Value — Calculation of Net Asset Value and NAV per Unit”.
Net Asset Value or NAV	the net asset value of the Fund which, on any date, will be equal to the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities of the Fund on that date. See “Calculation of Net Asset Value — Calculation of Net Asset Value and NAV per Unit”.
NI 81-102	National Instrument 81-102 — <i>Mutual Funds</i> (or any successor policy, rule or national instrument), as it may be amended from time to time.
option premium	the purchase price of an option.
out-of-the-money	in relation to a call option, means a call option with a strike price greater than the current market price of the underlying security and, in relation to a put option, means a put option with a strike price less than the current market price of the underlying security.
put option	the right, but not the obligation, of the option holder to sell a security to the seller of the option at a specified price at any time during a specified time period or at expiry.
strike price	in relation to a call option, means the price specified in the option that must be paid by the option holder to acquire the underlying security or, in relation to a put option, the price at which the option holder may sell the underlying security.
Tax Act	means the <i>Income Tax Act</i> (Canada).
volatility	in respect of the price of a security, is a numerical measure of the tendency of the price to vary over time.
\$	means Canadian dollars unless otherwise indicated.

OVERVIEW OF THE LEGAL STRUCTURE OF THE FUND

Gold Participation and Income Fund (the “Fund”) is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of ●, 2009 (the “Trust Agreement”) between Mulvihill Fund Services Inc. (“Mulvihill” or the “Manager”), as manager, and RBC Dexia Investor Services Trust (the “Trustee”), as trustee. Mulvihill is a wholly-owned subsidiary of Mulvihill Capital Management Inc. (“MCM” or the “Investment Manager”), the Fund’s investment manager. See “Organization and Management Details of the Fund”.

The principal office of the Fund, of Mulvihill and of MCM is located at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9.

Status of the Fund

The Fund is not a “mutual fund” for Canadian securities law purposes. As a result, some of the protections provided to investors in mutual funds under such laws will not be available to investors in Units of the Fund (the “Units”).

PRODUCT OVERVIEW AND INVESTMENT RATIONALE

The Fund is designed to provide investors with Canadian-dollar exposure to the long-term performance of gold bullion and gold equity securities, while providing a monthly distribution stream and mitigating downside risk.

The Fund will seek to achieve its objectives by investing 100% of its net assets in the gold sector — initially 50% in Shares of SPDR Gold Trust, an exchange-traded fund that seeks to track the price of gold by investing directly in gold bullion, and 50% in a portfolio (the “Managed Gold Portfolio”) of equity securities in the S&P/TSX Global Gold Index, a dynamic international benchmark of the world’s leading gold companies.

Historically, gold equities have exhibited high volatility relative to the market, as measured by 30-day standard deviations of returns. The Fund intends to take advantage of the current high volatility of the Managed Gold Portfolio securities by writing covered call options on approximately 25% of its portfolio securities in order to mitigate downside risk for holders of its Units (“Unitholders”) and to generate additional returns above the distribution income earned on its portfolio.

INVESTMENT OBJECTIVES

The Fund’s investment objectives are:

- (i) to maximize total returns for Unitholders including both long-term appreciation in net asset value (“NAV”) per Unit and distributions; and
- (ii) to pay Unitholders monthly distributions in an amount targeted to be 6.5% per annum on the NAV of the Fund.

It is expected that distributions over the life of the Fund will be derived primarily from net realized capital gains. The first distribution will be for the month of ● 2009 and is expected to be \$ ● per Unit.

INVESTMENT STRATEGY

As noted above, the Fund will invest 100% of its net assets in the gold sector — initially 50% in Shares of SPDR Gold Trust and 50% in the Managed Gold Portfolio, which will consist of equity securities in the S&P/TSX Global Gold Index. To generate additional returns above the distributions earned on its equity securities, the Fund will from time to time write covered call options in respect of some or all of the securities in its portfolio and, based on the current distribution policies of securities in the Managed Gold Portfolio and current volatility levels, expects to write covered call options on approximately 25% of the securities in its portfolio as noted above. The composition of the Managed Gold Portfolio, the securities that may be subject to call options and the terms of such options will vary from time to time, depending on market conditions. The use of options may have the effect of limiting or reducing the total returns of the Fund, particularly in a rising

market since the premiums associated with writing covered call options may be outweighed by the foregone opportunity of remaining fully invested in the securities comprising the Managed Gold Portfolio. However, the Investment Manager believes that in a flat or downward trending market, a portfolio that is subject to covered call option writing will generally provide higher relative returns and lower volatility than one on which no options are written.

As a result of its holdings of U.S.-dollar denominated securities, the Fund will be exposed to changes in the value of the U.S. dollar against the Canadian dollar. The Fund will hedge substantially all of the Fund's foreign currency exposure back to the Canadian dollar.

For defensive purposes, the Fund may, on a temporary basis, hold cash and invest in cash equivalents and may purchase put options on individual securities or on the S&P/TSX Global Gold Index to protect the Fund against declines in the market.

Based on the initial anticipated composition of the Fund's portfolio, the Fund is expected to generate dividend income of approximately 0.15% per annum which, after the deduction of expenses, will be distributed to Unitholders. The Fund's portfolio would be required to generate an additional return of approximately 8.49% per annum, including from dividend growth, realized capital appreciation and option premiums, in order for the Fund to maintain its targeted distributions and a stable NAV. Based on (i) the average current volatility of the issuers included in the S&P/TSX Global Gold Index, and (ii) the other assumptions set forth under "Investment Strategy — Covered Option Writing — Income from Covered Call Option Writing", including that the Fund writes at-the-money covered call options on approximately 25% of its portfolio, the Fund's portfolio would be expected to generate cash flow in excess of the above required additional return. The ability of the Fund to generate such returns will depend on the extent to which these assumptions turn out to be accurate.

Portfolio Investments

Fifty percent of the NAV of the Fund will be invested in SPDR Gold Trust, a New York Stock Exchange Arca-listed exchange-traded fund that tracks the performance of the price of gold, net of fund expenses, by investing in an inventory of gold bars.

The Managed Gold Portfolio of the Fund will be comprised of securities in the S&P/TSX Global Gold Index. The S&P/TSX Global Gold Index includes producers of gold and related products, such as companies that mine and process gold, whose securities are publicly traded on the Toronto Stock Exchange, The New York Stock Exchange or The NASDAQ Stock Market. Issuers are selected for inclusion in the S&P/TSX Global Gold Index on the basis of criteria that include:

- (i) a minimum float-adjusted market capitalization of US\$300 million (a security will be removed from the S&P/TSX Global Gold Index if its float-adjusted market capitalization falls below US\$240 million);
- (ii) an average daily dollar-value traded of at least US\$1 million for the two months preceding the security's consideration as a candidate for inclusion; and
- (iii) a liquidity ratio (equal to the dollar value of the securities traded divided by the average float-adjusted market capitalization over the past 12 months) of at least 30% (a security will be removed from the S&P/TSX Global Gold Index if its liquidity ratio falls below 25%).

The following chart illustrates the cumulative growth of \$100 invested in each of gold bullion, the S&P/TSX Global Gold Index and the S&P/TSX Composite Total Return Index from the date of inception of the S&P/TSX Global Gold Index on October 2, 2000 to June 4, 2009.

Cumulative Growth of \$100 from October 2, 2000 to June 4, 2009



	<u>Gold Bullion</u>	<u>S&P/TSX Global Gold Index</u>	<u>S&P/TSX Composite Total Return Index</u>
Annualized Return (October 2, 2000 to June 4, 2009)	15.85%	15.01%	2.21%

Since the inception of SPDR Gold Trust on November 18, 2004, the historical correlation of the returns of SPDR Gold Trust to the movements in the spot price of gold bullion has been over 91% and is currently 95.9%.

The table below sets out, as at June 4, 2009, the following information for each of the securities in the S&P/TSX Global Gold Index: name of issuer, market capitalization, closing price, average trailing 30-day volatility level, dividend yield and ten-year (or since inception, as the case may be) compounded annual growth rate (“CAGR”); and for the Shares of SPDR Gold Trust, market capitalization and closing price.

S&P/TSX Global Gold Index Constituents and SPDR Gold Trust

	Market Capitalization	Closing Price ⁽¹⁾	Price Volatility	Dividend Yield ⁽²⁾⁽³⁾	CAGR ⁽⁴⁾
Canadian Issuers:					
Agnico-Eagle Mines Ltd.	\$10,331,010,000	\$66.33	46.84%	0.35%	23.24%
Alamos Gold Inc.	\$ 1,040,427,000	\$ 9.70	66.80%	0.00%	32.96%
Aurizon Mines Ltd.	\$ 748,494,000	\$ 4.72	59.52%	0.00%	21.84%
Barrick Gold Corporation	\$36,065,540,000	\$41.30	35.93%	1.09%	4.60%
Eldorado Gold Corporation	\$ 3,913,784,000	\$10.55	56.76%	0.00%	33.29%
Franco-Nevada Corporation	\$ 3,024,045,000	\$30.15	43.92%	0.93%	57.14%
Gammon Gold Inc.	\$ 1,159,359,000	\$ 9.42	81.34%	0.00%	16.99%
Goldcorp Inc.	\$30,222,030,000	\$41.39	42.91%	0.49%	27.04%
IAMGOLD Corporation	\$ 4,242,242,000	\$11.62	44.02%	0.64%	14.45%
Kinross Gold Corporation	\$15,198,350,000	\$21.88	46.17%	0.47%	11.00%
New Gold Inc.	\$ 655,549,500	\$ 3.08	86.09%	0.00%	-4.87%
Osisko Mining Corporation	\$ 1,786,122,000	\$ 6.94	54.12%	0.00%	60.55%
Red Back Mining Inc.	\$ 2,095,919,000	\$ 9.15	62.08%	0.00%	45.27%
Yamana Gold Inc.	\$ 9,088,432,000	\$12.40	51.30%	0.41%	-5.44%
Average			55.56%	0.31%	24.15%
U.S. Issuers:⁽⁵⁾					
Newmont Mining Corporation	\$23,218,290,000	\$47.44	41.24%	0.84%	10.06%
Royal Gold Incorporated	\$ 1,880,795,000	\$46.19	48.70%	0.69%	28.22%
Seabridge Gold Inc.	\$ 1,083,054,000	\$28.95	61.72%	0.00%	68.40%
Average			50.55%	0.51%	35.56%
International Issuers:⁽⁵⁾					
AngloGold Ashanti Limited	\$14,753,290,000	\$41.65	51.44%	0.24%	8.30%
Gold Fields Limited	\$ 9,001,275,000	\$12.78	52.21%	0.46%	15.30%
Harmony Gold Mining Company Limited	\$ 4,953,382,000	\$11.63	49.22%	0.00%	8.64%
Lihir Gold Limited	\$ 6,127,904,000	\$25.87	56.37%	0.00%	13.91%
Randgold Resources Limited	\$ 5,542,743,000	\$72.20	53.07%	0.18%	69.34%
Average			52.46%	0.18%	23.10%
Managed Gold Portfolio Average⁽⁶⁾			54.17%	0.31%	25.47%
SPDR Gold Trust ⁽⁵⁾	\$35,662,840,000	\$96.23			

(1) Security prices and all other data are in respect of the securities of the issuers listed on the Toronto Stock Exchange (Canadian Issuers) or The New York Stock Exchange (U.S. or International Issuers) or The NASDAQ Stock Market (U.S. or International Issuers). As adjusted for stock splits.

(2) Bloomberg indicated dividend yield.

(3) Before taking into account applicable foreign withholding tax.

(4) From June 7, 1999 to June 4, 2009, or since the securities began trading on the applicable stock exchange as follows: Alamos Gold Inc. (June 21, 2004), Franco-Nevada Corporation (December 3, 2007), New Gold Inc. (December 31, 2002), Red Back Mining Inc. (December 8, 2004) and Randgold Resources Limited (July 10, 2002).

(5) In U.S. dollars.

(6) Assumes equal weighting of the issuers included in the Managed Gold Portfolio.

Source: Bloomberg

Other Hedging to Protect Portfolio Assets

The Fund may purchase put options on individual securities in the Managed Gold Portfolio, indexed put options or inverse exchange-traded funds in order to protect the Fund from declines in the market prices of the individual securities in its portfolio or in the value of its portfolio as a whole. In addition to writing covered call

options and cash-covered put options, and to the extent permitted by Canadian securities regulators from time to time, the Fund may purchase call options and put options with the effect of closing out existing call options and put options written by the Fund.

Securities Lending

To generate additional returns, the Fund may lend portfolio securities to securities borrowers acceptable to the Fund pursuant to the terms of a securities lending agreement between the Fund and any such borrower (a “Securities Lending Agreement”). Under a Securities Lending Agreement: (i) the borrower will pay to the Fund a negotiated securities lending fee and will make compensation payments to the Fund equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans shall qualify as “securities lending arrangements” for the purposes of the *Income Tax Act* (Canada) (the “Tax Act”); and (iii) the Fund will receive prescribed collateral security. The Custodian (as defined below) may be responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis.

Covered Option Writing

General

The writing of call options by the Fund will involve the selling of call options in respect of some of the securities in the Managed Gold Portfolio. Such call options may be either exchange-traded options or over-the-counter options. Because call options will be written only in respect of securities that are in the Managed Gold Portfolio and because the investment criteria of the Fund prohibit the sale of securities subject to an outstanding option, the call options will be covered at all times.

The holder of a call option purchased from the Fund will have the option, exercisable during a specific time period or at expiry, to purchase the securities underlying the option from the Fund at the strike price per security. By selling call options, the Fund will receive option premiums, which are generally paid within one business day of the writing of the option. If at any time during the term of a call option or at expiry, the market price of the underlying securities is above the strike price, the holder of the option may exercise the option and the Fund will be obligated to sell the securities to the holder at the strike price per security. Alternatively, the Fund may repurchase a call option which is in-the-money by paying the market value of the call option. If, however, the option is out-of-the-money at expiration of the call option, the holder of the option will likely not exercise the option and the option will expire. In each case, the Fund will retain the option premium. See “Call Option Pricing” below.

The amount of option premium depends upon, among other factors, the expected volatility of the price of the underlying security. The higher the volatility, the higher the option premium. In addition, the amount of the option premium will depend upon the difference between the strike price of the option and the market price of the underlying security at the time the option is written. The smaller the positive difference (or the larger the negative difference), the more likely it is that the option will become in-the-money during the term and, accordingly, the greater the option premium. See “Call Option Pricing” below.

If a call option is written on a security in the Managed Gold Portfolio, the amounts that the Fund will be able to realize on the security during the term of the call option will be limited to the distributions received during such period plus an amount equal to the sum of the strike price and the premium received from writing the option. In essence, the Fund will forgo potential returns resulting from any price appreciation of the security underlying the option above the strike price in favour of the certainty of receiving the option premium.

Call Option Pricing

Many investors and financial market professionals price call options based on the Black-Scholes Model. In practice, however, actual option premiums are determined in the marketplace and there can be no assurance that the values generated by the Black-Scholes Model can be attained in the market.

