

Mulvihill Premium Yield Fund

Class A, Class UA, Class F and Class UF mutual fund units

Annual Information Form

September 17, 2021

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

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NAMES, FORMATION AND HISTORY OF THE FUND

This annual information form contains information about the Mulvihill Premium Yield Fund (the “fund”). In this document “we”, “us” and “our” refer to Strathbridge Asset Management Inc. (“Strathbridge” or the “manager”) and “fund” refers to the fund or one of its classes.

The fund was originally established pursuant to a trust agreement dated February 15, 2001, as amended May 23, 2006, April 18, 2008, December 18, 2012, July 18, 2019 and July 24, 2019 and was formerly known as Government Strip Bond Trust, a public closed-end fund, until the redemption of the units issued to the public on December 31, 2012. The fund was not terminated at that time, remains in existence and offers Class A, Class UA, Class F and Class UF units with new investment objectives and investment strategies on the basis described herein and in the fund’s simplified prospectus pursuant to an amended and restated declaration of trust dated September 18, 2019 (the “Declaration of Trust”).

The fund is authorized to issue an unlimited number of classes divided into an unlimited number of units, each of which represents an equal undivided interest in the property of the fund. For additional information concerning the Declaration of Trust, you should refer to “Other material information” in this annual information form.

Strathbridge is the manager of the fund. The head office of Strathbridge and of the fund is located at 121 King Street West, Suite 2600, P.O. Box 113, Toronto, Ontario, M5H 3T9.

INVESTMENT PRACTICES AND RESTRICTIONS

The fund’s simplified prospectus contains detailed descriptions of the fund’s investment objectives and investment strategies as well as a description of certain risk factors applicable to an investment in the fund. In addition, the fund is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 – *Investment Funds* (“NI 81-102”) and National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“NI 81-107”) which are designed in part to ensure that the fund’s investments are diversified and relatively liquid and to ensure the appropriate administration of the fund and the fund is managed in accordance with these restrictions and practices.

The fundamental investment objectives of the fund may not be changed without the approval of a majority of voting unitholders.

Investments in derivative instruments

The fund may use derivatives as permitted by the Canadian securities regulators for hedging or non-hedging purposes. The risk factors associated with the use of derivatives are disclosed in the simplified prospectus of the fund.

Strathbridge is responsible for managing the risks associated with the use of derivatives. Strathbridge has written guidelines that set out the objectives and goals for derivatives trading, which are established and reviewed annually by Strathbridge. In addition, Strathbridge has written control policies and procedures in place that set out the risk management procedures applicable to derivatives trading. These policies and procedures set out specific procedures for the authorization, documentation, reporting, monitoring and review of derivative strategies ensuring that these functions are performed by individuals independent of those who trade. Limits and controls on derivatives trading are part of Strathbridge’s compliance regime. All derivatives transactions are reviewed by trained personnel that ensures that the derivative positions of the fund are within the existing control policies and procedures. The risk management procedures also cover the testing of the fund’s portfolio under stress conditions. See “Responsibility for operations of the fund –

Fund governance”.

Securities lending transactions, repurchase agreements and reverse repurchase agreements

The fund may enter into securities lending arrangements and repurchase and reverse repurchase transactions in accordance with the rules of the Canadian Securities Administrators (the “CSA”).

Strathbridge may appoint a securities lending agent (which will be the custodian of the fund, currently RBC Investor Services Trust) to enter into securities lending transactions on behalf of the fund. The securities lending agreement will provide for the types of transactions that may be entered into by the fund, the types of portfolio assets of the fund that may be used, collateral requirements, limits on transaction sizes, permitted counterparties to the transactions and investment of any cash collateral. Under the securities lending agreement the securities lending agent will:

- (a) ensure that collateral is provided in the form of cash, qualified securities or securities that can be converted into the securities which are the subject of the securities lending, repurchase or reverse repurchase transactions;
- (b) value the loaned or purchased securities and the collateral every day to ensure that the collateral is worth at least 102% of the value of the securities;
- (c) invest any cash collateral in accordance with the investment restrictions specified in the agency agreement;
- (d) invest no more than 50% of the net asset value of the fund in securities lending or repurchase transactions at any one time; and
- (e) assess the creditworthiness of the counterparties to securities lending, repurchase and reverse repurchase transactions.

The manager will ensure that any securities lending transactions entered into by the fund may be terminated by the fund at any time. Repurchase agreements or reverse repurchase agreements of the fund will have a maximum term of 30 days.

The risk factors associated with securities lending transactions are disclosed in the simplified prospectus of the fund. Strathbridge is responsible for managing the risks associated with securities lending transactions. Strathbridge has written guidelines that set out the objectives and goals with respect to securities lending arrangements transactions which are reviewed annually by Strathbridge. Strathbridge has written control policies and procedures in place that set out the risk management practices applicable to securities lending transactions. Securities lending transactions by the fund are limited and will be undertaken in compliance with NI 81-102, any securities lending arrangements are monitored regularly by Strathbridge management and reviewed by the independent review committee of the fund (the “IRC”) on an annual basis. See “Responsibility for operations of the fund – Fund governance”.

DESCRIPTION OF THE UNITS OF THE FUND

What are units and classes of units of the fund?

The fund may offer one or more classes of units. Each class is intended for different investors. Each class of units of the fund may have different management fees and other expenses attributable to that class of units. Strathbridge will determine in good faith whether liabilities of the fund are attributable to all or only certain classes of units of the fund.

The Class A units and Class UA units are available to all investors through dealers or brokers registered in their province or territory. The Class F units and Class UF units are generally available only to investors who have fee-based accounts with authorized brokers or dealers. The Class I units and Class UI units are available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the manager. The Class A units, Class F units and Class I units are Canadian dollar denominated. The Class UA units, Class UF units and Class UI units are U.S. dollar denominated. The fund is authorized to issue an unlimited number of units of an unlimited number of classes. The Class I units and Class UI units are not being offered pursuant to this simplified prospectus. Investors interested in purchasing Class I units and Class UI units can subscribe for such units by way of a private placement.

