

Annual Information Form

SIXTY PLUS INCOME TRUST

March 31, 2008

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The Trust

Sixty Plus Income Trust (the “Trust”) is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of January 27, 1999, as amended (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 investment manager of the Trust. The Trust operates under the name “Mulvihill Premium 60 Plus Fund”.

The principal office of the Trust, of Mulvihill and of MCM is located at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9. The phone number, website address and e-mail address of Mulvihill is (416) 681-3900 or toll-free at 1-800-725-7172, www.mulvihill.com and hybrid@mulvihill.com.

Initial Public Offering

On February 8, 1999, the Trust completed its initial public offering of 4,000,000 units (“Units”) at a price of \$25.00 per Unit for aggregate gross proceeds of \$100,000,000. On February 25, 1999, the Trust completed an additional offering of 360,000 Units for additional gross proceeds of \$9,000,000 pursuant to the exercise of an over-allotment option granted to the Trust’s agents in the Trust’s initial public offering. The Trust’s Units are listed on the Toronto Stock Exchange (“TSX”) under the symbol SIX.UN.

Investment Objectives and Strategy

Investment Objectives

The Trust’s investment objectives are:

- (i) to provide holders (the “Unitholders”) of Units of the Trust with a stable stream of quarterly distributions of at least \$0.50 per Unit (\$2.00 per annum); and
- (ii) to return the original issue price of the Units (\$25.00 per Unit) to Unitholders upon termination of the Trust on January 1, 2009 (the “Termination Date”).

Investment Strategy

The Trust intends to achieve its investment objectives by investing in a diversified portfolio (the “Portfolio”) consisting principally of common shares issued by corporations selected from the S&P/TSX 60 Index. The Trust may also, from time to time, invest up to 20% of the cost amount of its assets in (i) common shares issued by the top 60 corporations selected on the basis of market capitalization from the S&P 100 Index (the “S&P Universe”) or (ii) American Depositary Receipts (“ADRs”) of the top 60 corporations selected on the basis of market capitalization whose ADRs are trading on the New York Stock Exchange or NASDAQ (the “ADR Universe”).

To generate additional returns above the dividend income earned on the Portfolio, the Trust will, from time to time, write covered call options in respect of all or part of the securities in the Portfolio.

The Trust may, from time to time, hold a portion of its assets in cash equivalents. The Trust may also, from time to time, utilize such cash equivalents to provide cover in respect of the writing of cash covered put options which is intended to generate additional returns and to reduce the net cost of acquiring the securities subject to the put options. Cash covered put options will only be written in respect of securities in which the Trust is permitted to invest.

The composition of the Portfolio, the securities that are subject to call options and put options and the terms of such options will vary, from time to time, based on MCM’s assessment of market conditions.

Status of the Trust

While the Trust is technically considered to be a mutual fund under the securities legislation of certain provinces of Canada, the Trust is not a conventional mutual fund and has been exempted from certain requirements of Canadian securities laws relating to mutual funds.

The Trust differs from a conventional mutual fund in a number of respects, most notably as follows: (i) while the Units may be surrendered at any time for redemption, the redemption price is payable monthly whereas the securities of most conventional mutual funds are redeemable daily; (ii) the Units have a stock exchange listing whereas the securities of most conventional mutual funds do not; and (iii) unlike most conventional mutual funds, the Units are not offered on a continuous basis.

Description of the Units

The Trust 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 Trust.

All Units have equal rights and privileges. 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 Trust, including distributions of net income and net realized capital gains, and distributions upon the termination of the Trust. 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.

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 “Acts 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 Ontario. The Trust is a reporting issuer under the *Securities Act* (Ontario) and it is governed by the laws of Ontario by virtue of the provisions of the Trust Agreement.

The Trust does not currently intend to issue additional Units, except on reinvestment of distributions, by way of rights offerings to existing Unitholders or with the approval of Unitholders.

Distributions

The Trust will endeavour to make quarterly distributions to Unitholders of at least \$0.50 per Unit (\$2.00 per annum) on the last day of each quarter in each year (a “distribution date”). However, there can be no assurance that the Trust will be able to make distributions at such rate.

The amount of distributions in any particular calendar quarter will be determined by Mulvihill, as manager, having regard to the investment objectives of the Trust, the net income and net realized capital gains of the Trust during the calendar quarter and in the year to date, the net income and net realized capital gains of the Trust anticipated in the balance of the year and distributions made in previous calendar quarters.

If in any year after such distributions there would otherwise remain in the Trust additional net income or net realized capital gains, the Trust intends on December 31 of that year to make a special distribution of such portion of the remaining net income and net realized capital gains as is necessary to ensure that the Trust will not be liable for income tax thereon under the *Income Tax Act* (Canada) (the “Tax Act”), except to the extent that any tax payable on net realized capital gains of the Trust for a year that are retained by the Trust would be recoverable by it in such year.