Under the Black-Scholes Model (modified to include dividends), the primary factors that affect the option premium received by the seller of a call option are the following:

the volatility of the price of the underlying security

the volatility of the price of a security measures the tendency of the price of the security to vary during a specified period. The higher the price volatility, the more likely that the price of that security will fluctuate (either positively or negatively) and the greater the option premium. Price volatility is generally measured in percentage terms on an annualized basis, based on price changes during a period of time immediately prior to or “trailing” the date of calculation.

the difference between the strike price and the market price of the underlying security at the time the option is written

the smaller the positive difference (or the larger the negative difference), the greater the option premium.

the term of the option

the longer the term, the greater the call option premium.

the “risk-free” or benchmark interest rate in the market in which the option is issued

the higher the risk-free interest rate, the greater the call option premium.

the dividends expected to be paid on the underlying security during the relevant term.

the greater the dividends, the lower the call option premium.

Volatility History

The historical average, low, high and current values of the trailing 30-day volatility (expressed in percentages on an annualized basis) for the securities in the Managed Gold Portfolio for the ten years ended June 4, 2009 are as follows:

	Ten-Year Price Volatility			
	Average	Low	High	Current
30-day volatility	61.32%	27.86%	180.08%	54.17%

Average Price Volatility of Securities in the Managed Gold Portfolio⁽¹⁾



(1) Assumes equal weighting of the issuers included in the Managed Gold Portfolio.

The information set forth above is historical and is not intended to be, nor should it be construed as, an indication as to future volatility levels of the securities in the Managed Gold Portfolio.

Income from Covered Call Option Writing

The following table sets forth the income, expressed as a percentage of the NAV of the Fund, and net of Fund expenses (excluding any gains or losses on portfolio investments, distribution increases or decreases and any amounts paid to close out in-the-money options), generated by writing at-the-money covered call options on 25% of the portfolio securities at various volatility levels.

The income numbers shown below do not take into account the potential price impact on portfolio value resulting from writing covered call options. Securities on which the Fund has written covered calls have the full downside risk associated with a regular security holding but are limited in upside return to the amount out of the money at which the call is written. In the case of covered calls written at-the-money, the investor forgoes any upside on the security position, but retains all of the downside risk. In exchange for forgoing the upside return, the investor receives the premium payment. In an upward trending market, a portfolio that is subject to covered call option writing will generally show lower total returns and a commensurately lower volatility. In a flat or downward trending market, such a portfolio will generally provide higher relative returns as well as lower volatility.

Net Cash Flow Generated by the Fund (as a Percentage of NAV)

At-the-Money	Average Price Volatility of Securities in the Managed Gold Portfolio									
	20%	30%	40%	50%	60%	70%	80%	90%	100%	110%
	5.3%	8.7%	12.1%	15.6%	19.0%	22.4%	25.8%	29.2%	32.5%	35.9%

The information above is provided for illustrative purposes only and should not be construed as a forecast or projection. No assurance can be given that the returns from call option writing upon which the estimated net income of the Fund has been based will be realized.

The table was generated using a modified Black-Scholes Model and assumes that call options will be written at-the-money — which is within the range of percentage out-of-the-money generally expected to be utilized by MCM in writing call options — and is based on the following assumptions:

- (i) the gross proceeds from the Offering are \$100 million and one-half of the net proceeds are fully invested in Shares of SPDR Gold Trust and the other half are fully invested in securities in the S&P/TSX Global Gold Index;
- (ii) the range of volatility shown in the table approximates the range of the historical average volatility of securities in the S&P/TSX Global Gold Index;
- (iii) all call options are exercisable only at maturity and are written at-the-money;
- (iv) all securities on which call options may be written are subject to 30-day call options throughout the relevant period (for illustrative purposes only — this assumption is not indicative of the extent to which covered call options are expected to be written by the Fund);
- (v) the Canadian risk-free or benchmark interest rate equals 2.00% per annum;
- (vi) the average net return from the distributions paid on securities in the Fund’s portfolio is 0.31% per annum, assuming a 50% weighting of SPDR Gold Trust and an equal weighting among the issuers included in the Managed Gold Portfolio;
- (vii) there are no realized capital gains or losses on securities in the Managed Gold Portfolio for the period during which the call options are outstanding (for illustrative purposes only — the Fund expects that there will be capital gains and losses that may have a positive or negative effect on the value of the Fund); and
- (viii) annual expenses (ordinary and extraordinary) of the Fund are \$250,000, plus currency hedging costs of 0.22% and fees payable to Mulvihill and MCM of 0.80% of the total assets of the Fund, plus the annual service fee of 0.40% of the value of the Units held by clients of a dealer and payable to each dealer whose clients hold Units.

Utilization of Cash Equivalents

The Fund may, from time to time, hold a portion of its assets in cash equivalents. The Fund may also, from time to time, utilize such cash equivalents to provide cover in respect of the writing of cash-covered put options or for other defensive purposes. The Fund may also, from time to time, write cash-covered put options to generate additional returns and to reduce the net cost of acquiring the securities subject to the put options. Such cash-covered put options will only be written in respect of securities in which the Fund is permitted to invest. The holder of a put option purchased from the Fund will have the option, exercisable during a specific time period or at expiry, to sell the securities underlying the option to the Fund at the strike price per security. By selling put options, the Fund will receive option premiums, which are generally paid within one business day of the writing of the option. The Fund, however, must maintain cash equivalents in an amount at least equal to the aggregate strike price of all securities underlying the outstanding put options which it has written. If at any time during the term of a put option or at expiry, the market price of the underlying securities is below the strike price, the holder of the option may exercise the option and the Fund will be obligated to buy the securities from the holder at the strike price per security. In such case, the Fund will be obligated to acquire a security at a strike price which may exceed the then current market value of such security. If, however, the option is out-of-the-money at the expiration of the put option, the holder of the option will likely not exercise the option and the option will expire. In each case, the Fund will retain the option premium.

OVERVIEW OF THE SECTOR IN WHICH THE FUND INVESTS

The Investment Manager believes, based on its research and analysis, and supported by research compiled by the World Gold Council, that a number of factors make gold an attractive investment both in the short and long-term.

Inflation and the U.S. Dollar

While the real price of gold has changed very little over a century characterized by sweeping change and repeated geopolitical shocks, the purchasing power of many currencies has generally fallen and further declines may be expected in the near future. Governments of the world's largest economies are continuing to print large amounts of their respective currencies to address the current global recession. In addition, expectations concerning improved economic conditions may fuel rising commodity prices, which often contribute to an inflationary environment. Extensive research from a range of economists has demonstrated that, over the long-term, gold has consistently maintained its purchasing power. In the short run, experience has shown that gold can deviate from its long-run inflation-hedge price, and, when enjoying a sustained buoyant period, as is currently the case, can offer opportunities for impressive returns.

Many investors may also be concerned about further devaluations in a U.S. dollar already weakened by significant trade and budget deficits. Because gold is negatively correlated with the U.S. dollar, investors who are bearish on the outlook for the U.S. dollar may consider it appropriate to use gold as a defence against this currency risk. A recent study examining the strength of the link between 22 commodities and the U.S. dollar clearly suggested that gold not only is a more potent hedge against the U.S. dollar than other commodities, but also provides protection when most needed — that is, when the U.S. dollar is losing value — with relatively little loss of upside growth during a period of U.S. dollar appreciation.

Portfolio Diversification

While gold has shown strong returns over recent years, its most valuable contribution to a portfolio may lie in the fact that it is not correlated with most other major asset classes, including equities. Although gold is a commodity and an investment asset, its safe haven status means that it tends to move independently of other key asset classes and commodities, especially during times of crisis. Studies have shown that while alternative assets and traditional diversifiers often fail during times of market stress or instability, even a small allocation to gold may significantly improve the consistency of portfolio performance during both stable and unstable financial periods.

Risk

Gold has a long history of acting as a safe haven. During periods of political and economic uncertainty, investors have tended to increase their purchases of gold and gold-related instruments because of the metal's

perceived propensity to either hold its value or increase in price when other investment assets are declining. Given heightened corporate and banking default risks and increasing money supplies, gold may be an attractive investment in the current global economy.

Supply and Demand

Today, the overall level of global mine production is relatively stable, averaging approximately 2,525 tonnes per year over the last five years. New mines that are being developed are serving to replace current production, rather than to cause any significant expansion in total supplies. Lead times in gold production are relatively long, with new mines often taking up to ten years to begin production. As a result, mining output is relatively inelastic and unable to react quickly to changes in price outlook, thereby further supporting the price of gold.

In the long run, demand for gold from both consumers and investors can be expected to grow. Jewellery consistently accounts for around three-quarters of gold demand and jewellery consumption outside of the developed world has been expanding rapidly in recent years. As middle class incomes rise in countries such as China and India, demand is likely to increase further. Demand for gold by investors has also spiked in recent years.

INVESTMENT RESTRICTIONS

The Fund is subject to certain investment criteria that, among other things, limit the securities the Fund may acquire to comprise its investment portfolio. The investment criteria do not apply to limit the securities of Exchange Eligible Issuers the Fund may acquire (and then sell) pursuant to the Exchange Option (as defined below). The Fund's investment criteria may not be changed without the approval of the Unitholders by a two-thirds majority vote at a meeting called for such purpose. See "Unitholder Matters — Matters Requiring Unitholder Approval". The Fund's investment criteria provide that the Fund may:

- (i) purchase securities of an issuer only if such securities are:
 - (a) Shares of SPDR Gold Trust (or securities of such other publicly-traded, exchange-listed investment fund that tracks the price of gold which the Investment Manager considers appropriate), provided that after such purchase, no more than an aggregate of 50% of the NAV of the Fund is invested in securities of such issuer; or
 - (b) equity securities (including ADRs) in the S&P/TSX Global Gold Index, as modified or reconstituted from time to time, provided that after such purchase, no more than an aggregate of 75% of the NAV of the Fund is invested in such securities;
- (ii) not purchase equity securities of issuers other than those permitted under paragraph (i) and may only purchase debt securities if such securities are cash equivalents;
- (iii) write a call option in respect of any security only if such security is actually held by the Fund in the Managed Gold Portfolio at the time the option is written;
- (iv) not dispose of any security that is subject to a call option written by the Fund unless such option has either terminated or expired;
- (v) write put options in respect of any security only if (a) the Fund is permitted to invest in such security in the Managed Gold Portfolio, and (b) so long as the options are exercisable, the Fund continues to hold cash equivalents sufficient to acquire the securities underlying the options at the aggregate strike price of such options;
- (vi) reduce the total amount of cash equivalents held by the Fund only if the total amount of cash equivalents held by the Fund remains an amount not less than the aggregate strike price of all outstanding put options written by the Fund;
- (vii) purchase call options and put options with the effect of closing out existing call options and put options written by the Fund;
- (viii) purchase put options on individual securities in the Managed Gold Portfolio, indexed put options, and, notwithstanding paragraphs (i) and (ii), inverse exchange-traded funds that provide exposure to the price of gold; provided that after such purchase, no more than an aggregate of 25% of the NAV of the Fund is invested in such securities;

- (ix) purchase derivatives or enter into derivatives or other transactions to facilitate achieving the investment objectives of the Fund;
- (x) not undertake any activity, take any action, omit to take any action or make or hold any investment that would result in the Fund failing to qualify as a “mutual fund trust” within the meaning of the Tax Act;
- (xi) not enter into any arrangement (including the acquisition of securities for the investment portfolio and the writing of covered call options in respect thereof) where the result is a dividend rental arrangement for the purposes of the Tax Act;
- (xii) not make or hold any investment that would result in the Fund becoming a “SIFT trust” within the meaning of subsection 122.1(1) of the Tax Act;
- (xiii) not acquire any interest in a non-resident trust that is not an “exempt foreign trust”, or invest in the securities of any non-resident corporation or trust or other non-resident entity if the Fund would be required to mark its investment in such securities to market in accordance with proposed section 94.2 of the Tax Act or to include any significant amounts in income pursuant to proposed sections 94.1 or 94.3 of the Tax Act, as set forth in the proposed amendments to the Tax Act dealing with foreign investment entities and non-resident trusts contained in Bill C-10 which was previously before the 39th session of Parliament (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);
- (xiv) not invest in any security that would be a “tax shelter investment” within the meaning of the Tax Act;
- (xv) not acquire or hold any property that is “taxable Canadian property” within the meaning of the Tax Act or that will otherwise constitute “specified property” within the meaning of the proposed amendments to the Tax Act announced on September 16, 2004 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto); and
- (xvi) not invest in any security of an issuer that would be a foreign affiliate of the Fund for purposes of the Tax Act.

FEES AND EXPENSES

Initial Expenses

The expenses of the Offering (including the costs of creating and organizing the Fund, the costs of printing and preparing this prospectus, legal expenses of the Fund, marketing expenses and legal and other out of pocket expenses incurred by the Agents (as defined below) and certain other expenses subject to a maximum of 1.5% of the gross proceeds of the Offering) will, together with the Agents’ fees, be paid from the gross proceeds of the Offering.

Warrant Exercise Fee

Within 30 days of the proper exercise of a Warrant of the Fund (a “Warrant”), the Fund will pay a fee of \$0.12 per Warrant to RBC Dominion Securities Inc. for and on behalf of the Agents and a fee of \$0.18 per Warrant to the dealer whose client has exercised the Warrant. Such fees will be paid by the Fund out of the assets attributable to the Units.

Ongoing Fees and Expenses

Pursuant to the terms of the Investment Management Agreement (as defined below), MCM is entitled to a fee at an annual rate of 0.70% of the NAV. Pursuant to the terms of the Trust Agreement, Mulvihill is entitled to a fee at an annual rate of 0.10% of the NAV. Fees payable to MCM and Mulvihill will be calculated and payable monthly based on the NAV as at the Redemption Date (as defined below) of each month.

The Fund will pay for all expenses incurred in connection with the operation and administration of the Fund. It is expected that these expenses will include, without limitation: (i) mailing and printing expenses for periodic reports to Unitholders; (ii) fees payable to the Trustee for acting as trustee and custodian of the assets of the Fund and performing certain administrative services under the Trust Agreement; (iii) fees payable to Computershare Trust Company of Canada for acting as warrant agent with respect to the Warrants; (iv) fees payable to Computershare Investor Services Inc. for acting as registrar and transfer agent with respect to the Units; (v) fees payable to members of the Advisory Board (as defined below) and the independent review

committee of the Fund; (vi) any additional fees payable to Mulvihill for performance of extraordinary services on behalf of the Fund; (vii) fees payable to the auditors and legal advisors of the Fund; (viii) regulatory filing, stock exchange and licensing fees; and (ix) expenditures incurred upon the termination of the Fund. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which Mulvihill or MCM is entitled to an indemnity by the Fund. See “Organization and Management Details of the Fund”. The Fund will also be responsible for all commissions and other costs of securities transactions. All such expenses will be subject to an independent audit and report thereon to the Trustee and Mulvihill will provide reasonable access to its books and records for such purpose.