As a holder of units of the fund, you have the rights described below. Fractional units carry the rights and privileges and are subject to the restrictions and conditions described for units in the proportions that they bear to one unit, except that any holder of a fractional unit is not entitled to vote in respect of such fractional unit.

When issued, units of the fund are fully paid and non-assessable and have no pre-emptive or conversion rights. Fractions of units may also be issued. As a holder of units of the fund, you are entitled to require the fund to redeem your units at the price described under “Purchases, switches and redemptions of units – How to redeem units”. Your units are generally redeemable without restriction on a daily basis. In certain circumstances, a redemption of units will result in a redemption fee being charged. Upon liquidation or termination of the fund, each unitholder is entitled to participate rateably in the assets of the fund.

The rights attached to the units of the fund may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. Each unitholder of the fund is entitled to vote on certain amendments to the Declaration of Trust in accordance with such document or where required by securities legislation. A separate class vote is required if a particular class is affected in a manner that is different from other classes. At a unitholder meeting called to vote on these issues, a unitholder will be entitled to one vote per unit of the fund.

Subject to any exemption of the CSA obtained by the fund, the following matters currently require unitholder approval pursuant to securities legislation:

- (a) the appointment of a new manager, unless the new manager is an affiliate of Strathbridge or its successor;
- (b) a change in the fundamental investment objectives of the fund;
- (c) a decrease in the frequency of calculating the net asset value per unit of the fund;
- (d) changing the basis of the calculation of a fee or expense that is charged to the fund in a way that could result in an increase in charges to the fund. No unitholder approval will be required if the fund is at arm’s length to the person or company charging the fee or expense and if written notice is sent to all unitholders at least 60 days before the effective date of the change that could result in an increase in charges to the fund;
- (e) introducing a fee or expense, to be charged to the fund or directly to its unitholders by the fund or the manager in connection with holding units of the fund in a way that could result in an increase in charges to the fund or its unitholders;
- (f) in certain limited circumstances, a merger of the fund into another mutual fund where the unitholders of the fund will become the unitholders of another mutual fund as a result of the merger; and
- (g) in certain limited circumstances, a merger of the fund into another fund (the “continuing fund”) where the merger would be a significant change for the unitholders of the continuing fund.

Calculation of unit value

How much the fund is worth is called its “net asset value” or “NAV”. When the fund calculates its NAV, it determines the market value of all of its assets and subtracts all of its liabilities. Separate NAVs are calculated on a daily basis for each class of the fund based on each class’s share of the fund’s NAV as determined in accordance with the Declaration of Trust. The class net asset value per unit (“NAV per unit”) is calculated daily by dividing (a) the amount equal to the value of that class’s share of assets of the fund, less that class’s share of the common expenses of the fund and less that class’s specific expenses by (b) the total number of units of that class outstanding at such time. A unit’s NAV is very important because it is the basis on which units of the fund are purchased and redeemed. The class NAV per unit of the fund varies from day to day. The fund calculates the NAV of the units on each business day (each, a “valuation date”) after the Toronto Stock Exchange closes. In unusual circumstances, calculation of the NAV per unit may be suspended, subject to obtaining any necessary regulatory approval.

Valuation of portfolio securities and liabilities

The NAV of the fund must be calculated using the fair value of the fund’s assets and liabilities.

The value of the assets of the fund are calculated using the following valuation principles:

- (a) the value of any security 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 valuation date 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;
- (b) 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;
- (c) 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;
- (d) 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 manager 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 manager determines to be the reasonable value thereof;
- (e) 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;

- (f) 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;
- (g) securities of any unlisted Underlying Fund held by the fund will be valued at the net asset value of such securities as provided by such fund from time to time;
- (h) any bonds, debentures, other debt obligations and short positions shall be valued by taking the average of the bid and ask prices on the valuation date at such times as the manager, in its discretion, deems appropriate. Short term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (i) 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;
- (j) 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 manager; and
- (k) the value of any security or property to which, in the opinion of the manager, the above valuation principles cannot be applied shall be the fair value thereof determined in such manner as the manager from time to time provides.

For the purpose of any conversion of monies from any other currency to Canadian currency the current rate of exchange as quoted to the fund by its bankers as nearly as practicable at the time as of which the NAV is being computed shall be used.

The trustee of the fund will deviate from these valuation principles in circumstances where the above methods do not accurately reflect the fair value of a particular security at any particular time, for example, if trading in a security was halted because of significant negative news about a company.

The above principles are used to calculate NAV for all purposes other than financial statement reporting. With respect to financial reporting, International Financial Reporting Standards require that portfolio securities in an active market be valued based on a price within the bid-ask spread. The fund uses the last traded market price (closing sale price) for both financial assets and financial liabilities where the last traded price falls within the day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Reporting of net asset value

On each business day after the Toronto Stock Exchange closes or such other time as Strathbridge deems appropriate on any valuation date, the NAV of the fund and NAV per unit of the fund will usually be published in the financial press and will be posted on Strathbridge's website at www.strathbridge.com. The valuation date for the fund is any day when the Toronto Stock Exchange is open for business.

PURCHASES, SWITCHES AND REDEMPTIONS OF UNITS

How to purchase units

It is up to you or your investment professional, if applicable, to determine which class of the fund is appropriate for you. Different classes may have different minimum investment levels and may require you to pay different fees and expenses, and may affect the compensation we pay to a dealer. Your dealer must send your order to us on the same day it is received. It is the responsibility of your dealer to transmit orders to us in a timely manner and assume all associated costs.

Class A units, Class UA units Class F units and Class UF units of the fund are offered for sale on a daily basis at their NAV per unit as determined on the next following valuation date, computed in the manner described under “Description of the units of the fund – calculation of unit value”.