Distributions are payable to Unitholders of record at 5:00 p.m. (Toronto time) on the distribution date. All distributions not reinvested pursuant to the Trust’s distribution reinvestment plan are paid by cheque to Unitholders

proportionately based on their respective holdings of Units and are mailed to Unitholders at their addresses listed in the register of Unitholders to be maintained by the Trust's registrar and transfer agent or paid in such other manner as may be agreed to by the Trustee.

Each Unitholder is 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 Trust in respect of the preceding taxation year of the Trust.

Distribution Reinvestment Plan

Under the Trust's distribution reinvestment plan (the "Plan"), a Unitholder may elect to reinvest distributions received from the Trust in additional Units by notifying the Trust's transfer agent that the Unitholder wishes to participate in the Plan. All distributions will be automatically reinvested on behalf of those Unitholders electing to participate in the Plan.

Distributions payable to participants in the Plan (the "Participants") will be paid to Computershare Trust Company of Canada in its capacity as agent under the Plan (the "Plan Agent") and applied to purchase Units. Such purchases will either be made from the Trust through the purchase of new Units or in the market. If the 20 day weighted average trading price of a Unit on the TSX for the 20 trading days preceding the Distribution Date (or, if the Distribution Date is not a business day, on the last business day before the Distribution Date) plus applicable commissions or brokerage charges (collectively, the "Market Price") is less than the NAV (as defined below) per Unit as at that date, the Plan Agent will apply the distribution to purchase Units in the market. If the Market Price of the Units on the applicable distribution date is greater than the NAV per Unit, the Plan Agent will apply the distribution to purchase Units from the Trust through the issue of new whole Units at a price per Unit equal to the greater of (i) NAV per Unit on the distribution date; and (ii) 95% of such Market Price on the distribution date.

Purchases in the market will be made during the 15 business day period next following the distribution date at such times as the Market Price of the Units is less than the NAV per Unit as at the distribution date. Upon the expiration of such period, the unused part, if any, of the distribution attributable to the Participants will be used to purchase Units from the Trust on the basis set forth above. The Units purchased in the market or from the Trust will be allocated to the Participants in proportion to their share of the distribution. The Plan Agent will furnish to each Participant a report of the Units purchased for the Participant's account in respect of each distribution and the cumulative total of all Units purchased for that account. The Plan Agent's charges for administering the Plan will be paid by the Trust. The reinvestment of distributions under the Plan will not relieve participants of any income tax applicable to such distributions.

Participants may terminate their participation in the Plan at any time by written notice to the Plan Agent and thereafter distributions payable to such Participants will be made in cash. The Trustee may terminate the Plan, in its sole discretion, upon not less than thirty days' notice to the Participants.

Redemption of Units

Units may be surrendered at any time for redemption to Computershare Investor Services Inc., the Trust's registrar and transfer agent, but will be redeemed only on the monthly Valuation Date (as defined below). Units surrendered for redemption by a Unitholder at least five business days prior to the last day of a month (a "Valuation Date") will be redeemed on such Valuation Date and the Unitholder will receive payment on or before the fifteenth day following such Valuation Date (the "Redemption Payment Date"). If a Unitholder makes such surrender after 5:00 p.m. (Toronto time) on the fifth business day immediately preceding a Valuation Date, the Units will be redeemed on the Valuation Date in the following month and the Unitholder will receive payment for the Units on the Redemption Payment Date in respect of such Valuation Date.

Unitholders whose Units are redeemed on the December Valuation Date in each year will be entitled to receive a redemption price per Unit (the "Unit Redemption Price") equal to the NAV per Unit determined as of such Valuation Date. Unitholders whose Units are redeemed on any other Valuation Date will be entitled to receive a redemption price per Unit equal to the NAV per Unit determined as of such other Valuation Date, less the lesser of

(i) 4% of the NAV per Unit as of such other Valuation Date and (ii) \$1.00. Any unpaid distribution payable on or before a Valuation Date in respect of Units tendered for redemption on such Valuation Date will also be paid on the 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 “Book-Entry Only System”. Such surrender will be irrevocable upon the delivery of notice to CDS Clearing and Depository Services Inc. (“CDS”) through a participant in the CDS book-based system (a “CDS Participant”), except with respect to those Units which are not redeemed by the Trust on the relevant Redemption Payment Date.

Resale of Units Tendered for Redemption

The Trust has entered into an agreement (the “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 Valuation Date, provided that the holder of the Units so tendered has not withheld consent thereto. The Trust may, but is not obligated to, require the Recirculation Agent to seek such purchasers but may elect to do so. In such event, the amount to be paid to the Unitholder on the Redemption Payment Date will be an amount equal to the proceeds of the sale of the Units less any applicable commission. Such amount will not be less than the Unit Redemption Price described above.

Subject to the Trust’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 Valuation Date, any and all Units which have been surrendered to the Trust for redemption are deemed to be outstanding until (but not after) the close of business on the relevant Valuation 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 the TSX; or (ii) with the prior permission of the Ontario Securities Commission, for any period not exceeding 120 days during which Mulvihill determines that conditions exist which render impractical the sale of assets of the Trust or which impair the ability of the Trustee to determine the value of the assets of the Trust. 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 holders of Units 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 Valuation 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 Trust, any declaration of suspension made by Mulvihill shall be conclusive.