The Fund will pay a service fee (the “Service Fee”) to each dealer whose clients hold Units. The Service Fee will be calculated and paid at the end of each calendar quarter and will be equal to 0.40% annually of the NAV of the Units held by clients of the dealer.

In addition to the fees and expenses payable by the Fund, the fees and expenses of SPDR Gold Trust, in which the Fund invests, are estimated to be 0.40% per annum of SPDR Gold Trust’s daily net asset value.

RISK FACTORS

The following are certain considerations relating to an investment in Combined Units of the Fund (“Combined Units”) and Units which prospective investors should consider before purchasing such securities.

Concentration Risk

The Fund was created to invest in the securities of gold-related issuers and is not expected to have significant exposure to any other investments or assets. For example, it is intended that, initially, approximately 50% of the market value of the assets of the Fund will be exposed to SPDR Gold Trust. Investors should review carefully the continuous disclosure documentation of SPDR Gold Trust for a discussion of the risk factors that it considers applicable to itself and its Shares. The Fund’s holdings are concentrated in gold-related securities and they are not diversified.

Portfolio Securities

NAV per Unit will vary as the value of the securities in the Fund’s portfolio varies. At any time, the issuers in the Managed Gold Portfolio may decide to decrease or discontinue the payment of distributions on their securities. The Fund has no control over the factors that affect the issuers in its portfolio, such as fluctuations in interest rates, changes in management or strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures and changes in dividend and distribution policies. An investment in the Units does not constitute an investment in the securities of the issuers in the Fund’s portfolio. Holders of the Units will not own the securities held by the Fund and will not have any voting or other rights with respect to such securities.

The Fund will issue Combined Units hereunder for securities of Exchange Eligible Issuers (as defined below). The Fund will sell the securities of Exchange Eligible Issuers that are not included in its portfolio and will incur transaction costs at institutional rates in connection therewith. There is no assurance that on the sale of such securities, the Fund will realize net proceeds equal to the weighted average trading price of such securities during the Pricing Period (as defined below) and such net proceeds may be more or less than the weighted average trading price during the Pricing Period of the securities of such Exchange Eligible Issuers.

Price of Gold

It can be expected that factors affecting the price of gold will affect the NAV of the Fund. The price of gold has fluctuated widely over the past several years and may be affected at any time by various unpredictable international, economic, monetary and political considerations including:

- (i) global gold supply and demand, which is influenced by such factors as:
 - (a) forward selling by gold producers;
 - (b) purchases made by gold producers to unwind gold hedge positions;
 - (c) central bank purchases and sales;
 - (d) the investment and trading activities of hedge funds and commodity funds; and

- (e) production and cost levels in major gold-producing countries such as South Africa, the United States and Australia;
- (ii) investors' expectations with respect to future inflation rates;
- (iii) exchange rate volatility of the U.S. dollar, the currency in which the price of gold is generally quoted;
- (iv) interest rate volatility; and
- (v) unexpected global, or regional, political or economic events, including banking crises and international conflicts.

Changing tax, royalty and land and mineral rights ownership and leasing regulations under different political regimes can also impact market functions and expectations for future gold supply. New discoveries or depleting ore reserves and shifts in political and economic conditions affecting a country may have a direct impact on its sale of gold. This can affect both gold mining shares, and the relative prices of other commodities, which can also be competitive factors that influence investors' decisions in respect of investing in gold. There is no assurance that gold will maintain its long-term value in terms of purchasing power in the future.

Substantial Official Sector Gold Sales

The official sector consists of central banks, other governmental agencies and multi-lateral institutions that buy, sell and hold gold as part of their reserve assets. The official sector holds a significant amount of gold, some of which is static, meaning that it is held in vaults and is not bought, sold, leased or swapped or otherwise mobilized in the open market. A number of central banks have sold portions of their gold reserves in recent years, with the result being that the official sector, taken as a whole, has been a net supplier of gold to the open market. In the event that future economic, political or social conditions or pressures require members of the official sector to liquidate their gold assets all at once or in an uncoordinated manner, the demand for gold may not be sufficient to accommodate the sudden increase in the supply of gold to the market. Consequently, the price of gold could decline which may adversely affect an investment in the Fund.

Recent Global Financial Developments

Global financial markets have experienced a sharp rise 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. Notwithstanding that central banks as well as global governments are attempting to restore liquidity to the world economy, no assurance can be given that these efforts will abate, in the near to medium term, the combined impact of the significant revaluations and constraints on the availability of credit on economies around the world. Some economies are experiencing diminished growth or a recession. Continuing adverse market conditions and unexpected volatility or illiquidity in financial markets may adversely affect the prospects of the Fund and the price of gold. In addition, governments around the world have been increasing and may continue to increase their money supplies which will also have an impact on the price of gold.

Warrants

The value of Units will be reduced if the NAV per Unit exceeds \$11.70 and Warrants are exercised. If a Unitholder does not exercise Warrants in such circumstances, the Unitholder's *pro rata* interest in the assets of the Fund will be diluted. In order to maintain a Unitholder's *pro rata* interest in the assets of the Fund, the Unitholder will be required to pay in connection with the exercise of each Warrant an additional amount equal to \$12.00. While a Unitholder may sell the Warrants acquired hereunder, no assurance can be given that the proceeds of such sale would compensate the Unitholder for such dilution. See "Warrant Considerations".

No Assurances of Achieving Investment Objectives

There is no assurance that the Fund will be able to achieve its distribution or capital preservation objectives. There is no assurance that the Fund will be able to pay distributions. The funds available for distribution to Unitholders will vary according to, among other things, the dividends and distributions paid on the securities in the Fund's portfolio, the level of option premiums received and the value of the securities comprising the Fund's portfolio. Since the dividends and distributions received by the Fund will not be sufficient to meet the objectives of the Fund in respect of the payment of distributions, the Fund will depend on the receipt of option premiums and the realization of capital gains to meet those objectives. Although many investors and financial market professionals price options based on the Black-Scholes Model, in practice actual option premiums are determined in the marketplace and there is no assurance that the premiums predicted by such a pricing model can be attained.

Use of Options and Other Derivative Instruments

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

The use of options may have the effect of limiting or reducing the total returns of the Fund if MCM's expectations concerning future events or market conditions prove to be incorrect. In such circumstances, the Fund may have to increase the percentage of the Managed Gold Portfolio that is subject to covered call options to meet its targeted distributions. In addition, the premiums associated with writing covered call options may be outweighed by the foregone opportunity of remaining invested directly in the securities comprising the Managed Gold Portfolio.

There can be no assurance that a liquid exchange or over-the-counter market will exist to permit the Fund to write covered call options or cash-covered put options on desired terms or to close out option positions should it desire to do so. The ability of the Fund to close out its positions may also be affected by exchange-imposed daily trading limits on options or the lack of a liquid over-the-counter market. If the Fund is unable to repurchase a call option that is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires. In addition, upon the exercise of a put option, the Fund will be obligated to acquire a security at the strike price that may exceed the then current market value of such security.

Derivative transactions also involve the risk of the possible default by the other party to the transaction (whether a clearing corporation in the case of exchange-traded instruments or other third party in the case of over-the-counter instruments) in that it may be unable to meet its obligations.

Currency Hedging

Currency hedges entail a risk of illiquidity and, to the extent that the U.S. dollar appreciates in Canadian dollar terms, 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 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. Currency hedges also involve the risk of the possible default by the other party to the transaction (whether a clearing corporation in the case of exchange-traded instruments or other third party in the case of over-the-counter instruments) in that it may be unable to meet its obligations.

Reliance on the Investment Manager

MCM will manage the investment portfolio of the Fund in a manner consistent with the investment objectives, strategy and criteria of the Fund. The officers of MCM who will be primarily responsible for the management of the portfolio have extensive experience in managing investment portfolios, but there is no certainty that they will continue to be employees of MCM throughout the term of the Fund.

Interest Rate Fluctuations

It is anticipated that the market price of the Units will be affected by the prevailing level of interest rates. A rise in interest rates may have a negative effect on the market price of the Units.

Trading at a Discount

The Fund cannot predict whether the Units will trade above, at or below their NAV per Unit.

Significant Redemptions

Units are redeemable monthly based on market price and, commencing in January 2011, annually for a price based on NAV per Unit (which represents the value that the Fund is able to obtain in the market when it

sells portfolio securities to fund the redemption). The purpose of the annual redemption right is to prevent the Units from trading at a substantial discount to the NAV per Unit and to provide Unitholders with the right to realize their investment once per year without any trading discount to such value. While the annual redemption right provides Unitholders the option of annual liquidity, there can be no assurance that it will reduce trading discounts. If a significant number of Units is redeemed, the trading liquidity of the Units could be significantly reduced. In addition, the expenses of the Fund would be spread among fewer Units potentially resulting in lower NAV per Unit. Other closed-end funds with annual redemption rights similar to the redemption rights in respect of the Units have experienced significant redemptions on annual redemption dates in the past.

Operating History

The Fund is a newly organized investment trust with no previous operating history. There is currently no public market for the Units and the Warrants and there can be no assurance that an active public market in respect of the Units or the Warrants will develop or be sustained after completion of the Offering.

Status of the Fund for Securities Law Purposes

The Fund is not a “mutual fund” for Canadian securities law purposes. As a result, some of the protections provided to investors in mutual funds under such laws will not be available to Unitholders and restrictions imposed on mutual funds under Canadian securities laws, including National Instrument 81-102 — *Mutual Funds* (“NI 81-102”), do not apply to the Fund. See “Investment Restrictions”.

Securities Lending

The Fund may engage in securities lending as described under “Investment Strategy — Securities Lending”. Although the Fund will receive collateral for the loans and such collateral is marked to market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

Tax Changes

There can be no assurance that changes will not be made to the tax rules affecting the taxation of the Fund or the Fund’s investments, or that such tax rules will not be administered in a way that is less advantageous to the Fund or its Unitholders.

The Province of Ontario has recently announced that it plans to harmonize its existing provincial sales tax with the federal goods and services tax (“GST”) effective July 1, 2010. If this tax proposal is implemented as announced, investment funds that are subject to the new Ontario harmonized tax may be required to pay a harmonized sales tax of 13% on fees such as management fees, rather than the currently imposed 5% GST, which may increase costs borne by the Fund.

Taxation of the Fund

The Fund will be subject to certain tax risks generally applicable to investment funds that hold Canadian and/or non-Canadian securities, including the following.

On October 31, 2003 the Department of Finance announced a Tax Proposal (as defined below) relating to the deductibility of losses under the Tax Act. Under this Tax Proposal, 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 such Tax Proposal were to apply to the Fund, deductions that would otherwise reduce the Fund’s taxable income could effectively be denied, 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 such Tax Proposal would be released for comment. This proposal has not been released as of the date hereof. There can be no assurance that such alternative proposal will not adversely affect 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.

Currently, a trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is property other than taxable Canadian property as defined in the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released Tax Proposals which propose that a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships, or any combination thereof, is more than 50% of the aggregate fair market value of all units issued by the trust where, at that time or any previous time, more than 10% (based on fair market value) of the trust’s property is taxable Canadian property or certain other types of property (the “September 16th Tax Proposals”). If the September 16th Tax Proposals are enacted as proposed, and if these circumstances applied to the Fund, the Fund would thereafter cease to be a mutual fund trust and the income tax considerations as described under “Income Tax Considerations” would in some respects be materially different. The September 16th Tax Proposals do not currently provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Department of Finance tabled a Notice of Ways and Means Motion which did not include these proposed changes pending further consultation with interested parties. Bill C-52, which received Royal Assent on June 22, 2007, amended the relevant provision of the Tax Act such that a trust is deemed not to be a mutual fund trust after any time when it can be reasonably considered that the trust was established or 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 proposal released on September 16, 2004.

The Fund will use derivative instruments for converting non-Canadian currency exposure to the Canadian dollar. In accordance with the published administrative practice of Canada Revenue Agency (“CRA”), gains or losses realized on derivatives by virtue of the fluctuation of foreign currencies against the Canadian dollar will, where such derivatives are sufficiently linked with and hedge currency exposure in respect of, underlying securities, be treated and reported for purposes of the Tax Act on capital or income account depending on the nature of the securities to which the hedge is linked and designations with respect to its income and capital gains will be made and reported to Unitholders on this basis. If any dispositions or transactions of the Fund are reported on capital account but are subsequently determined to be on income account, the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders could increase.

The Fund is formed to provide investors with exposure to portfolio investments and is subject to investment restrictions intended to ensure that it will not be a SIFT trust (as defined in the Tax Act). If the Fund were to qualify as a SIFT trust within the meaning of the Tax Act, the income tax considerations described under the heading “Income Tax Considerations” would be materially and adversely different in certain respects.

Certain issuers of securities included in the portfolio of the Fund may be SIFT trusts. In such event, the after-tax returns realized by Unitholders may be reduced to the extent that the Fund receives distributions of income or capital gains from such SIFT trusts. In addition, it is possible that SIFT trusts may seek to restructure their affairs and organizational structures in a manner that could have an impact upon the returns to the Fund. Finally, the provisions of the Tax Act applicable to SIFT trusts have had, and may continue to have, an effect on the trading price of interests in trusts that may be affected by such provisions.

In determining its income for tax purposes, the Fund will treat option premiums received on the writing of covered call options and cash-covered put options and any losses sustained on closing out options as capital gains and capital losses in accordance with CRA’s published administrative practice. CRA’s practice is not to grant advance income tax rulings on the characterization of items as capital or income and no advance income tax ruling has been applied for or received from CRA.

If some or all of the transactions undertaken by the Fund in respect of covered options and securities in the Fund’s portfolio were treated on income rather than capital account, the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders could increase.

DISTRIBUTION POLICY

The Fund will endeavour to make monthly cash distributions to Unitholders on the last day of each month in an amount targeted to be 6.5% per annum of the NAV of the Fund. The Fund has determined to base the distributions it pays on the NAV of the Fund in order to better facilitate the preservation and enhancement of the Fund's NAV and to enable Unitholders to benefit from any increases in the NAV of the Fund through the resulting increased distributions. The monthly distributions will be determined using the last NAV prior to the declaration date for the distribution.

It is expected that distributions over the life of the Fund will be derived primarily from net realized capital gains. The first distribution will be for the month of ● 2009 and is expected to be \$ ● per Unit.

Based on the current level of dividends, distributions and option premiums available under current market conditions and the anticipated expenses of the Fund, Mulvihill believes that such monthly cash distributions are sustainable. However, there can be no assurance that the Fund will be able to make distributions at its targeted rate. The amount of distributions in any particular month will be determined by Mulvihill, as manager, having regard to the investment objectives of the Fund, the net income and net realized capital gains of the Fund during the month and in the year to date, the net income and net realized capital gains of the Fund anticipated in the balance of the year and distributions made in previous months.

The distribution policy of the Fund, including the targeted distribution rate, will be reviewed by the Manager on an annual basis.