The classes have different management fees and are intended for different investors. The Class A units and Class UA units are available to all investors through dealers and brokers registered in their province or territory. The Class F units and Class UF units are generally available only to investors who have fee-based accounts with authorized brokers or dealers.

All orders for units of the fund will be forwarded to the fund for acceptance or rejection and the fund reserves the right to reject any order in whole or in part. Dealers and brokers must transmit an order for units through FundSERV to the head office of the fund. The decision to accept or reject your purchase order will be made promptly and, in any event, within one business day of receipt of your order by the fund. Speak to your registered investment professional for details. If your order is rejected, all monies received with your order will be returned to you immediately.

The minimum amount for an initial purchase of the Class A, Class UA, Class F and Class UF units is \$1,000 and the minimum for each additional investment is \$100.

The minimum amounts may be varied or waived at any time without notice at the manager’s absolute discretion. Strathbridge reserves the right to redeem your units and terminate your account with the fund if the NAV of your investment in the fund falls below the applicable minimum for an initial purchase. Your dealer or broker may impose higher minimum initial investment amounts or additional investment amounts.

The NAV per unit for the purpose of issuing units is the NAV per unit as determined on the next following valuation date following receipt of a purchase order. No unit certificates will be issued by the fund.

Payment for all orders of units must be received at the head office of the fund on or before the third business day after (but not including) the valuation date. Where payment of the subscription price is not received, the fund is deemed to have received and accepted on the first business day following such period an order for redemption of the units and the redemption proceeds are applied to reduce the amount owing to the fund in respect of the purchase of the units. If the amount of the redemption proceeds exceeds the subscription price of the units, the fund is permitted to retain the excess. If the amount of the redemption proceeds is less than the issue price of the units your dealer or broker must pay to the fund the amount of the deficiency. Those dealers or brokers may, in turn, collect such amounts from the investor who failed to pay the subscription price.

How to switch funds

You can switch from the fund to another mutual fund. Switching units of the fund for units of another mutual fund will be a disposition for tax purposes. The fund may charge a short-term and excessive trading

fee of up to 2.00% of the NAV of any units switched within 31 days of purchase. See “Purchases, switches and redemptions – Short-term and excessive trading” in the simplified prospectus of the fund for details.

If you hold your units in a non-registered account, you may realize a capital gain or loss. Capital gains are taxable.

Sales charges

Your broker or dealer may charge a commission of up to 5.00% of the purchase price at the time of purchase of Class A units and Class UA units of the fund. The amount of this fee may be negotiated between you and your registered broker or dealer. You do not pay a sales charge or commission when you buy, redeem or reclassify Class F units or Class UF units of the fund.

Trailing commission

Strathbridge will pay a service fee, also known as a “trailing commission”, to the dealer of each holder of Class A units and Class UA units of the fund quarterly for ongoing services that the dealer may provide to the holder of Class A units or Class UA units for so long as the holder continues to hold Class A units or Class UA units, as applicable, of the fund. The service fee will be paid by the fund to Strathbridge. Strathbridge will in turn remit the service fee to the dealers. The service fee for Class A units or Class UA units of the fund will be equal to 1.00% per annum of the average daily net asset value per Class A unit or Class UA unit of the fund, held, plus applicable harmonized sales tax. No service fee will be payable on the Class F units or Class UF units of the fund.

How to reclassify units

On a daily basis, you can reclassify your units of one class as units of another class of the fund, as long as you are eligible to hold that class. Your dealer may charge you a fee to reclassify your units. Reclassifying units from one class to another class of the fund is not a disposition for tax purposes.

How to redeem units

On a daily basis, you may sell your units back to the fund by following the procedures described in the following section, unless at that time the fund’s obligation to purchase your units has been temporarily suspended by the fund with, where necessary, the prior consent of the Ontario Securities Commission. Your request to have the fund buy back your units constitutes a “redemption” by the fund when completed and may be referred to in this annual information form as a “sell order” to the fund. The redemption price for the units which are the subject of your sell order will be the NAV as determined on the next following valuation date following receipt of your sell order by the fund. Payment for your units sold will be issued by cheque within two business days after the valuation date following receipt by the fund of your sell order. Strathbridge cannot accept sell orders specifying a forward date or price, and sell orders will not be implemented before Strathbridge has actually received payment for units issued to you under a prior purchase order.

Short-term and excessive trading can increase the fund’s expenses, which affects all unitholders of the fund. Strathbridge has systems in place to monitor for short-term and excessive trades. These systems have the capability to detect and mark any redemption or switching that occurs within 31 days of the purchase of the relevant units. The fund may charge a short-term and excessive trading fee of up to 2.00% of the NAV of any units redeemed within 31 days of purchase. Strathbridge may waive the fee. While the fee will generally be paid out of the redemption proceeds of the fund. Strathbridge may, in its sole discretion, decide which units should be redeemed and the manner in which to do so. Strathbridge may waive the fee in certain circumstances and in its sole discretion.

The short-term and excessive trading fee does not apply to redemptions initiated by Strathbridge.

Strathbridge may cause the redemption of all outstanding units of the fund held by a unitholder after giving 10 days written notice if the aggregate NAV of such units in the fund declines below the minimum initial purchase amounts described under “Purchases, switches and redemptions of units – How to purchase units”.

The manager may at any time and from time to time redeem all or a portion of the Class A units, Class UA units, Class F units and Class UF units of the fund that an investor holds in its sole discretion.

How to submit a redemption order

The following is a summary of the procedure that you must follow when submitting a sell order. Strathbridge, however, may from time to time adopt additional permissible procedures and, if so, will advise all unitholders of such procedures.

Your sell order must be submitted to your registered dealer or broker. Dealers and brokers must transmit the particulars of a sell order through FundSERV to the fund on the same day it is received at no charge to the investor. As a security policy (which may be changed at Strathbridge’s discretion), the fund will generally not accept sell orders placed by telephone, wire or by other electronic means directly from unitholders.

If a unitholder fails to provide the fund with a duly completed sell order within ten business days of the date on which the NAV was determined for purposes of the sell order, the fund is deemed to have received and accepted, as of the close of business on the 10th business day, an order for the purchase of the equivalent number of units being redeemed and will apply the amount of the redemption proceeds to the payment of the issue price of such units. If such amount is less than the redemption proceeds, the fund is permitted to retain the excess. If such amount exceeds the redemption proceeds the fund is entitled to collect such amount together with its costs and interest thereon from dealers or brokers placing the redemption order and those dealers or brokers may collect such amounts from the investor who failed to provide the duly completed sell order.

All sell orders will be processed in the order in which they are received. Sell orders involving transfers to or from Registered Plans (defined below) may incur delays if the transfer documents are not completed in the sequence prescribed by Canada Revenue Agency, and release of the sale proceeds cannot be made by the fund until all administrative procedures involved with such Registered Plans are complete.

When you may not be allowed to redeem your units

Under extraordinary circumstances, including the following, the manager may suspend your right to redeem units of the fund:

- (a) if normal trading is suspended on a stock exchange or market on which securities or specified derivatives are traded that represent more than 50% of the fund’s total assets by value, or underlying market exposure and if those securities or specified derivatives are not traded on any other exchange that represents a reasonably practical alternative for the fund;
or
- (b) with the consent of the securities regulatory authorities, if the value of the assets of the fund cannot be determined.

If Strathbridge suspends trading in the fund and you had requested a redemption of your units in that fund, you can withdraw your request or receive payment based on the first NAV per unit determined after the end of the suspension.

The fund will not allow the purchase of units when the right to redeem units is suspended.

INVESTMENT OPTIONS

For a description of the various investment options available, please see the simplified prospectus of the fund. Some further details are included below:

In addition to purchasing units of the fund through your registered dealer or broker, you may open a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), registered disability savings plan, deferred profit sharing plan, tax-free savings account, or registered education savings plan (which are referred to as “Registered Plans”) for units of the fund. Minimum initial and subsequent deposits for a Registered Plan are the same as those set out under “Purchases, switches and redemptions of units – How to purchase units”. These minimum deposits may be varied or waived at any time, without notice, in Strathbridge’s discretion. Units of the fund may also be held in a self-directed RRSP or RRIF (or other Registered Plans) with any other financial institution but such plans may be subject to fees.

You are urged to consult your own tax advisor for full particulars of the tax implications of establishing, amending and terminating Registered Plans under the Income Tax Act (Canada) (the “Tax Act”) and applicable provincial tax legislation. It is your responsibility as a holder of a Registered Plan to determine the consequences to you under relevant income tax legislation.

RESPONSIBILITY FOR OPERATIONS OF THE FUND

The trustee and manager

Strathbridge acts as the trustee, manager and portfolio manager of the fund pursuant to the Declaration of Trust. Strathbridge’s head office is located at 121 King Street West, Suite 2600, P.O. Box 113, Toronto, Ontario M5H 3T9. Strathbridge can be reached by calling (416) 681-3900, emailing info@strathbridge.com or by visiting www.strathbridge.com.

Pursuant to the Declaration of Trust, Strathbridge is required to provide, or cause to be provided all necessary or advisable administrative services and facilities including valuation, fund accounting and unitholder records. The Declaration of Trust provides that Strathbridge may engage or employ any person as its agent to perform administrative functions on behalf of the fund, and brokers or dealers in connection with the fund’s portfolio transactions.

Strathbridge may resign as trustee and/or manager upon 60 days’ notice to the unitholders of the fund. If Strathbridge resigns it may appoint its successor, but its successor must be approved by unitholders of the fund unless it is an affiliate of Strathbridge. If Strathbridge is in material default of its obligations under the Declaration of Trust and such default has not been cured within 30 days after notice of the same has been given to Strathbridge, the unitholders of the fund may remove Strathbridge and appoint a successor trustee and/or manager. No changes to the Declaration of Trust may be made without the approval of unitholders where required by law, regulations or policies of securities regulatory authorities. Where such laws, regulations or policies do not require unitholder approval, the provisions of the Declaration of Trust may be amended with the approval of Strathbridge.

The Declaration of Trust provides that Strathbridge, as trustee, shall not be liable in carrying out its duties under the Declaration of Trust except where it is in breach of its obligations under the Declaration of Trust or where Strathbridge fails to act honestly and in good faith, and in the best interests of the fund, or to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of Strathbridge, as trustee, and indemnifying Strathbridge and its agents and the directors, officers and employees of either of them in respect of certain liabilities incurred in carrying out their duties.

Strathbridge receives, pursuant to the Declaration of Trust, fees from the fund in respect of certain classes of units as described in the simplified prospectus. The fund is required to pay tax on the fees which they pay to Strathbridge, as well as on most other goods and services they acquire.

Reductions in management fees for the fund can be negotiated between Strathbridge and certain investors in the fund. The reductions are generally paid at the same time the income distributions are made by the fund and are settled through distributions of units of the fund (“management fee distributions”) by way of automatic reinvestment in additional units of the fund. The management fee distributions are intended to attract large investments that might not otherwise be invested in the fund. (This benefits the fund as well as Strathbridge because administration costs for each dollar invested in the fund are lower for larger investments.) Eligibility for management fee distributions for unitholders of the fund is based on the size of the investment made or held. Management fee distributions are paid first out of net income and net realized capital gains and then out of capital. Strathbridge may discontinue these reductions at any time upon written notice to the investor or unitholder. Strathbridge will not receive any fees as trustee of the fund.

The manager has adopted policies, procedures and guidelines concerning the governance of the fund and to ensure the proper management of the fund. These policies, procedures and guidelines aim to monitor and manage the business, risks and internal conflicts of interest relating to the fund, and to ensure compliance with regulatory and corporate requirements.