If, in any year after making its targeted monthly distributions, there would otherwise remain in the Fund, as a consequence of dividend growth, realized capital appreciation, the receipt of option premiums or the settlement of currency contracts, net income or net realized capital gains that are unsheltered by any loss carryforwards from prior years, the Fund intends to make, on December 31 of that year, a special distribution of such remaining net income and net realized capital gains in order to ensure that the Fund will not be liable for income tax thereon under the Tax Act. Such distributions will be made in Units that may at the discretion of the Fund be automatically consolidated. Income or taxable capital gains distributed to a Unitholder in Units are required to be included in the Unitholder's income even though no cash will be distributed to fund any resulting tax payment. See "Income Tax Considerations".

Cash distributions will be payable in Canadian dollars to Unitholders of record at 5:00 p.m. (Toronto time) on the record date which will generally be on or about the fifteenth day before such distribution date. All cash distributions will be paid by cheque to Unitholders proportionately based on their respective holdings of Units and will be mailed to Unitholders at their addresses listed in the register of Unitholders to be maintained by the Fund's registrar and transfer agent or paid in such other manner as may be agreed to by the Manager.

Each Unitholder will be mailed annually, no later than March 31, information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the Fund in respect of the preceding taxation year of the Fund. See "Income Tax Considerations".

PURCHASES OF COMBINED UNITS

Method to Purchase Combined Units

Prospective purchasers may purchase Combined Units either by: (i) a cash payment; or (ii) an exchange (the "Exchange Option") of Shares of SPDR Gold Trust or of freely-tradeable listed securities of issuers in the S&P/TSX Global Gold Index or the S&P/TSX 60 Index (the "Exchange Eligible Issuers"). The maximum number of securities of any one Exchange Eligible Issuer which the Fund may acquire under the Offering pursuant to the Exchange Option is that number of securities which constitutes 9.9% of the outstanding securities of that class of such Exchange Eligible Issuer (such number being referred to as the "Maximum Ownership Level"). For greater certainty, when the Maximum Ownership Level has been achieved in respect of the securities of a particular Exchange Eligible Issuer accepted as payment for Combined Units pursuant to the Offering, the Fund will not accept any further securities of such Exchange Eligible Issuer as payment. To the extent the Maximum Ownership Level has been achieved in respect of the securities of any one Exchange Eligible Issuer, and an excess of securities of such Exchange Eligible Issuer above the Maximum Ownership

Level have been deposited and not withdrawn, then the securities of such Exchange Eligible Issuer will be accepted by the Fund to the Maximum Ownership Level on a *pro rata* basis or such other reasonable basis that it may determine to be appropriate. The Fund reserves the right to accept in its sole discretion and for any reason, the securities of additional issuers under the Exchange Option and to reject, in its sole discretion, in whole or in part, any securities of Exchange Eligible Issuers deposited pursuant to the Exchange Option.

The Fund will sell the securities of Exchange Eligible Issuers that the Investment Manager determines will not be included in its portfolio and will incur transaction costs at institutional rates in connection therewith.

Procedure

A prospective purchaser of Combined Units who elects to pay for such Combined Units by using the Exchange Option (the “Exchange Option Election”) must have done so by means of a book-entry deposit of the securities of Exchange Eligible Issuers through CDS Clearing and Depository Services Inc. (“CDS”). Prospective purchasers who utilize the Exchange Option must have deposited their securities of Exchange Eligible Issuers with Computershare Investor Services Inc. (the “Exchange Agent”) through CDS prior to 5:00 p.m. (Toronto time) on June 26, 2009. Such book-entry deposits must have been made by a participant in CDS, which may have had an earlier deadline for receiving instructions from the participant’s clients to deposit securities of Exchange Eligible Issuers under the Exchange Option. Once submitted to the Exchange Agent through CDS, a deposit of securities of an Exchange Eligible Issuer (including the transfers authorized thereby) is, subject to the completion of the Offering, irrevocable unless withdrawn as described below under the heading “Withdrawal of Exchange Option Elections”. By authorizing a deposit of securities of an Exchange Eligible Issuer through CDS, a prospective purchaser has authorized the transfer to the Fund of each security of the Exchange Eligible Issuer so deposited and represents and warrants that the prospective purchaser has full right and authority to transfer the securities of the Exchange Eligible Issuers covered thereby and is the beneficial owner of such securities, that such securities have not previously been conveyed, that the transfer of such securities is not prohibited by laws applicable to the prospective purchaser and that such securities are free and clear of all liens, encumbrances and adverse claims. Such representations and warranties will survive the issuance of Combined Units in exchange for such securities of Exchange Eligible Issuers. The Fund’s interpretation of the terms and conditions of the Exchange Option will be final and binding. The Fund reserves the right to waive any conditions of the Exchange Option and any irregularities in the deposit of securities of Exchange Eligible Issuers pursuant to the Exchange Option. Neither the Fund, the Agents nor the Exchange Agent shall be under any duty to notify a prospective purchaser of irregularities related to its deposit of securities of Exchange Eligible Issuers under the Exchange Option and will not incur any liability for failure to give such notification. If for any reason securities of an Exchange Eligible Issuer deposited pursuant to the Exchange Option are not acquired by the Fund, the holders of such securities will be notified of such fact as soon as practicable following the closing or the termination of the Offering, as the case may be, and such securities will be re-credited to their accounts through CDS.

Determination of Exchange Ratio

The number of Combined Units issuable for each security of an Exchange Eligible Issuer (the “Exchange Ratio”) will be determined by dividing the weighted average trading price of the securities of such Exchange Eligible Issuer on the Toronto Stock Exchange, The New York Stock Exchange or The NASDAQ Stock Market, as the case may be, during the three consecutive trading days ending on June 26, 2009 (the “Pricing Period”) as adjusted to reflect dividends declared or distributions pending by any Exchange Eligible Issuer that trades on an ex-dividend basis until the date of the closing of the Offering (the “Closing Date”) by \$12.00 (being the original issue price per Combined Unit). Holders of securities of Exchange Eligible Issuers who deposited such securities pursuant to the Exchange Option will continue to be holders of record up to the Closing Date and will be entitled to receive distributions in respect of such securities of Exchange Eligible Issuers up to but not including the Closing Date. The Fund will not issue fractional Combined Units pursuant to the Exchange Option. Entitlement to fractional Combined Units will be determined on the basis of the aggregate number of securities of each Exchange Eligible Issuer acquired pursuant to the Exchange Option and the Fund will issue to CDS cash in lieu thereof. Allocation by CDS of cash in lieu of fractional Combined Units to participants in CDS will be at the discretion of CDS and the allocation of cash in lieu of fractional Combined Units to purchasers who have

authorized the deposit of Exchange Option Elections through CDS will be at the discretion of the participants in the CDS depository system (“CDS Participants”).

Withdrawal of Exchange Option Elections

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

Maximum Offering

The maximum offering (prior to the exercise of the Over-Allotment Option (as defined below)), comprised of the aggregate cash subscriptions and securities of the Exchange Eligible Issuers (based on the applicable Exchange Ratio and excluding that number of securities of Exchange Eligible Issuers deposited and not acquired as a result of such securities causing the Fund to hold more than the Maximum Ownership Level of the outstanding securities of an Exchange Eligible Issuer), shall not be more than \$ 100,000,000. If the maximum offering (prior to the exercise of the Over-Allotment Option) is exceeded, the Fund will accept cash subscriptions first and will then accept securities of Exchange Eligible Issuers on a *pro rata* basis or such other reasonable basis that it may determine appropriate until the maximum offering size of \$ 100,000,000 is achieved, subject to the conditions set forth above under the heading “Method to Purchase Combined Units”.

Exchange Eligible Issuers

The following table lists the names of the Exchange Eligible Issuers whose securities will be accepted by the Fund pursuant to the Exchange Option, the weighted average trading price of the securities of each Exchange Eligible Issuer during the Pricing Period and the Exchange Ratio of each Exchange Eligible Issuer. The Fund may also accept any replacement securities included in the S&P/TSX Global Gold Index after the date hereof as a result of any rebalancings.

	<u>Weighted Average Trading Price</u>	<u>Exchange Ratio</u>
SPDR Gold Trust:		
Shares	● %	●
S&P/TSX Global Gold Index:		
Agnico-Eagle Mines Ltd.	● %	●
Alamos Gold Inc.	● %	●
AngloGold Ashanti Limited	● %	●
Aurizon Mines Ltd.	● %	●
Barrick Gold Corporation	● %	●
Eldorado Gold Corporation	● %	●
Franco-Nevada Corporation	● %	●
Gammon Gold Inc.	● %	●
Gold Fields Limited	● %	●
Goldcorp Inc.	● %	●
Harmony Gold Mining Company Limited	● %	●
IAMGOLD Corporation	● %	●
Kinross Gold Corporation	● %	●
Lihir Gold Limited	● %	●
New Gold Inc.	● %	●
Newmont Mining Corporation	● %	●

	Weighted Average Trading Price	Exchange Ratio
Osisko Mining Corporation	● %	●
Randgold Resources Limited	● %	●
Red Back Mining Inc.	● %	●
Royal Gold Incorporated	● %	●
Seabridge Gold Inc.	● %	●
Yamana Gold Inc.	● %	●
Other S&P/TSX 60 Index Issuers:		
Agrium Inc.	● %	●
ARC Energy Trust	● %	●
Bank of Montreal	● %	●
Bank of Nova Scotia (The)	● %	●
BCE Inc.	● %	●
Biovail Corporation	● %	●
Bombardier Inc.	● %	●
Brookfield Asset Management Inc.	● %	●
Cameco Corporation	● %	●
Canadian Imperial Bank of Commerce	● %	●
Canadian National Railway Company	● %	●
Canadian Natural Resources Limited	● %	●
Canadian Oil Sands Trust	● %	●
Canadian Pacific Railway Ltd.	● %	●
Canadian Tire Corporation Ltd.	● %	●
Enbridge Inc.	● %	●
EnCana Corporation	● %	●
Enerplus Resources Fund	● %	●
First Quantum Minerals Ltd.	● %	●
Fortis Inc.	● %	●
Gildan Activewear Inc.	● %	●
Groupe Aeroplan Inc.	● %	●
Husky Energy Inc.	● %	●
Imperial Oil Limited	● %	●
Inmet Mining Corporation	● %	●
Loblaw Companies Limited	● %	●
Magna International Inc.	● %	●
Manulife Financial Corporation	● %	●
MDS Inc.	● %	●
Metro Inc.	● %	●
National Bank of Canada	● %	●
Nexen Inc.	● %	●
Penn West Energy Trust	● %	●
Petro-Canada	● %	●
Potash Corporation of Saskatchewan Inc.	● %	●
Power Corporation of Canada	● %	●
Research in Motion Ltd.	● %	●
Rogers Communications Inc.	● %	●
Royal Bank of Canada	● %	●
Saputo Inc.	● %	●
Shaw Communications Inc.	● %	●
Shoppers Drug Mart Corporation	● %	●
SNC Lavalin Inc.	● %	●
Sun Life Financial Inc.	● %	●

	<u>Weighted Average Trading Price</u>	<u>Exchange Ratio</u>
Suncor Energy Inc.	● %	●
Talisman Energy Inc.	● %	●
Teck Resources Limited	● %	●
TELUS Corporation	● %	●
Thomson Reuters Corporation	● %	●
Tim Hortons Inc.	● %	●
Toronto-Dominion Bank (The)	● %	●
Transalta Corporation	● %	●
TransCanada Corporation	● %	●
Weston, George Limited	● %	●
Yellow Pages Income Fund	● %	●

REDEMPTION OF UNITS

Units may be surrendered at any time for redemption to Computershare Investor Services Inc., the Fund’s registrar and transfer agent, but will be redeemed only on a Redemption Date (as defined below). Units surrendered for redemption by a Unitholder at least twenty business days prior to the last day in January of 2011 or any year thereafter (the “January Redemption Date”) will be redeemed on such January Redemption Date. Units surrendered for redemption by a Unitholder at least ten business days prior to the last day of any other month (a “Monthly Redemption Date” and, together with the January Redemption Date, a “Redemption Date”), will be redeemed on such Monthly Redemption Date. Unitholders will receive payment for the Units on or before the fifteenth day following such Redemption Date (the “Redemption Payment Date”). If a Unitholder surrenders Units after 5:00 p.m. (Toronto time) on the applicable cut-off date, the Units will be redeemed on the following Redemption Date.

Commencing in 2011, Unitholders whose Units are redeemed on a January Redemption Date will be entitled to receive a redemption price per Unit equal to the NAV per Unit determined as of such date.

For Unitholders whose Units are redeemed on any other Redemption Date, the redemption price per Unit will be equal to the lesser of:

- (i) 95% of the Market Price. For such purposes, “Market Price” means the weighted average trading price of the Units 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) for the ten trading days immediately preceding the applicable Redemption Date, and
- (ii) 100% of the Closing Market Price of the Units on the applicable Redemption Date, minus an amount equal to the aggregate of all brokerage fees, commissions and other costs incurred by the Fund in connection with such payment, including, but not limited to, costs incurred in liquidating securities held in the Fund’s portfolio. For such purposes, the “Closing Market Price” means the closing price of the Units 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) or, if there was no trade on the relevant date, the average of the last bid and the last asking prices of the Units 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).

Any unpaid distribution payable on or before the applicable Redemption Date in respect of Units tendered for redemption on such Redemption Date will also be paid on the applicable Redemption Payment Date.

The redemption right must be exercised by causing written notice to be given within the notice periods prescribed herein and in the manner described under “Redemption of Units — Exercise of Redemption Right” below. Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Units which are not paid for by the Fund on the relevant Redemption Payment Date.

The Fund may designate a portion of the redemption price of Units tendered for redemption as a distribution of income and capital gains to redeeming Unitholders.

Exercise of Redemption Right

An owner of Units who desires to exercise redemption privileges thereunder must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto) on behalf of the owner a written notice of the owner's intention to redeem Units, no later than 5:00 p.m. (Toronto time) on the relevant notice date. An owner who desires to redeem Units should ensure that the CDS Participant is provided with notice (the "Redemption Notice") of the Unitholder's intention to exercise the Unitholder's redemption privilege sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver notice to CDS by the required time. The Redemption Notice will be available from a CDS Participant or Computershare Investor Services Inc., the Fund's registrar and transfer agent. Any expense associated with the preparation and delivery of Redemption Notices will be for the account of the owner exercising the redemption privilege.

By causing a CDS Participant to deliver to CDS a notice of the owner's intention to redeem Units, an owner shall be deemed to have irrevocably surrendered the owner's Units for redemption and appointed such CDS Participant to act as the owner's exclusive settlement agent with respect to the exercise of the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any Redemption Notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the redemption privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with the owner's instructions will not give rise to any obligations or liability on the part of the Fund to the CDS Participant or to the owner.