In addition, the manager has an asset mix committee consisting of the following: John P. Mulvihill, John D. Germain, Jack Way, Peggy Shiu and John P. Mulvihill, Jr. The investment process for the fund begins at the asset mix committee. Members of this committee meet to examine macro-economic variables and relationships among dominant economic factors. This process culminates in an outlook for the various capital markets around the world and provides the fundamental basis for the manager’s long-term market outlook. These views are integrated into the investment decision making process at the portfolio management level. The asset mix committee of the manager oversees investment decisions made by the portfolio managers of the fund and reports to John P. Mulvihill.

For additional information concerning the management of the fund, you should refer to “Other Material Information” in this annual information form.

Officers and directors of Strathbridge Asset Management Inc.

The names and municipalities of residence of the directors and officers of Strathbridge, their principal occupations over the past five years, and the positions and offices held with Strathbridge are as follows:

Name and Municipality of Residence	Position with Strathbridge	Principal occupation in the past five years
JOHN P. MULVIHILL Toronto, Ontario	Chairman, President, Chief Executive Officer, Secretary and	Chairman, President, Chief Executive Officer, Secretary

Name and Municipality of Residence	Position with Strathbridge	Principal occupation in the past five years
	Director, Strathbridge	and Director, Strathbridge
JOHN D. GERMAIN Toronto, Ontario	Senior Vice-President, Chief Financial Officer and Director, Strathbridge	Senior Vice-President, Chief Financial Officer and Director, Strathbridge
JOHN P. MULVIHILL JR. Toronto, Ontario	Vice-President and Director, Strathbridge	Vice-President, Director and Portfolio Manager, Strathbridge
JEFF DOBSON Milton, Ontario	Vice-President – Portfolio Manager, Strathbridge	Vice-President – Portfolio Manager, Strathbridge
PEGGY SHIU Toronto, Ontario	Vice-President and Chief Compliance Officer, Strathbridge	Vice-President, Chief Compliance Officer, Strathbridge
JACK WAY Georgetown, Ontario	Vice-President – Portfolio Manager, Strathbridge	Vice-President – Portfolio Manager, Strathbridge

A description of the experience and background relevant to the business of the fund of each of the directors and officers of Strathbridge is set out below.

John P. Mulvihill, Chairman, President, Chief Executive Officer, Secretary and Director of Strathbridge, is the senior portfolio manager of Strathbridge and has over 48 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.

John D. Germain, Senior Vice-President, Chief Financial Officer and Director of Strathbridge, has been with Strathbridge since March 1997 and is responsible for the overall portfolio management with over 27 years of investment management experience. Prior to joining Strathbridge, he had been employed at Merrill Lynch Canada Inc. since 1992.

John P. Mulvihill Jr., Vice-President and Director of Strathbridge, has been with Strathbridge since April 2008. John’s primary focus is on the development and implementation of the firm’s various investment strategies within the Structured Products Group, while also assisting with product and business development in the High Net Worth division.

Jeff Dobson, Vice-President, joined Strathbridge 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 Strathbridge involved managing a portfolio comprised of equity options, their underlying stocks, as well as equity index derivatives.

Peggy Shiu, Vice-President and Chief Compliance Officer, has been with Strathbridge 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 Strathbridge since August 1998 and brings an extensive background in asset management with over 50 years of experience as an investment manager during which he spent considerable time working in the U.S. market.

The Custodian

RBC Investor Services Trust (the “Custodian”) is the custodian of the assets of the fund pursuant to a custodian agreement between the Custodian and Strathbridge (the “Custodian Agreement”). Pursuant to the terms of the Custodian Agreement, the assets of the fund may also be held by subcustodians.

RBC Investor Services Trust is also the valuation agent for the fund.

The Custodian or Strathbridge on behalf of the fund may terminate the Custodian Agreement upon at least 60 days’ written notice or immediately in certain other circumstances (i.e. either party is declared bankrupt or is reasonably likely to be insolvent, the assets or business of either party become liable to seizure or confiscation by any public or general authority or either party has reasonable concerns regarding the other party’s compliance with applicable laws). The Custodian Agreement also provides that it may be terminated by the Custodian if Strathbridge’s powers and authorities to act on behalf of or represent the fund have been revoked or terminated.

The address of the Custodian is 155 Wellington Street West, Toronto, Ontario, M5V 3L3.

The Custodian receives fees from the fund for acting as custodian as well as performing certain administrative services for the fund and is reimbursed for all disbursements and expenses which are properly incurred by the Custodian in connection with the activities of the fund.

Securities lending agent

The manager may appoint an agent (which will be the custodian of the fund, currently RBC Investor Services Trust) to act as the fund’s securities lending agent pursuant to a securities lending authorization agreement between Strathbridge, in its capacity as manager of the fund and the securities lending agent (the “Securities Lending Agreement”). In accordance with the Securities Lending Agreement, the securities lending agent will value the loaned securities and the collateral daily to ensure that the collateral is worth at least 102% of the value of the securities. Pursuant to the terms of the Securities Lending Agreement, the securities lending agent will also indemnify and hold harmless Strathbridge, on behalf of the fund from all losses, damages, liabilities, costs or expenses (including reasonable counsel fees and expenses but excluding consequential damages) suffered by Strathbridge or the fund arising from (a) the failure of the securities lending agent to perform any obligations under the Securities Lending Agreement or (b) any inaccuracy of any representation or warranty made by the securities lending agent in the Securities Lending Agreement. The manager will ensure that either party is entitled to terminate the Securities Lending Agreement by giving the other parties 30 days’ notice.

Auditor

The auditor of the fund is Deloitte LLP of Toronto, Ontario.

The auditor of the fund may only be changed with the approval of the IRC and upon providing unitholders of the fund with 60 days’ advance written notice in accordance with the provisions of the Declaration of Trust and as permitted by the CSA.

Registrar

SGGG Fund Services Inc., at its principal offices in Toronto, is the registrar of the fund. The register of the fund is kept in Toronto.

Promoter

Strathbridge is the promoter of the fund. Strathbridge received, and will receive, remuneration from, and in respect of, the fund as set out under the heading “Responsibility for operations of the fund”.

Fund governance

Policies, procedures, practices and guidelines

As manager of the fund, Strathbridge is responsible for the day-to-day management, administration and operation of the fund.

Strathbridge complies with National Instrument 81-105 – *Mutual Fund Sales Practices*. Strathbridge has adopted a Personal Trading Policy for employees that addresses potential internal conflicts of interest in respect of the fund. Under the policy, certain Strathbridge personnel are required to pre-clear certain personal securities transactions to enable monitoring of their trading activities to ensure Strathbridge personnel do not take advantage of information about the fund or potential trading activity of the fund.

Strathbridge has established policies, procedures, practices and guidelines designed to ensure the proper management of the fund, including as required by NI 81-107, policies and procedures relating to conflicts of interest.

Risk management is dealt with on a number of levels. The Declaration of Trust specifies that the fund must comply with the investment restrictions and practices outlined in applicable securities legislation, including NI 81-102. Strathbridge has established policies and guidelines relating to business practices, risk management controls and conflicts of interest. In addition, Strathbridge has its own code of ethics that addresses such things as personal trading by employees.

Strathbridge has policies and procedures in place relating to the detection of short-term and excessive trades in units of the fund by investors.

Compliance with the investment practices and investment restrictions mandated by securities legislation is monitored by Strathbridge on a regular basis.

Independent Review Committee

Strathbridge appointed an independent review committee, the governance agency for the fund as required by NI 81-107. The members of the IRC are independent from Strathbridge and currently consists of 3 members. The IRC must act in the best interests of the fund’s unitholders.

The name and municipality of residence of each of the members of the IRC is as follows:

<u>Name</u>	<u>Municipality of Residence</u>
R. PETER GILLIN	Toronto, Ontario
MICHAEL M. KOERNER	Toronto, Ontario
ROBERT G. BERTRAM ⁽¹⁾	Aurora, Ontario

Note:

(1) Chair of the IRC.

The mandate of the IRC is to:

- (a) review a conflict of interest matter, including any related policies and procedures, referred to it by Strathbridge and make recommendations to Strathbridge regarding whether the proposed action of Strathbridge in respect of the conflict of interest matter achieves a fair and reasonable result for the fund;
- (b) consider and approve, if deemed appropriate, Strathbridge's decision on a conflict of interest matter that Strathbridge refers to the IRC for approval; and
- (c) perform such other duties and provide such other recommendations and approvals as may be permitted under applicable securities laws.

NI 81-107 also requires that Strathbridge have policies and procedures related to conflicts of interest.

Each member of the IRC receives a fee for attending each meeting of the IRC and each meeting held for education or information purposes, as well as an annual retainer and is reimbursed for reasonable expenses incurred.

Proxy voting policies and procedures

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) 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.

(e) Constatng Documents

The fund will generally vote for changes to constating 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 Strathbridge or an entity related thereto, on the one hand, and the interests of unitholders, on the other.

The fund has retained ISS Governance Services, a subsidiary of RiskMetrics Group to administer and implement the Proxy Guidelines for the fund.

The Proxy Guidelines are available upon request at no cost by calling toll-free at 1-800-725-7172 or by e-mail at info@strathbridge.com.

The fund maintains annual proxy voting records for the period beginning July 1 and ending June 30 of each year. These records are available after August 31 of each year at no cost by calling toll-free at 1-800-725-7172 or on Strathbridge's website at www.strathbridge.com.

Voting rights and fund-of-fund investments

The fund will invest in certain exchange-traded funds. If a unitholder meeting is called for an Underlying Fund that is managed by Strathbridge or an affiliate, you may be provided with the voting rights that come with the units of the Underlying Fund and we will not vote the units of the Underlying Fund. If a unitholder meeting is called for an Underlying Fund that is not managed by Strathbridge or an affiliate, we will exercise our discretion with respect to those voting rights in a manner that is consistent with the Proxy Guidelines.

Brokerage arrangements

In evaluating the broker's capability to provide best execution, the manager considers the broker's financial responsibility, the broker's responsiveness, the commission rate involved and the range of services offered by the broker.

There are no ongoing contractual arrangements with any brokers with respect to securities transactions.

In addition to order execution goods and services, dealers or third parties may provide research goods and services, which include: (a) advice as to the value of securities and the advisability of effecting transactions in securities; and (b) analyses and reports concerning securities, issuers, industries, portfolio strategy or economic or political factors and trends that may have an impact on the value of securities. Such goods and services may be provided by the executing dealer directly (known as proprietary research) or by a party other than the executing dealer (known as third party research).

In the event of the provision of a good or service that contains an element that is neither research goods and services nor order execution goods and services ("mixed-use goods and services"), brokerage commissions will only be used to pay for such goods and services which would qualify as either research goods and services or order execution goods and services. The manager will pay for the remainder of the costs of such mixed-use goods or services.

The portfolio managers make a good faith determination the portfolio, on whose behalf it directs to a dealer any brokerage transactions involving client brokerage commissions in return for research and order execution goods and services, receives reasonable benefit, considering both the use of the goods and services and the amount of brokerage commissions paid.

There are policies and procedures in place to ensure that, over a reasonable period of time, all clients receive a fair and reasonable benefit in return for the commissions generated.

For a list of any other dealer, broker or third party which provides research goods and services and/or order execution goods and services, at no cost, unitholders can contact us at 1-800-725-7172 or info@strathbridge.com.

Reporting to unitholders

The fund's fiscal year is the calendar year or such other fiscal period permitted under the Tax Act as the fund may elect. Strathbridge will make available to unitholders such financial statements and other continuous disclosure documents as are required by applicable law, including (i) unaudited interim and audited annual financial statements of the fund, prepared in accordance with International Financial Reporting Standards and (ii) interim and annual management reports of fund performance in respect of the fund.