Resale of Units Tendered for Redemption

The Fund has entered into an agreement (a "Recirculation Agreement") with RBC Dominion Securities Inc. (the "Recirculation Agent") whereby the Recirculation Agent has agreed to use commercially reasonable efforts to find purchasers for any Units tendered for redemption prior to the relevant Redemption Date, provided that the holder of the Units so tendered has not withheld consent thereto. The Fund may, but is not obligated to, require the Recirculation Agent to seek such purchasers and, in such event, the amount to be paid to the Unitholder on the applicable Redemption Payment Date will be an amount equal to the proceeds of the sale of the Units less any applicable commission, provided that such amount will not be less than the applicable redemption price described above.

Subject to the Fund's right to require the Recirculation Agent to use commercially reasonable efforts to find purchasers for any Units tendered for redemption prior to the relevant Redemption Date, any and all Units which have been surrendered to the Fund for redemption are deemed to be outstanding until (but not after) the close of business on the relevant Redemption Date, unless not redeemed thereon, in which event such Units will remain outstanding.

Suspension of Redemptions

Mulvihill may direct the Trustee to suspend the redemption of Units or payment of redemption proceeds: (i) during any period when normal trading is suspended on a stock exchange on which securities of the Fund are traded, if those securities represent more than 50% by value, or underlying market exposure, of the total assets of the Fund without allowance for liabilities and if those securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund; or (ii) with the prior permission of the securities regulatory authorities (if required), for any period not exceeding 120 days during which Mulvihill determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Trustee 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 Mulvihill of the suspension and that the redemption will be effected at a price determined on the first applicable Redemption Date 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 Mulvihill shall be conclusive.

Purchase for Cancellation

Subject to applicable law, the Fund may at any time or times purchase Units for cancellation at prices not exceeding the NAV per Unit on the applicable Redemption Date immediately prior to such purchase.

INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Fund, and Davies Ward Phillips & Vineberg LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally relevant to investors who acquire Units and Warrants pursuant to this prospectus.

This summary is applicable to a holder of Units and Warrants who is an individual (other than a trust) and who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length with the Fund and holds such Units, Warrants or securities of an Exchange Eligible Issuer in respect of which the holder exercises the Exchange Option, as capital property. Generally, Units, Warrants and securities of an Exchange Eligible Issuer will be considered to be capital property to a holder provided the holder does not hold the Units, Warrants or securities of an Exchange Eligible Issuer in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain holders who might not otherwise be considered to hold their Units, Warrants or securities of an Exchange Eligible Issuer as capital property may, in certain circumstances, be entitled to have their Units (but not Warrants) and all other "Canadian securities" owned or subsequently owned by them, treated as capital property by making an irrevocable election in accordance with the Tax Act.

This summary is also based on the assumption that the Fund will at all times comply with its investment restrictions. This summary assumes that the Fund will at no time be a SIFT trust as defined in the Tax Act. This summary is also based on the advice of the Manager and of the Agents respecting certain factual matters.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, counsel's understanding of the current published administrative policies and assessing practices of CRA and all specific proposals to amend the Tax Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (such proposals being referred to as the "Tax Proposals"). 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.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units and Warrants and does not describe the income tax consequences relating to the deductibility of interest on money borrowed to acquire Units and Warrants. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units and Warrants will vary depending on an investor's particular circumstances including the province or territory 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 and Warrants, 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 and that the Fund will validly elect under the Tax Act to be a mutual fund trust from the date it was established. 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 the investing of its funds in property (other than certain real property or interests in certain real property); and (iii) the Fund must comply with certain minimum requirements respecting the ownership and dispersal of Units. The Manager has advised counsel that the Fund will qualify as and will elect to be deemed to be 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 as described below would in some respects be materially and adversely different.

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 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. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount.

In computing its income for a taxation year, the Fund will be required to include all dividends received in the year on shares of corporations. It will also be required to include all interest on debt securities it holds that accrues or is deemed to accrue to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a previous taxation year.

The Manager has informed counsel that, generally, the Fund will include gains and deduct losses on income account in connection with investments made through derivative securities, except where such derivatives are used to hedge portfolio securities held on capital account, and will recognize such gains and losses for tax purposes at the time they are realized.

Gains or losses realized upon dispositions of portfolio securities of the Fund will constitute capital gains or capital losses of the Fund in the year realized unless the Fund is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the securities in a transaction or transactions considered to be an adventure in the nature of trade. Accordingly, the Fund will treat gains (or losses) as a result of any disposition of portfolio securities as capital gains (or capital losses) or, depending on the circumstances, may include the full amount of such gains in (or deduct the full amount from) income.

The Fund is subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of capital property is considered to be a suspended loss when the Fund acquires a property (a “substituted property”) that is the same or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Fund owns the substituted property 30 days after the original disposition. If a loss is suspended, the Fund cannot deduct the loss from the Fund’s capital gains until the substituted property is sold and is not reacquired within 30 days before and after the sale.

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

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

The Fund’s investment portfolio will include securities that are not denominated in Canadian dollars. Proceeds of disposition of securities, distributions, interest and all other amounts will be determined for the

purposes of the Tax Act in Canadian dollars. The Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

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

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 any 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.

The Fund intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Fund makes distributions in each year of its net income and net realized capital gains as described under "Distribution Policy", it will generally not be liable in such year for income tax under Part I of the Tax Act.

Taxation of Holders

Units

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 including any portion of amounts paid on redemption treated as distributions of income or gains by the Fund. The non-taxable portion of the Fund's net realized capital gains paid or payable 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 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. Such amount, however, 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.

Provided that appropriate designations are made by the Fund, such portion of: (i) the net realized taxable capital gains of the Fund, (ii) income of the Fund from foreign sources, and (iii) dividends (including eligible dividends) received 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. A taxable Unitholder will generally be entitled to foreign tax credits in respect of foreign taxes under and subject to detailed foreign tax credit rules under the Tax Act and depending upon other foreign source income or loss of and foreign taxes paid by the Unitholder. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules applicable to such dividends (including eligible dividends) will apply.

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. 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.

On the disposition or deemed disposition of a Unit, including a redemption, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition excluding any portion of amounts paid on redemption treated as distributions of income or gains by the Fund 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.

Where a holder that is a corporation or trust (other than a mutual fund trust) disposes of a Unit, any capital loss of the holder from the disposition will generally be reduced by the amount of dividends previously designated by the Fund to the holder, except to the extent that a loss on a previous disposition of a Unit has been reduced by those dividends. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

One-half of any capital gain realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act.

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

Warrants

A reasonable allocation of the purchase price of the Combined Units between the Units and the Warrants will be required for tax purposes. The Fund considers that it is reasonable to allocate \$ ● to each Warrant, although the CRA may not agree with such valuation.

The exercise of a Warrant will not constitute a disposition of property for purposes of the Tax Act and, consequently, no gain or loss will be realized upon the exercise of a Warrant. A Unit acquired by a Unitholder upon the exercise of a Warrant will have a cost to the Unitholder equal to the aggregate of the subscription price for such Unit and the adjusted cost base to the Unitholder of the Warrant so exercised. The cost of a Unit acquired by a Unitholder upon the exercise of a Warrant will be averaged with the adjusted cost base to the Unitholder of all other Units held at that time as capital property to determine the adjusted cost base of each such Unit to the Unitholder.

Upon the disposition of a Warrant by a Unitholder, other than pursuant to the exercise thereof, the Unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of reasonable costs of the disposition, exceed (or are less than) the adjusted cost base, if any, of the Warrant to the Unitholder. One-half of any capital gain realized on such a disposition of a Warrant will be included in the Unitholder's income and one-half of any capital loss realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act.

Upon the expiry of an unexercised Warrant, a Unitholder will realize a capital loss equal to the adjusted cost base, if any, of the Warrant to the Unitholder.

Exchange Option

A holder who disposes of securities of Exchange Eligible Issuers in exchange for Combined Units pursuant to the Exchange Option generally will realize a capital gain (or a capital loss) in the taxation year of the Unitholder in which the disposition of such securities takes place to the extent that the proceeds of disposition for such securities, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such securities to the Unitholder. For this purpose, the proceeds of disposition to the holder will equal the aggregate of the fair market value of the Combined Units received and the amount of any cash received in lieu of fractional Combined Units. The cost to the holder of such Combined Units will generally be equal to the fair market value of such Combined Units.

INVESTMENTS BY REGISTERED PLANS

Provided that the Fund qualifies and continues to qualify at all times as a mutual fund trust within the meaning of the Tax Act, or the Units are listed on a “designated stock exchange” for purposes of the Tax Act (which includes the Toronto Stock Exchange), 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 “registered plan”). Provided that Warrants are listed on a designated stock exchange, or provided that at all times Units are qualified investments for registered plans and the Fund is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the relevant registered plan within the meaning of the Tax Act, Warrants will be a qualified investment under the Tax Act for a registered plan. However, the holder of a tax-free savings account that governs a trust which holds Units or Warrants will be subject to a penalty tax if the holder does not deal at arm’s length with the Fund for purposes of the Tax Act or if the holder has a significant interest (within the meaning of the Tax Act) in the Fund or in a corporation, partnership or trust with which the Fund does not deal at arm’s length for purposes of the Tax Act.

ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND

The Manager

Mulvihill, the manager of the Fund, is responsible for providing or arranging for the provision of administrative services required by the Fund. The principal office of Mulvihill is located at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9. Mulvihill is a wholly-owned subsidiary of MCM.

Duties and Services to be Provided by the Manager

Pursuant to the Trust Agreement, Mulvihill is responsible for providing or arranging for the provision of required administrative services to the Fund including, without limitation: authorizing the payment of operating expenses incurred on behalf of the Fund; preparing financial statements and financial and accounting information as required by the Fund; ensuring that Unitholders are provided with financial statements (including interim 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 and applicable stock exchange listing requirements; preparing the Fund’s reports to Unitholders and the Canadian securities regulatory authorities; providing the Trustee with the information and reports necessary for it to fulfil its fiduciary responsibilities; 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.

Mulvihill shall exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of Unitholders, and in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent manager would exercise in similar circumstances.

Mulvihill may resign as manager of the Fund upon 60 days’ notice to the Fund and to Unitholders or upon such lesser notice period as the Trustee may accept. If Mulvihill resigns it may appoint its successor but, unless its successor is an affiliate of Mulvihill, its successor must be approved by Unitholders. If Mulvihill is in material default of its obligations under the Trust Agreement and such default has not been cured within 30 days after notice of same has been given to Mulvihill, the Trustee shall give notice thereof to Unitholders and the Unitholders may direct the Trustee to remove Mulvihill and appoint a successor manager.

Mulvihill is entitled to fees for its services under the Trust Agreement as described under “Fees and Expenses” and will be reimbursed for all reasonable costs and expenses incurred by it on behalf of the Fund. In addition, Mulvihill and each of its directors, officers, employees and agents will be indemnified by the Fund 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 Mulvihill or any of its officers, directors, employees or agents in the exercise of its duties as manager, except those resulting from Mulvihill’s wilful misconduct, bad faith, negligence or breach of its obligations under the Trust Agreement.

Officers and Directors of the Manager

The name and municipality of residence of each of the directors and officers of Mulvihill are as follows:

<u>Name and Municipality of Residence</u>	<u>Office or Position with Mulvihill</u>	<u>Principal Occupation</u>
John P. Mulvihill Toronto, Ontario	Chairman, President, Chief Executive Officer and Director	Chairman, President and Chief Executive Officer, MCM
Sheila S. Szela Toronto, Ontario	Chief Financial Officer and Director	Vice-President, Finance and Chief Financial Officer, MCM
John Germain Toronto, Ontario	Director	Senior Vice-President, MCM

Each of the foregoing individuals has held his or her current office or has held a similar office with Mulvihill during the five years preceding the date hereof.

The Investment Manager

MCM, with total assets under management of approximately \$800 million, is the investment manager of the Fund. The Investment Manager implements the investment strategy of the Fund from its principal office in Toronto, Ontario.

MCM was incorporated in 1984 by The Canada Trust Company under the name CT Investment Counsel Inc. (“CTIC”) to manage the institutional pension fund business of The Canada Trust Company. In 1985, The Canada Trust Company and The Canada Permanent Trust Company amalgamated resulting in all of the pension assets managed by The Canada Permanent Trust Company being transferred to CTIC management. In addition, the investment professionals of The Canada Permanent Trust Company joined the CTIC team.

In February 1995, John P. Mulvihill purchased 100% of CTIC from The Canada Trust Company and changed CTIC’s name to Mulvihill Capital Management Inc. MCM is controlled by John P. Mulvihill.

MCM is the portfolio manager of the following funds that have completed prospectus offerings of shares or units in the respective amounts indicated: First Premium Income Trust (\$165 million), Premium Income Corporation (\$501 million), Top 10 Split Trust (formerly First Premium U.S. Income Trust) (\$404.6 million), First Premium Oil and Gas Income Trust (\$54.7 million), MCM Split Share Corp. (\$189.7 million), Global Telecom Split Share Corp. (\$170 million), Sixty Plus Income Trust (\$100 million), Global Plus Income Trust (\$121 million), Top 10 Canadian Financial Trust (formerly Digital World Trust) (\$265 million), Pro-AMS U.S. Trust (\$570.5 million), Government Strip Bond Trust (formerly Pro-AMS Trust) (\$1.13 billion), Mulvihill Pro-AMS 100^{PLUS} (Cdn\$) Trust (\$178.1 million), Mulvihill Pro-AMS 100^{PLUS} (US\$) Trust (US\$37.4 million), Mulvihill Pro-AMS RSP Split Share Corp. (\$106.5 million), World Financial Split Corp. (\$471.25 million), Core Canadian Dividend Trust (\$60 million) and S Split Corp. (\$118.75 million).

All the individuals on the team responsible for investment management at MCM have significant experience in managing investment portfolios. The officers of MCM who will be primarily responsible for the management of the Fund’s portfolio are John P. Mulvihill and Donald Biggs. Also assisting in the management of the portfolio are Dylan D’Costa, Jeff Dobson, John Germain, Peggy Shiu and Jack Way.

John P. Mulvihill, Chairman, President, Chief Executive Officer, Secretary and Sole Director of MCM, is the senior portfolio manager of MCM and has over 30 years of investment management experience. Prior to purchasing CTIC from The Canada Trust Company in 1995, Mr. Mulvihill had been Chairman of CTIC since 1988. At CTIC he had primary responsibility for the asset allocation and portfolio management of CTIC’s pension and mutual fund assets.

Donald Biggs, Senior Vice-President of MCM, has extensive experience in managing derivative instruments. Prior to joining MCM in 1997, Mr. Biggs was Vice-President, Bonds and Cash Management at OMERS where he had overall responsibility for Derivative Products.

John Germain, Senior Vice-President, has been with MCM and the Structured Products Team since March 1997. Prior to joining MCM, he had been employed at Merrill Lynch Canada Inc. since 1992. For the last two years of his employment at Merrill Lynch Canada Inc., he was a member of the Fixed Income Trading Group.

Dylan D'Costa, Portfolio Manager, has been with MCM and the Structured Products Team since January 2001 where he has worked extensively on valuing, pricing and trading equity options. Prior to joining MCM, he had been employed at CIBC Mellon where he worked with the valuations group.

Jeff Dobson, Portfolio Manager, joined MCM in April 2001 after nearly 16 years at Scotia Capital. He brings extensive experience in portfolio management, especially in the use of equity options. His most recent position prior to joining MCM involved managing a portfolio comprised of equity options, their underlying stocks, as well as equity index derivatives.

Peggy Shiu, Vice-President, has been with MCM since April 1995. She is a member of the investment management team and has extensive experience in the Canadian, U.S. and ADR equity markets.

Jack Way, Vice-President, has been with MCM since August 1998 and brings an extensive background in asset management with over 23 years of experience as an investment manager during which he spent considerable time working in the U.S. market.

Details of the Investment Management Agreement

MCM will manage the Fund's investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an investment management agreement (the "Investment Management Agreement") made between Mulvihill, as manager and on behalf of the Fund, and MCM, as investment manager, dated ● , 2009.

The services to be provided by MCM pursuant to the Investment Management Agreement will include making all investment decisions for the Fund and managing the call option writing and put option writing by the Fund, all in accordance with the investment objectives, strategy and criteria of the Fund. Decisions as to the purchase and sale of securities and as to the execution of all portfolio and other transactions will be made by MCM. In the purchase and sale of securities for the Fund and the writing of option contracts, MCM will seek to obtain overall services and prompt execution of orders on favourable terms.

Under the Investment Management Agreement, MCM is required to act at all times on a basis that is fair and reasonable to the Fund, to act honestly and in good faith with a view to the best interests of the Unitholders of the Fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The Investment Management Agreement provides that MCM shall not be liable in any way for any default, failure or defect in any of the securities of the Fund, nor shall it be liable if it has satisfied the duties and standard of care, diligence and skill set forth above. MCM will, however, incur liability in cases of wilful misfeasance, bad faith, negligence or breach of its obligations under the Investment Management Agreement.

The Investment Management Agreement, unless terminated as described below, will continue in effect until the termination of the Fund. The Trustee may terminate the Investment Management Agreement if MCM has committed certain events of bankruptcy or insolvency or is in material breach or default of the provisions thereof and such breach has not been cured within 30 days after notice thereof has been given to MCM by the Trustee. Except as described above, MCM cannot be terminated as investment manager of the Fund.

Except as set out below, MCM may not terminate the Investment Management Agreement or assign the same except to an affiliate of MCM, without the approval of the Unitholders of the Fund. MCM may terminate the Investment Management Agreement if the Fund is in material breach or default of the provisions thereof and such breach or default has not been cured within 30 days of notice of same to the Trustee or if there is a material change in the fundamental investment objectives, strategy or criteria of the Fund.

If the Investment Management Agreement is terminated, Mulvihill will promptly appoint a successor investment manager to carry out the activities of MCM until a meeting of Unitholders is held to confirm such appointment.

MCM is entitled to fees for its services under the Investment Management Agreement as described under “Fees and Expenses” and will be reimbursed for all reasonable costs and expenses incurred by MCM on behalf of the Fund. In addition, MCM and each of its directors, officers, employees and agents will be indemnified by the Fund 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 MCM or any of its officers, directors, employees or agents in the exercise of its duties as investment manager, except those resulting from MCM’s wilful misconduct, bad faith, negligence or breach of its obligations under the Investment Management Agreement.

The Advisory Board

The Fund has established an advisory board (the “Advisory Board”) currently consisting of five members appointed by Mulvihill to assist Mulvihill in performing its services under the Trust Agreement. The names, municipalities of residence and principal occupations of the members of the Advisory Board are as follows:

<u>Name and Municipality of Residence</u>	<u>Principal Occupation</u>
John P. Mulvihill Toronto, Ontario	Chairman, President and Chief Executive Officer, MCM
Michael M. Koerner ⁽¹⁾ Toronto, Ontario	Corporate Director
Robert W. Korthals ⁽¹⁾ Toronto, Ontario	Corporate Director
Robert G. Bertram ⁽¹⁾ Aurora, Ontario	Corporate Director
Sheila Szela Toronto, Ontario	Vice-President, Finance and Chief Financial Officer, MCM

(1) Independent of the Manager.

During the past five years all of the Advisory Board members have held the principal occupations noted opposite their respective names, or other occupations with their current employer or a predecessor company with the exception of Robert G. Bertram, who served as Executive Vice-President of the Ontario Teachers Pension Plan Board from 1990 until 2008. Each member of the Advisory Board has been appointed by the Manager and will serve until his or her successor is appointed. The independent Advisory Board members are paid an annual fee of \$5,000 and a fee for each Advisory Board meeting attended of \$300. All fees and expenses of the Advisory Board are paid by the Fund.

Conflicts of Interest

The management services of Mulvihill under the Trust Agreement are not exclusive and nothing in the Trust Agreement prevents Mulvihill from providing similar management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities.

MCM is engaged in a wide range of investment management, investment advisory and other business activities. The services of MCM under the Investment Management Agreement are not exclusive and nothing in the Investment Management Agreement prevents MCM or any of its affiliates from providing similar services to other investment funds and other clients (whether or not their investment objectives, strategies and policies are similar to those of the Fund) or from engaging in other activities. MCM’s investment decisions for the Fund will be made independently of those made for its other clients and independently of its own investments. On occasion, however, MCM may make the same investment for the Fund and for one or more of its other clients. If the Fund and one or more of the other clients of MCM are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis.

Independent Review Committee

National Instrument 81-107 — *Independent Review Committee for Investment Funds* (“NI 81-107”) requires all publicly-offered investment funds, including the Fund, to establish an independent review committee. The independent review committee is required to be comprised of a minimum of three members, each of whom must be independent of the Manager, entities related to the Manager and the Fund.

The independent review committee functions in accordance with applicable Canadian securities law, including NI 81-107. The mandate of the independent review committee is to review and provide its decisions to the Manager on conflict of interest matters that the Manager has referred to the independent review committee for review. The Manager is required to identify conflict of interest matters inherent in its management of the Fund and request input from the independent review committee in respect of how it manages those conflicts of interest, as well as its written policies and procedures outlining its management of those conflicts of interest. The independent review committee has adopted a written charter which it will follow when performing its functions and is subject to requirements to conduct regular assessments. In performing their duties, members of the independent review committee are required to act honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, each member of the independent review committee will be indemnified by the Fund for all costs and expenses reasonably incurred by the member in respect of any civil, administrative, investigative or other proceeding in which the member is involved because of being or having been a member, subject to the restrictions contained in NI 81-107. The independent review committee will report annually to Unitholders. Such reports will be available on Mulvihill’s website at www.mulvihill.com or on request, at no cost, by contacting the Manager at hybrid@mulvihill.com.

Each member of the independent review committee receives \$25,000 per annum as a general retainer for acting as a member of the independent review committee of the Fund and the other funds managed by Mulvihill and \$300 for each independent review committee meeting attended. Members are also reimbursed for any reasonable costs incurred in connection with the performance of their duties as members of the independent review committee. The Manager allocates these costs among the funds it manages on an equitable and reasonable basis.

The members of the independent review committee of the Fund and the other funds managed by Mulvihill are Michael M. Koerner, Robert W. Korthals and Robert G. Bertram.

The Trustee

RBC Dexia Investor Services Trust is the trustee (the “Trustee”) of the Fund under the Trust Agreement. It acts as custodian of the assets of the Fund and is responsible for certain aspects of the day-to-day administration of the Fund as described in the Trust Agreement, including calculating NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund in relation to its portfolio.

The Trustee may resign upon 60 days’ notice to Unitholders and Mulvihill or such lesser notice as Mulvihill may accept. The Trustee may be removed with the approval of a two-thirds majority vote cast at a meeting of Unitholders of the Fund called for such purpose or by Mulvihill in the event the Trustee has committed certain events of bankruptcy or insolvency or is in material breach or default of its obligations under the Trust Agreement which breach has not been cured within 30 days after notice thereof has been given to the Trustee. Any such resignation or removal shall become effective only upon the acceptance of appointment by a successor. If the Trustee resigns or is removed by Mulvihill, its successor may be appointed by Mulvihill. The successor must be approved by Unitholders if the Trustee is removed by Unitholders. If no successor has been appointed within 60 days, the Trustee or any Unitholder may apply to a court of competent jurisdiction for the appointment of a successor.

The Trust Agreement provides that the Trustee shall not be liable in carrying out its duties under the Trust Agreement except where it is in breach of its obligations under the Trust Agreement or where the Trustee fails to act honestly and in good faith, and in the best interests of Unitholders to the extent required by laws applicable to trustees, or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In addition, the Trust Agreement contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties.

The address of the Trustee is 77 King Street West, 7th Floor, Toronto, Ontario, M5W 1P9.

The Trustee is entitled to receive fees from the Fund as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities which are properly incurred by the Trustee in connection with the activities of the Fund.

The Custodian

The Trustee is the custodian of the Fund, with the power to appoint sub-custodians.

Auditors

The auditors of the Fund are Deloitte & Touche LLP, Bay Wellington Tower — Brookfield Place, 181 Bay Street, Suite 1400, Toronto, Ontario, M5J 2V1.

Registrar and Transfer Agent, Warrant Agent and Exchange Agent

Pursuant to the Registrar and Transfer Agency Agreement, Computershare Investor Services Inc. will provide the Fund with registrar, transfer and distribution agency services in respect of the Combined Units and the Units from its principal offices in Toronto, Ontario.

Under the Warrant Indenture (as defined below), the warrant agent for the Warrants is Computershare Trust Company of Canada at its principal office in Toronto, Ontario.

Computershare Investor Services Inc., at its principal offices in Toronto, Ontario is the Exchange Agent for the Exchange Option under an exchange agency agreement entered into with the Manager on behalf of the Fund.

Promoter

MCM has taken the initiative in organizing the Fund and accordingly may be considered to be a “promoter” of the Fund within the meaning of the securities legislation of certain provinces of Canada. MCM will receive fees from the Fund and will be entitled to reimbursement of expenses incurred in relation to the Fund as described under “Fees and Expenses”.

CALCULATION OF NET ASSET VALUE

Calculation of Net Asset Value and NAV per Unit

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, including any income, net realized capital gains or other amounts payable to Unitholders on or before such date expressed in Canadian dollars at the applicable exchange rate on such date.

The basic 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. Where as a result of such calculation the basic NAV per Unit is greater than \$11.70, the diluted NAV per Unit shall be calculated by adding to the denominator the total number of Warrants then outstanding and by adding to the numerator the product of such number of Warrants and \$11.70 and the diluted NAV per Unit shall be deemed to be the resulting quotient. For the purposes of this prospectus, the NAV per Unit shall be the basic NAV per Unit unless such basic NAV per Unit is greater than \$11.70, in which case the NAV per Unit shall be the diluted NAV per Unit.

In general, the basic and diluted NAV per Unit will be calculated as of 4 p.m. (Toronto time) every Thursday, other than the last week of the month, in which case the NAV per Unit will be calculated as of 4 p.m. (Toronto time) on the last day of the month. If the Fund elects to have a December 15-year end for tax purposes as permitted by the Tax Act, the basic and diluted NAV and NAV per Unit will also be calculated on December 15 if it is not a Thursday. If a valuation date is not a business day, then the securities comprising the Fund property will be valued as if such valuation date were the preceding business day.

Valuation Policies and Procedures

In determining the NAV per Unit of the Fund at any time:

- (i) the value of any security, index futures or index options thereon that is listed on any recognized exchange shall be determined by the closing sale price at the valuation time or, if there is no closing sale price, the average between the closing bid and the closing asked price on the day on which the NAV is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;
- (ii) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Fund shall be reflected as a deferred credit that shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their then current market value;
- (iii) purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
- (iv) the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Trustee determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Trustee determines to be the reasonable value thereof;
- (v) the value of a futures contract or a 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 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;
- (vi) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (vii) any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on the valuation date at such times as the Trustee, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (viii) the value of any security, the resale of which is restricted or limited, shall be 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 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 the securities may be made where the date on which the restriction will be lifted is known;
- (ix) all Fund property valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency shall be converted into Canadian dollars by applying the rate of exchange obtained from the best available sources to the Trustee; and
- (x) the value of any security or property to which, in the opinion of the Trustee, the above valuation principles cannot be applied shall be the fair value thereof determined in such manner as the Trustee from time to time provides.

The above principles are used to calculate NAV for all purposes other than financial statement reporting. With respect to financial reporting, the *Canadian Institute of Chartered Accountants Handbook* requires that

portfolio securities in an active market be valued using the latest available bid price. The primary differences between the valuation policy of the Fund and the approach in the CICA Handbook is that the Fund will generally determine the fair value of its equity securities traded on a stock exchange by using the closing price on the exchange. For bonds, debentures and other debt obligations (excluding money-market instruments), the Fund will generally use the average of the bid and ask prices to determine the fair value.

Reporting of Net Asset Value

The basic and diluted NAV and NAV per Unit will be provided by Mulvihill to Unitholders at no cost on a weekly basis at www.mulvihill.com or on request by contacting the Manager at hybrid@mulvihill.com.

WARRANT CONSIDERATIONS

Each investor in the Offering will purchase Combined Units and each Combined Unit consists of one transferable, redeemable Unit and one transferable Warrant for one Unit. Following the earlier of the closing of the final exercise of the Over-Allotment Option or 30 days after the Closing Date, the Units and the Warrants may be dealt with separately by the investor with the result that the investor may retain both securities or may elect to sell some or all of the investor’s Units or Warrants.

The value of Units will be reduced if the NAV per Unit exceeds \$11.70 (being the Warrant exercise price less the Warrant exercise fee of \$0.30 in the aggregate — see “Fees and Expenses — Warrant Exercise Fee”) and Warrants are exercised. If the NAV per Unit exceeds \$11.70 then a Unitholder will face dilution of its investment. If a Unitholder does not exercise Warrants in such circumstances, the Unitholder’s *pro rata* interest in the assets of the Fund will be diluted.

As the number of Warrants equal the number of Units, the potential dilution per Unit is up to one-half of all gains in the NAV per Unit of the Fund in excess of \$11.70. The potential dilution per Unit, assuming the Warrants are exercised in full, is illustrated in the following table:

Non-diluted NAV of the Fund before the Exercise of Warrants	\$13.00	\$13.50	\$14.00	\$14.50
Pro Forma Dilution Per Unit	\$ 0.65	\$ 0.90	\$ 1.15	\$ 1.40

Due to the dilutive effect on the value of the Units when Warrants are exercised, an investor in the Offering should carefully consider the exercise of the Warrants or the sale of the Warrants, prior to the Warrant expiry time. The failure to take either such action in the foregoing circumstances will result in the loss of value to the investor. In order to maintain a Unitholder’s *pro rata* interest in the assets of the Fund, the Unitholder would be required to pay in connection with the exercise of each Warrant an additional amount equal to \$12.00. While a Unitholder may sell the Warrants acquired hereunder, no assurance can be given that the proceeds of such sale would compensate the Unitholder for such dilution. The factors that would be expected to influence the price of a Warrant include the difference between the exercise price and the fully-diluted NAV per Unit, price volatility, distributions payable on the Units and the remaining time to expiry of the Warrant.