Any tax information necessary for unitholders to prepare their annual federal income tax returns will be distributed to them within 90 days after the end of the financial year of the fund.

Strathbridge will keep adequate books and records reflecting the activities of the fund. A unitholder or his or her duly authorized representative has the right to examine the books and records of the fund during normal business hours at the registered office of the manager. Notwithstanding the foregoing, a unitholder shall not have access to any information that, in the opinion of the manager, should be kept confidential in the interests of the fund.

INCOME TAX CONSIDERATIONS

The following summarizes the principal Canadian federal income tax considerations generally applicable to the fund and its Canadian resident unitholders who are individuals (other than trusts) who hold their units as capital property, and deal at arm's length and are not affiliated with the fund. This summary assumes that no unitholder of the fund has entered or will enter into a "derivative forward agreement", as that term is defined in the Tax Act with respect to fund units.

The summary is based on the current provisions of the Tax Act and the regulations made under the Tax Act (the "Regulations"), proposals to amend the Tax Act or the Regulations publicly announced by the Minister of Finance (Canada) before the date hereof (the "Tax Proposals") and the current published administrative practices and assessing policies of the Canada Revenue Agency. It has been assumed that the Tax Proposals will be enacted as proposed and that there is no other relevant amendment of any governing law. However, no assurance can be given in this respect.

This summary is not exhaustive of all possible income tax considerations. This summary does not take into account provincial, territorial or foreign tax laws, which might differ from the federal considerations. Prospective purchasers of units are advised to consult their own tax advisors about their particular circumstances.

This summary is also based on the assumptions that: (i) none of the issuers of securities held by the fund will be a foreign affiliate of the fund or any unitholder; (ii) none of the securities held by the fund will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act; (iii) none of the securities held by the fund will be an interest in a trust (or a partnership which holds such an interest) which would require the fund (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.1 or 94.2 of the Tax Act, or an interest in a non-resident trust other than an "exempt foreign trust" as defined in the Tax Act; and (iv) the fund will not enter into any arrangement where the result is a dividend rental arrangement for the purposes of the Tax Act.

Tax status of the fund

This summary is based on the assumptions that the fund has qualified and will continue to qualify at all relevant times as a "mutual fund trust" within the meaning of the Tax Act. To qualify as a mutual fund trust, (a) the fund must be a Canadian resident "unit trust" for purposes of the Tax Act; (b) 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 (c) the fund must comply with certain minimum requirements respecting the ownership and dispersal of units.

If the fund were not to qualify as a mutual fund trust at all relevant 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 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.

The fund will distribute its net income and net realized capital gains, if any, for each taxation year of the fund to its unitholders to such an extent that the fund will not be liable in any taxation year for ordinary

income tax (after taking into account any applicable losses of the fund and any capital gains refunds to which the fund is entitled).

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.

If the fund invests in another fund (an “Underlying Fund”) that is a Canadian resident trust other than a SIFT trust (as defined in the Tax Act), the Underlying Fund may designate a portion of amounts that it distributes to the fund as may reasonably be considered to consist of: (i) taxable dividends (including eligible dividends) received by the Underlying Fund on shares of taxable Canadian corporations; and (ii) net taxable capital gains realized by the Underlying Fund. Any such designated amounts will be deemed for tax purposes to be received or realized by the fund as a taxable dividend or taxable capital gain, respectively. An Underlying Fund that pays foreign withholding tax may make designations such that the fund may be treated as having paid its share of such foreign tax.

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, and are sufficiently linked with, 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 has purchased the portfolio with the objective of earning dividends over the life of the fund, will write covered call options with the objective of increasing the yield on the portfolio beyond the dividends received on the portfolio and will write cash-covered put options to increase returns and to reduce the net cost of purchasing securities upon the exercise of put options. Thus, having regard to the foregoing and in accordance with the Canada Revenue Agency’s published administrative practice, option transactions undertaken by the fund in respect of securities in the 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 may 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.

Tax status of unitholders

Unitholders must include in income the net income and the taxable portion of net realized capital gains, if any, payable to them in a year by the fund (including management fee distributions), whether paid in cash or by reinvestment in additional units. To the extent that distributions (including any management fee distributions) to a unitholder by the fund in any year exceed that unitholder's share of the net income and the net realized capital gains of the fund, such distributions will be a return of capital and will not be taxable but will reduce the adjusted cost base of the unitholder's units. If the adjusted cost base of a unitholder's units is reduced to less than zero, the unitholder will be deemed to realize a capital gain to the extent of the negative amount and the adjusted cost base of the units will be increased to nil. When a unitholder acquires units of the fund, the NAV of the units may reflect amounts on account of accrued but undistributed income, realized but undistributed capital gains or unrealized capital gains. When these amounts are distributed to unitholders, they must be included in the unitholder's income even though they accrued to the fund prior to the time that the unitholder acquired units of the fund.

The fund will make designations, to the extent permitted by the Tax Act, such that taxable capital gains, taxable dividends from taxable Canadian corporations and foreign source income, if any, will retain their character in the hands of unitholders for tax purposes. An enhanced dividend tax credit is available for certain eligible dividends received from Canadian corporations. Unitholders will be deemed, for foreign tax credit purposes, to have paid their proportionate share of foreign taxes on any such foreign income.

Upon a disposition of a unit of the fund, unitholders will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base of their unit at such time plus any costs of disposition. A reclassification of units from one class of the fund to another class of the fund will not result in a disposition of the units that have been reclassified. Generally, unitholders must include one-half of a capital gain in computing income and may deduct one-half of a capital loss incurred from taxable capital gains. Capital gains and taxable dividends realized by an individual may give rise to an alternative minimum tax.

If you sell your units of the fund for a capital loss and you, your spouse or a person affiliated with you (including a corporation that you own) has bought units of the fund within 30 days before or after you sell your units, such loss may not be deductible by you against your capital gains. In such case, the amount of such loss is added to the adjusted cost base of the newly acquired units.

Each unitholder will be provided with transaction statements and annual tax information slips reporting income, return of capital, and net realized capital gains distributions needed to complete the unitholder's income tax returns.

Tax sheltered 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 is a "registered investment" under the Tax Act, units of the fund will be "qualified investments" under the Tax Act for trusts governed by Registered Plans.

However, you may be subject to a penalty tax if the units are "prohibited investments" for the purpose of a Registered Plan as set out in the Tax Act.

Investors who choose to purchase units of the fund through a Registered Plan should consult their own tax advisors regarding the tax treatment of contributions to, and acquisitions of property by, such Registered Plans or whether units of the fund would be prohibited investments under the Tax Act in their particular circumstances.

Exchange of tax information

The fund is required to comply with due diligence and reporting obligations imposed under amendments to the Tax Act that implemented the Canada-United States Enhanced Tax Information Exchange Agreement. Dealers through which unitholders hold their units are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Unitholders (and, if applicable, the controlling person(s) of a unitholder) may be requested to provide information to their dealer to identify U.S. persons holding the units. If a unitholder, or its controlling person(s), is a "Specified U.S. Person" (including a U.S. citizen who is a resident of Canada) or if a unitholder does not provide the requested information and indicia of U.S. status are present, Part XVIII of the Tax Act will generally require information about the unitholder's investments held in the financial account maintained by the dealer to be reported to the Canada Revenue Agency, unless the investments are held within a registered plan. The Canada Revenue Agency will then provide that information to the U.S. Internal Revenue Service.

In addition, reporting obligations in the Tax Act have been enacted to implement the Organization for Economic Co-operation and Development Common Reporting Standard (the "CRS Rules"). Pursuant to the CRS Rules, Canadian financial institutions are required to have procedures in place to identify accounts held by residents of foreign countries other than the U.S. ("Reportable Jurisdictions") or by certain entities any of whose "controlling persons" are residents of Reportable Jurisdictions. The CRS Rules provide that Canadian financial institutions must report certain account information and other personal identifying details of unitholder (and, if applicable, of the controlling persons of such securityholders) who are residents of Reportable Jurisdictions to the Canada Revenue Agency annually. Such information would generally be exchanged on a reciprocal, bilateral basis with Reportable Jurisdictions in which the account holders or such controlling persons are resident under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Under the CRS Rules, unitholders will be required to provide such information regarding their investment in the fund to their dealer for the purpose of such information exchange, unless the investment is held within a registered plan.

OTHER MATERIAL INFORMATION

Principal holders of securities

As at August 31, 2021, Mulvihill Capital Inc. owned all of the issued and outstanding shares of Strathbridge.

Except as stated below, as at August 31, 2021, no person or company owns of record or, to the knowledge of the fund or Strathbridge, beneficially, directly or indirectly, more than 10% of the outstanding units of any series of the fund.

Name	Type of Ownership	Number of Units Owned	Series	Percentage of Outstanding units of each Series
Individual Investor A*	Record & Beneficial	539,047.0666	I	45.51%
Individual Investor B*	Record & Beneficial	148,141.9478	I	12.51%

* To protect the privacy of individual investors, we have omitted the name of the individual investor. This information is available on request by contacting us at the telephone number on the back cover of this annual information form.

As at August 31, 2021, IRC members, in aggregate, did not own more than 10%, directly or indirectly, of the units of any class of the fund. As at August 31, 2021, IRC members did not own any securities of Strathbridge or a service provider to the fund or Strathbridge.

Termination of the fund

The fund was established and is governed by the Declaration of Trust. The fund will continue until terminated by the trustee of the fund. Subject to applicable securities laws and regulations, the trustee is empowered to take all steps necessary to effect the termination of the fund.

Material contracts

The material contracts of the fund are listed below:

- (a) the Declaration of Trust; and
- (b) the Custodian Agreement.

Copies of the material contracts listed above are available for inspection at the head office of Strathbridge during normal business hours.

REMUNERATION OF DIRECTORS, OFFICERS AND IRC

No remuneration, fees or reimbursement of expenses is paid by the fund to the directors or officers of Strathbridge. Strathbridge, in its capacity as manager of the fund, is entitled to receive a management fee set out in the simplified prospectus of the fund.

Each member of the IRC is entitled to receive an annual retainer of \$25,000 for all funds managed by Strathbridge and \$300 per meeting of the IRC, prorated across the funds. Each member of the IRC will also be reimbursed for expenses in connection with performing his or her duties in this regard.

CERTIFICATE OF THE FUND, MANAGER AND PROMOTER OF THE FUND

Date: September 17, 2021

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each of the provinces and territories of Canada and do not contain any misrepresentations.

“John P. Mulvihill”

John P. Mulvihill
Chief Executive Officer
Strathbridge Asset Management Inc., in its
capacity as the manager of the fund

“John D. Germain”

John D. Germain
Chief Financial Officer
Strathbridge Asset Management Inc., in its
capacity as the manager of the fund

On behalf of the Board of Directors of Strathbridge Asset Management Inc.,
as manager and promoter of the fund

“John P. Mulvihill”

John P. Mulvihill
Director

“John D. Germain”

John D. Germain
Director

“John P. Mulvihill (Jr.)”

John P. Mulvihill (Jr.)
Director

MULVIHILL PREMIUM YIELD FUND

Class A, Class UA, Class F and Class UF mutual fund units

Managed by:

Strathbridge Asset Management Inc.
121 King Street West, Suite 2600
P.O. Box 113
Toronto, Ontario M5H 3T9
www.strathbridge.com
1-800-725-7172
info@strathbridge.com

Additional information about the fund is available in the fund's Fund Facts, management reports of fund performance and financial statements.

You can get a copy of the fund's fund facts, financial statements and management reports of fund performance, at no cost, by calling 1-800-725-7172 or from your registered investment professional or on our website at www.strathbridge.com.

These documents and other information about the fund, such as information circulars and material contracts, are also available at www.sedar.com.