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; provided, however, that where as a result of such calculation the basic NAV per Unit is greater than \$11.70 then a diluted NAV per Unit will be calculated. The diluted NAV per Unit shall be calculated by adding to the denominator the total number of Units issuable pursuant to Warrants then outstanding and by adding to the numerator the product of such number of Warrants and the net proceeds realized by the Fund pursuant to the exercise of the Warrants. See “Calculation of Net Asset Value — Calculation of Net Asset Value and NAV per Unit”.

ATTRIBUTES OF THE UNITS AND WARRANTS

Description of the Securities Distributed

The Fund is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of the Fund.

The Fund proposes to offer the Combined Units at a price of \$12.00 per Combined Unit. Each Combined Unit consists of one transferable, redeemable Unit and one transferable Warrant for one Unit. Each Warrant for one Unit entitles the holder to purchase one Unit at a subscription price of \$12.00 on the business day that is one year following the closing of the Offering (the “Exercise Date”). Warrants may be tendered for exercise during the two-week period up to and including the Exercise Date. **Warrants for Units not exercised by the Exercise Date will be void and of no value.**

All Units have equal rights and privileges. As set forth under “Unitholder Matters — Matters Requiring Unitholder Approval”, each whole 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. Fractions of Units are proportionately entitled to all of these rights except voting rights. Holders of Units will have no voting rights in respect of the securities in the Fund’s investment portfolio. Such securities will be voted in accordance with the proxy voting guidelines of the Fund. See “Proxy Voting Disclosure for Portfolio Securities Held”.

The provisions or rights attaching to the Units may only be modified, amended or varied with the consent of Unitholders given in accordance with provisions contained in the Trust Agreement as described herein under the heading “Unitholder Matters — Matters Requiring Unitholder Approval”.

On December 16, 2004, the *Trust Beneficiaries’ Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any act, default, obligation or liability of the trust if, when the act or default occurs or the liability arises, (i) the trust is a reporting issuer under the *Securities Act* (Ontario), and (ii) the trust is governed by the laws of the Province of Ontario. The Fund is a reporting issuer under the *Securities Act* (Ontario) and it is governed by the laws of the Province of Ontario by virtue of the provisions of the Trust Agreement.

The Fund may not issue additional Units following completion of the Offering except: (i) through the exercise of Warrants (and any other warrants that may be issued); (ii) by way of private placement or public offering where the net proceeds per Unit to be received by the Fund are not less than the most recently calculated NAV per Unit prior to the date of the setting of the subscription price by the Fund; (iii) on a distribution of Units or on an automatic reinvestment of distributions of net income or net realized capital gains; or (iv) with the approval of Unitholders.

Warrants

Subscription Basis and Warrant Expiry Time

Each Warrant for one Unit entitles the holder to purchase one Unit at a subscription price of \$12.00 on the business day that is one year following the Closing Date. Holders who exercise their Warrants will become holders of Units issued through the exercise of such Warrants. The exercise of Warrants may only be effected through a CDS Participant and will only be valid if exercise procedures are properly executed during the two-week period up to and including the Exercise Date. **Warrants for Units not exercised by the Exercise Date will be void and of no value.**

The Units and Warrants comprising the Combined Units will separate immediately following the earlier of the closing of the final exercise of the Over-Allotment Option or 30 days after the Closing Date, and may be transferred separately thereafter. Within 30 days of the proper exercise of a Warrant, the Fund will pay a fee of \$0.12 per Warrant to RBC Dominion Securities Inc. for and on behalf of the Agents and a fee of \$0.18 per Warrant to the dealer whose client has exercised the Warrant. Such fees will be paid by the Fund out of the assets attributable to the Units.

Warrant Agent

Pursuant to the terms of the warrant indenture (the “Warrant Indenture”) between Mulvihill, on behalf of the Fund, and Computershare Trust Company of Canada, as warrant agent (the “Warrant Agent”), to be dated as of the Closing Date, the Warrant Agent shall be appointed the agent of the Fund to receive subscriptions and payments from holders of Warrants, to act as registrar and transfer agent for the Warrants and to perform certain services relating to the exercise and transfer of Warrants. The Warrant Agent is entitled to a fee for its services under the Warrant Indenture. The Warrant Agent may resign upon at least 90 days’ notice to the Fund. The Fund may remove the Warrant Agent and appoint a new warrant agent on at least 90 days’ notice to the Warrant Agent.

Holders of Warrants desiring to exercise such Warrants and purchase Units should ensure that subscriptions and payment in full of the subscription price therefor is received by the Warrant Agent on or before 5:00 p.m. (Toronto time) on the Exercise Date.

Delivery Form and Denomination of the Warrants

All Unitholders hold their Units through a CDS Participant. The Fund expects that each purchaser of Combined Units under the Offering will receive a confirmation of the number of Warrants issued to it from its CDS Participant in accordance with the practices and procedures of that CDS Participant.

Holders must arrange purchases or transfers of Warrants through CDS Participants. It is anticipated by the Fund that each such purchaser of a Warrant will receive a customer confirmation of issuance or purchase, as applicable, from the CDS Participant through which such Warrant is issued in accordance with the practices and policies of such CDS Participant.

Subscription Right

CDS Participants that hold Warrants for more than one beneficial holder may, upon providing evidence satisfactory to the Fund and the Warrant Agent, exercise Warrants on behalf of their accounts on the same basis as if the beneficial owners of the Units were holders of record.

A subscriber may subscribe for the resulting whole number of Units or any lesser whole number of such Units by instructing the CDS Participant holding the subscriber’s Warrants to exercise all or a specified number of such Warrants and forwarding \$12.00 per Warrant for each such Unit subscribed for in accordance with the terms of the Offering to the CDS Participant which holds the subscriber’s Warrants.

The subscription price is payable in Canadian funds by certified cheque, bank draft or money order drawn to the order of a CDS Participant, by direct debit from the subscriber’s brokerage account or by electronic funds transfer or other similar payment mechanism. All payments must be forwarded to the appropriate office of the CDS Participant. The entire subscription price for Units subscribed for must be paid at the time of subscription and must be received by the Warrant Agent prior to the expiry time on the Exercise Date. Accordingly, a subscriber subscribing through a CDS Participant must deliver its payment and instructions sufficiently in advance of the expiry time on the Exercise Date to allow the CDS Participant to properly exercise the Warrants on its behalf. Holders of Warrants are encouraged to contact their broker or other CDS Participant as each CDS Participant may have a different cut-off time.

Payment of the subscription price will constitute a representation to the CDS Participant that the subscriber is not a citizen or resident of the United States of America, its territories or possessions or the agent of any such person and is not purchasing the Units for resale to any such person.

The exercise of Warrants may only be effected through a CDS Participant and will only be valid if exercise procedures are properly executed during the two-week period up to and including the Exercise Date. Subscribers will be unable to withdraw their subscriptions for Units once submitted.

Holders of Warrants who wish to exercise their Warrants and receive Units are reminded that, because Warrants must be exercised through a CDS Participant, a significant amount of time may elapse from the date of exercise and the date the Units issuable upon the exercise thereof are issued to the holder.

Sale or Transfer of Warrants

Holders of Warrants in Canada may, instead of exercising their Warrants to subscribe for Units, sell or transfer their Warrants. Holders of Warrants through CDS Participants who wish to sell or transfer their Warrants must do so in the same manner in which they sell or transfer Units, namely, by providing instructions to the CDS Participant holding their Warrants in accordance with the policies and procedures of the CDS Participant.

Dilution to Existing Unitholders

If a Unitholder wishes to retain its current percentage ownership in the Fund and assuming that all Warrants are exercised, it should purchase all of the Units for which it may subscribe pursuant to the Warrants delivered under the Offering. If that Unitholder does not do so and other holders of Warrants exercise their Warrants, that Unitholder's current percentage ownership in the Fund will be diluted.

The subscription rights in effect under the Warrants for Units issuable upon the exercise of such Warrants shall be subject to adjustment from time to time if, prior to the expiry time (5 p.m. Toronto time) on the Exercise Date the Fund shall:

- (i) subdivide, re-divide or change its outstanding Units into a greater number of Units;
- (ii) combine or consolidate its outstanding Units into a smaller number of Units;
- (iii) distribute to holders of all or substantially all of the Fund's outstanding Units any securities of the Fund including rights, options or warrants to acquire Units or securities convertible into or exchangeable for Units or property or assets, including evidence of indebtedness (other than in connection with the distribution and exercise of the Warrants);
- (iv) reclassify the Units or reorganize the capital of the Fund; or
- (v) consolidate, amalgamate or merge the Fund with or into any other trust or other entity, or sell or convey the property and assets of the Fund as an entirety or substantially as an entirety (other than in connection with the redemption of Units).

Book-Entry-Only and Book-Based Systems

Registrations of interests in, and transfers of, the Units will be made only through the book-entry-only system of CDS. Registrations of interests in, and transfers of, the Combined Units and Warrants will be made only through the book-based system of CDS. Combined Units, Units and Warrants must be purchased and transferred, and Units surrendered for redemption, only through a CDS Participant. All rights of an owner of Combined Units, Units or Warrants must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Combined Units, Units or Warrants. Upon purchase of any Combined Units, Units or Warrants, the owner will receive only the customary confirmation. References in this prospectus to a Unitholder or holder of a Warrant means, unless the context otherwise requires, the owner of the beneficial interest in such Combined Units, Units or Warrants held by such person.

The Fund, the Manager, the Investment Manager, the Agents or the Warrant Agent will not have any liability for (i) the records maintained by CDS or CDS Participants relating to the beneficial interests in the Combined Units, Units or the Warrants or the book-entry or book-based accounts maintained by CDS in respect thereof; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS or CDS Participants, including with respect to the rules and regulations of CDS or any action taken by CDS, its participants or at the direction of those participants.

The ability of a beneficial owner of Combined Units, Units or Warrants to pledge such Combined Units, Units or Warrants or otherwise take action with respect to such owner's interest in such Combined Units, Units or Warrants (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Fund has the option to terminate registration of the Combined Units, Units or Warrants through the book-entry-only or book-based systems in which case certificates in fully-registered form for the Combined

Units, Units or Warrants, as the case may be, will be issued to beneficial owners of such Combined Units, Units or Warrants or to their nominees.

UNITHOLDER MATTERS

Meetings of Unitholders

A meeting of Unitholders of the Fund may be convened by Mulvihill or the Trustee at any time and must be convened if requisitioned by the holders of not less than 10% of the Units then outstanding by a written requisition specifying the purpose of the meeting. Not less than 21 days' notice will be given of any meeting of Unitholders. The quorum at any such meeting is two Unitholders present in person or by proxy and representing not less than 10% of the Units then outstanding. 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 ten days and at the adjourned meeting the Unitholders then present in person or represented by proxy will form the necessary quorum. At any such meeting, each Unitholder will be entitled to one vote for each whole Unit registered in the Unitholder's name.

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

Matters Requiring Unitholder Approval

Pursuant to the Trust Agreement, the following matters require the approval of Unitholders by a two-thirds majority vote (other than items (iii), (vi) and (vii) which require approval by a simple majority vote) at a meeting called and held for such purpose:

- (i) a change in the fundamental investment objectives of the Fund as described under "Investment Objectives";
- (ii) a change in the investment restrictions of the Fund as described under "Investment Restrictions";
- (iii) 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;
- (iv) a change of the manager of the Fund, other than a change resulting in an affiliate of such person assuming such position or, except as described herein, a change in the investment manager or trustee of the Fund, other than a change resulting in an affiliate of such person assuming such position;
- (v) a decrease in the frequency of calculating the NAV per Unit or of redeeming Units;
- (vi) a reorganization with, or transfer of assets to, a mutual fund, if
 - (a) the Fund ceases to continue after the reorganization or transfer of assets;
 - (b) the transaction results in Unitholders becoming security holders in the other investment fund;
- (vii) a reorganization with, or acquisition of assets of, a mutual fund, if
 - (a) the Fund continues after the reorganization or acquisition of assets;
 - (b) the transaction results in the securityholders of the other investment fund becoming Unitholders of the Fund, and
 - (c) the transaction would be a material change to the Fund;
- (viii) a termination of the Investment Management Agreement (except as described under "Organization and Management Details of the Fund — The Investment Manager — Details of the Investment Management Agreement");
- (ix) except as described under "Termination of the Fund", the termination of the Fund; or
- (x) an amendment, modification or variation in the provisions or rights attaching to the Units.

Notwithstanding the foregoing, a reorganization of the Fund or transfer of assets described in paragraph (vi) may be carried out without the prior approval of Unitholders provided that the independent

review committee of the Fund approves the transaction pursuant to NI 81-107, the reorganization or transfer complies with certain requirements of NI 81-102 and NI 81-107 and Unitholders are sent a written notice at least 60 days before the effective date of the change.

The auditors of the Fund may be changed without the prior approval of Unitholders provided that the independent review committee of the Fund approves the change and Unitholders are sent a written notice at least 60 days before the effective date of the change.

Amendments to the Trust Agreement

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

- (i) remove any conflicts or other inconsistencies which may exist between any terms of the Trust Agreement and any provisions of any law or regulation applicable to or affecting the Fund;
- (ii) make any change or correction in the Trust Agreement 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;
- (iii) bring the Trust Agreement into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities industry, provided that any such amendment does not adversely affect the pecuniary value of the interest of any Unitholder;
- (iv) maintain the status of the Fund as a “mutual fund trust” for the purposes of the Tax Act; or
- (v) provide added protection to Unitholders.

Except for changes to the Trust Agreement which require the approval of Unitholders or changes described above which do not require approval or prior notice to Unitholders, the Trust Agreement may be amended from time to time by Mulvihill and the Trustee upon not less than 30 days’ prior written notice to Unitholders.

Reporting to Unitholders

The Fund will furnish to Unitholders such financial statements (including interim unaudited and annual audited financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders’ tax returns under the Tax Act and equivalent provincial legislation.

TERMINATION OF THE FUND

The Fund will be terminated at any time (the date on which such time occurs being the “Termination Date”) upon not less than 90 days’ written notice to the Manager from the Trustee, with the approval of a two-thirds majority of Unitholders, such approval to have been received at a duly convened meeting of Unitholders called for the purpose of considering such termination, provided that Unitholders holding at least 10% of the Units outstanding on the record date of the meeting vote in favour of such termination.

The Manager, may, in its discretion, terminate the Fund without the approval of Unitholders if, in the opinion of the Manager after consulting with the Advisory Board, the NAV of the Fund has been reduced as a result of redemptions or otherwise such that it is no longer economically feasible to continue the Fund and it would be in the best interests of the Unitholders to terminate the Fund. In such circumstances, the Manager will provide at least 30 and no more than 60 days’ notice to Unitholders of the Termination Date and will issue a press release at least ten days in advance thereof.

Immediately prior to the Termination Date, MCM will, to the extent possible, convert the assets of the Fund to cash and the Trustee shall, after paying or making adequate provision for all of the Fund’s liabilities, distribute the net assets of the Fund to Unitholders on a *pro rata* basis as soon as practicable after the Termination Date.

USE OF PROCEEDS

The Fund will use the proceeds from the sale of Combined Units as follows:

	<u>Maximum Offering</u>	<u>Minimum Offering</u>
Gross proceeds to the Fund	\$ ●	\$ ●
Agents' fees	●	●
Expenses of issue	●	●
Net proceeds to the Fund	\$ ●	\$ ●

The net proceeds from the issue of Combined Units offered hereby assuming the maximum offering (after payment of the Agents' fee and expenses of the issue) are estimated to be \$ ● and will be used to purchase securities for the Fund's investment portfolio following closing. See "Overview of the Sector in which the Fund Invests".

PLAN OF DISTRIBUTION

Pursuant to an agreement dated as of ●, 2009 (the "Agency Agreement") between RBC Dominion Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Blackmont Capital Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation, GMP Securities L.P., HSBC Securities (Canada) Inc., Raymond James Ltd., Manulife Securities Incorporated, Richardson Partners Financial Limited and Wellington West Capital Markets Inc. (collectively, the "Agents") and Mulvihill, MCM and the Fund, the Agents have agreed to offer the Combined Units for sale, as agents of the Fund, on a best efforts basis, if, as and when issued by the Fund. The Agents will receive a fee equal to \$0.63 for each Combined Unit sold (either in cash or for shares of Exchange Eligible Issuers deposited pursuant to the Exchange Option) and will be reimbursed for out-of-pocket expenses incurred by them. 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 Combined Units offered hereby, the Agents will not be obligated to purchase Combined Units which are not sold.

The Fund has granted the Agents an option (the "Over-Allotment Option") to offer up to ● additional Combined Units on the same terms set forth above. This prospectus qualifies the distribution of the Over-Allotment Option and the Combined Units issuable on the exercise thereof. The Agents may exercise the Over-Allotment Option in whole or in part at any time on or before the close of business on the thirtieth day following the Closing Date. To the extent that the Over-Allotment Option is exercised, the additional Combined Units will be offered at the offering prices hereunder and the Agents will be entitled to a fee of \$0.63 per Combined Unit purchased.

The offering price was established by negotiation between the Agents and the Manager.

If subscriptions for a minimum of ● Combined Units have not been received within 90 days following the date of issuance of a final receipt for this prospectus, the Offering may not continue without the consent of those who have subscribed 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 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 returned to such purchasers promptly without interest or deduction. Subscriptions for Combined 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 will take place on ●, 2009 or such later date as may be agreed upon by the Fund and the Agents that is on or before ●, 2009.

The Combined Units will be offered in each of the provinces of Canada. The Combined Units have not been and will not be registered under the U.S. *Securities Act of 1933*, as amended, or any state securities laws and may not be offered or sold in the United States or to U.S. persons.

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

Non-Resident Unitholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships, or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units, 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 are, or may be, non-residents and/or partnerships that are not Canadian partnerships, 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 are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-resident Unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale 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.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

MCM, Mulvihill and the Trustee will receive the fees described under “Fees and Expenses” for their respective 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 Fund has adopted the following proxy guidelines (the “Proxy Guidelines”) with respect to the voting of proxies received by it relating to voting securities held by the Fund. The Proxy Guidelines establish standing policies and procedures for dealing with routine matters, as well as the circumstances under which deviations may occur from such standing policies. A general description of certain such policies is outlined below.

- (a) *Auditors:* The Fund will generally vote for proposals to ratify auditors except where non-audit-related fees paid to such auditors exceed audit-related fees.

- (b) *Board of Directors:* The Fund will vote for nominees of management on a case-by-case basis, examining the following factors: independence of the board and key board committees, attendance at board meetings, corporate governance positions, takeover activity, long-term company performance, excessive executive compensation, responsiveness to shareholder proposals and any egregious board actions. The Fund will generally withhold votes from any nominee who is an insider and sits on the audit committee or the compensation committee. The Fund will also withhold support from those individual nominees who have attended fewer than 75% of the board meetings held within the past year without a valid excuse for these absences.
- (c) *Compensation Plans:* The Fund will vote on matters dealing with share-based compensation plans on a case-by-case basis. The Fund will review share-based compensation plans with a primary focus on the transfer of shareholder wealth. The Fund will generally vote for compensation plans only where the cost is within the industry maximum except where (i) participation by outsiders is discretionary or excessive or the plan does not include reasonable limits on participation or (ii) the plan provides for option re-pricing without shareholder approval. The Fund will generally also vote against any proposals to re-price options, unless such re-pricing is part of a broader plan amendment that substantially improves the plan and provided that (i) a value-for-value exchange is proposed; (ii) the top five paid officers are excluded; and (iii) exercised options do not go back into the plan or the company commits to an annual burn rate cap.
- (d) *Management Compensation:* The Fund will vote on employee stock purchase plans (“ESPPs”) on a case-by-case basis. The Fund will generally vote for broadly based ESPPs where all of the following apply: (i) there is a limit on employee contribution; (ii) the purchase price is at least 80% of fair market value; (iii) there is no discount purchase price with maximum employer contribution of up to 20% of employee contribution; (iv) the offering period is 27 months or less; and (v) potential dilution is 10% of outstanding securities or less. The Fund will also vote on a case-by-case basis for shareholder proposals targeting executive and director pay, taking into account the issuer’s performance, absolute and relative pay levels as well as the wording of the proposal itself. The Fund will generally vote for shareholder proposals requesting that the issuer expense options or that the exercise of some, but not all options be tied to the achievement of performance hurdles.
- (e) *Capital Structure:* The Fund will vote on proposals to increase the number of securities of an issuer authorized for issuance on a case-by-case basis. The Fund will generally vote for proposals to approve increases where the issuer’s securities are in danger of being de-listed or if the issuer’s ability to continue to operate is uncertain. The Fund will generally vote against proposals to approve unlimited capital authorization.
- (f) *Constituting Documents:* The Fund will generally vote for changes to constituting documents that are necessary and can be classified as “housekeeping”. The following amendments will be opposed:
- (i) the quorum for a meeting of shareholders is set below two persons holding 25% of the eligible vote (this may be reduced in the case of a small organization where it clearly has difficulty achieving quorum at a higher level, but the Fund will oppose any quorum below 10%);
 - (ii) the quorum for a meeting of the board of directors should not be less than 50% of the number of directors; and
 - (iii) the chair of the board has a casting vote in the event of a deadlock at a meeting of directors if that chair is not an independent director.

The Proxy Guidelines also include policies and procedures pursuant to which the Fund will determine how to cause proxies to be voted on non-routine matters including shareholder rights plans, proxy contests, mergers and restructurings and social and environmental issues. The Proxy Guidelines apply to proxy votes that present a conflict between the interests of Mulvihill, MCM or an entity related thereto, on the one hand, and the interests of Unitholders, on the other.

The Fund will retain ISS Governance Services, a subsidiary of RiskMetrics Group, to administer and implement the Proxy Guidelines for the Fund.

MATERIAL CONTRACTS

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

- (i) the Trust Agreement described under “Organization and Management Details of the Fund”;
- (ii) the Investment Management Agreement described under “Organization and Management Details of the Fund — The Investment Manager — Details of the Investment Management Agreement”;
- (iii) the Agency Agreement described under “Plan of Distribution”; and
- (iv) the Warrant Indenture described under “Attributes of the Units and Warrants — Description of the Securities Distributed — Warrants — Warrant Agent”.

Copies of the agreements, after the execution thereof, may be inspected during business hours at the principal office of the Fund during the course of distribution of the Combined 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 by Osler, Hoskin & Harcourt LLP, on behalf of the Fund, and Davies Ward Phillips & Vineberg LLP, on behalf of the Agents.

The auditors of the Fund are Deloitte & Touche LLP, Chartered Accountants, Licensed Public Accountants, Toronto, Ontario.

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.

AUDITORS' CONSENT

We have read the prospectus of Gold Participation and Income Fund (the "Fund") dated ● , 2009 relating to the issue and sale of Combined Units of the Fund (each Combined Unit consisting of one Unit of the Fund and one Warrant for one Unit). We have complied with Canadian generally accepted standards for an auditor's 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 financial position of the Fund as of ● , 2009. Our report is dated ● , 2009.

Toronto, Ontario
● , 2009

(Signed) ●
Chartered Accountants
Licensed Public Accountants

AUDITORS' REPORT

To the Trustee of Gold Participation and Income Fund (the "Fund")

We have audited the statement of financial position of the Fund as of ● , 2009. This financial statement is the responsibility of management of the Fund. 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 financial statement present fairly, in all material respects, the financial position of the Fund as at ● , 2009, in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
● , 2009

(Signed) ●
Chartered Accountants
Licensed Public Accountants

GOLD PARTICIPATION AND INCOME FUND

STATEMENT OF FINANCIAL POSITION

● , 2009

ASSETS

Cash	<u>\$12.00</u>
Total	<u>\$12.00</u>

UNITEDHOLDER'S EQUITY

Unitholder's Equity (1 Unit) (Note 1)	<u>\$12.00</u>
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Approved by the Manager
MULVIHILL FUND SERVICES INC.

(Signed) ●
Director

(Signed) ●
Director

See accompanying notes to financial statements.

GOLD PARTICIPATION AND INCOME FUND
NOTES TO FINANCIAL STATEMENT

1. UNITS AUTHORIZED AND OUTSTANDING

Establishment of the Fund and Authorized Units

Gold Participation and Income Fund (the “Fund”) was established under the laws of the Province of Ontario on ● , 2009 by a trust agreement (the “Trust Agreement”) made between RBC Dexia Investor Services Trust and Mulvihill Fund Services Inc. (“Mulvihill”). The Fund is authorized to issue an unlimited number of Units (“Units”). On ● , 2009, the Fund issued one Unit for \$12.00 cash.

The Fund proposes to offer Combined Units of the Fund (“Combined Units”) at a price of \$12.00 per Combined Unit. Each Combined Unit consists of one transferable, redeemable Unit and one transferable Warrant (a “Warrant”) for one Unit. Each Warrant for one Unit entitles the holder to purchase one Unit at a subscription price of \$12.00 on the business day that is one year following the closing of the offering (the “Exercise Date”). Warrants may be tendered for exercise during the two-week period up to and including the Exercise Date. Warrants for Units not exercised by the Exercise Date will be void and of no value.

2. AGENCY AGREEMENT AND CUSTODIAN

The Fund has engaged RBC Dominion Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Blackmont Capital Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation, GMP Securities L.P., HSBC Securities (Canada) Inc., Raymond James Ltd., Manulife Securities Incorporated, Richardson Partners Financial Limited and Wellington West Capital Markets Inc., as agents, to offer Combined Units of the Fund for sale to the public, pursuant to a prospectus dated ● , 2009.

Pursuant to the Trust Agreement, RBC Dexia Investor Services Trust acts as trustee and custodian of the assets of the Fund and is also responsible for certain aspects of the Fund’s day-to-day operations. In consideration for the services provided by RBC Dexia Investor Services Trust, the Fund will pay a monthly fee to be agreed upon between RBC Dexia Investor Services Trust and Mulvihill.

3. MANAGEMENT FEES AND OTHER EXPENSES

The Fund has retained Mulvihill to act as manager under the Trust Agreement and has retained Mulvihill Capital Management Inc. (“MCM”) to act as investment manager under an Investment Management Agreement dated ● , 2009. Pursuant to such agreements, Mulvihill and MCM are entitled to fees at the annual rates of 0.10% and 0.70%, respectively, of the net asset value (“NAV”) of the Fund. Such fees are calculated and payable monthly. The Fund will pay a service fee (the “Service Fee”) to each dealer whose clients hold Units. The Service Fee will be calculated and paid at the end of each calendar quarter and will be equal to 0.40% annually of the NAV of the Units held by clients of the dealer. The Fund will pay for all expenses incurred in connection with its operation and administration.

4. ACCOUNTING POLICIES

This statement of financial position has been prepared in accordance with Canadian generally accepted accounting principles in connection with the prospectus filing requirements of the Canadian securities regulatory authorities to qualify Combined Units, Units and Warrants of the Fund for public distribution.

5. CALCULATION OF NET ASSET VALUE AND NAV PER UNIT

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, including any income, net realized capital gains or other amounts payable to Unitholders on or before such date expressed in Canadian dollars at the applicable exchange rate on such date.

The basic 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. Where as a result of such calculation the basic NAV per Unit is greater than \$11.70, the diluted NAV per Unit shall be calculated by adding to the denominator the total number of Warrants then outstanding and by adding to the numerator the product of such number of Warrants and \$11.70 and the diluted NAV per Unit shall be deemed to be the resulting quotient. For these purposes, the NAV per Unit shall be the basic NAV per Unit unless such basic NAV per Unit is greater than \$11.70, in which case the NAV per Unit shall be the diluted NAV per Unit.

CERTIFICATE OF THE FUND, THE MANAGER AND THE PROMOTER

Dated: June 5, 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 British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador.

MULVIHILL FUND SERVICES INC.
(as manager on behalf of Gold Participation and Income Fund)

(Signed) JOHN P. MULVIHILL
Chief Executive Officer

(Signed) SHEILA S. SZELA
Chief Financial Officer

On behalf of the Board of Directors of Mulvihill Fund Services Inc.

(Signed) JOHN P. MULVIHILL
Director

(Signed) SHEILA S. SZELA
Director

(Signed) JOHN GERMAIN
Director

MULVIHILL CAPITAL MANAGEMENT INC.
(as promoter)

(Signed) JOHN P. MULVIHILL
Chief Executive Officer

CERTIFICATE OF THE AGENTS

Dated: June 5, 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 British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador.

RBC DOMINION SECURITIES INC.

CIBC WORLD MARKETS INC.

By: (Signed) CHRISTOPHER BEAN

By: (Signed) MICHAEL SHUH

SCOTIA CAPITAL INC.

By: (Signed) BRIAN MCCHESENEY

NATIONAL BANK FINANCIAL INC.

TD SECURITIES INC.

By: (Signed) TIMOTHY EVANS

By: (Signed) CAMERON GOODNOUGH

BLACKMONT CAPITAL INC.	CANACCORD CAPITAL CORPORATION	DESJARDINS SECURITIES INC.	DUNDEE SECURITIES CORPORATION	GMP SECURITIES L.P.	HSBC SECURITIES (CANADA) INC.	RAYMOND JAMES LTD.
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By: (Signed) CHARLES PENNOCK	By: (Signed) RON SEDRAN	By: (Signed) BETH SHAW	By: (Signed) VILMA JONES	By: (Signed) NEIL SELFE	By: (Signed) BRENT LARKAN	By: (Signed) J. GRAHAM FELL
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MANULIFE SECURITIES INCORPORATED

RICHARDSON PARTNERS
FINANCIAL LIMITED

WELLINGTON WEST CAPITAL MARKETS INC.

By: (Signed) DAVID MACLEOD

By: (Signed) BENNETT MACINNIS

By: (Signed) SCOTT LARIN



Gold Participation and Income Fund