Purchase for Cancellation

The Trust may at any time or times purchase Units for cancellation at prices not exceeding the NAV per Unit on the Valuation Date immediately prior to such purchase.

Book-Entry Only System

Registration of interests in and transfers of the Units are made only through the book-entry only system administered by CDS (the “book-entry only system”). Units must be purchased, transferred and surrendered for redemption through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation. References in this annual information form to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

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

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 his intention to exercise his 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 Trust'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 his Units for redemption and appointed such CDS Participant to act as his 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 Trust to the CDS Participant or to the owner.

The Trust has the option to terminate registration of the Units through the book-entry only system in which case certificates for Units in fully registered form would be issued to beneficial owners of such Units or to their nominees.

Unitholder Matters

Acts Requiring Unitholder Approval

The following matters require the approval of Unitholders by a two-thirds majority vote (other than items (iii), (vi), (vii), (viii) and (ix) 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 and strategy of the Trust as described under "Investment Objectives" and "Investment Strategy" other than a change in the indices from which the Trust is permitted to select its investments as a result of either the TSX or Standard & Poor's no longer calculating and disseminating the S&P/TSX 60 Index or the S&P 100 Index, respectively. In such event, the Manager may, in its sole discretion, without any Unitholder approval, replace either index with an equivalent or substitute index;
- (ii) a change in the investment criteria of the Trust as described under "Investment Restrictions";
- (iii) the entering into by the Trust of transactions involving derivatives other than the writing of covered call options or cash covered put options, the purchase of call options or put options and the entering into of trades by the Trust to close out positions in such derivatives, the purchase of put options to protect the Trust from declines in the market prices of individual securities in the Portfolio or in the value of the Portfolio as a whole and the use of derivatives permitted under National Instrument 81-102 – *Mutual Funds* ("NI 81-102") to hedge the Trust's foreign exchange exposure;
- (iv) any change in the basis of calculating fees or other expenses that are charged to the Trust which could result in an increase in charges to the Trust;
- (v) a change of the manager of the Trust, 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 Trust, other than a change resulting in an affiliate of such person assuming such position;
- (vi) a decrease in the frequency of calculating the NAV per Unit or of redeeming Units;
- (vii) a change of the auditors of the Trust;
- (viii) a reorganization with, or transfer of assets to, another mutual fund, if:
 - (a) the Trust ceases to continue after the reorganization or transfer of assets; and
 - (b) the transaction results in Unitholders becoming securityholders in the other mutual fund;

- (ix) a reorganization with, or acquisition of assets of, another mutual fund, if:
 - (a) the Trust continues after the reorganization or acquisition of assets;
 - (b) the transaction results in securityholders of the other mutual fund becoming Unitholders of the Trust; and
 - (c) the transaction would be a material change to the Trust;
- (x) a termination of the Investment Management Agreement (except as described under “Investment Management Agreement”);
- (xi) a termination of the Trust prior to the Termination Date or an extension of the Trust beyond the Termination Date; and
- (xii) an amendment, modification or variation in the provisions or rights attaching to the Units.

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 Trust;
- (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 NI 81-102 or other 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 Trust 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 Trust will deliver to each Unitholders annual and semi-annual financial statements of the Trust.

Investment Restrictions

The Trust is subject to certain investment criteria that, among other things, limit the common shares and other securities the Trust may acquire to comprise the Portfolio. The Trust’s investment criteria may not be changed without the approval of Unitholders by a two-thirds majority vote at a meeting called for such purpose. The Trust’s investment criteria provide that the Trust may not:

- (a) except as provided in paragraphs (b) and (d), purchase securities of an issuer unless such securities are common shares selected from the S&P/TSX 60 Index or the S&P Universe or are ADRs selected from the ADR Universe;
- (b) purchase debt securities unless such securities are cash equivalents;
- (c) write a call option in respect of any security unless such security is actually held by the Trust at the time the option is written;
- (d) dispose of any security included in the Portfolio that is subject to a call option written by the Trust unless such option has either terminated or expired;
- (e) write put options in respect of any security unless, so long as the options are exercisable, the Trust continues to hold cash equivalents sufficient to acquire the securities underlying the options at the aggregate strike price of such options;
- (f) reduce the total amount of cash equivalents held by the Trust to an amount less than the aggregate strike price of all outstanding put options written by the Trust;
- (g) purchase call options or put options except as specifically permitted under NI 81-102; or
- (h) at any time hold more than 20% of its property, by cost amount (or such amount as may, from time to time, render the Units “foreign property” under the Tax Act or, if the Trust is a registered investment within the

meaning of the Tax Act, render it liable to tax under Part XI of the Tax Act, in assets which are “foreign property” as defined for the purposes of the Tax Act.

In addition, but subject to these investment criteria, the Trust has adopted the standard investment restrictions and practices set forth in NI 81-102 (as it may be amended from time to time). A copy of such standard investment restrictions and practices will be provided by the Manager to any person on request.

The Trust obtained an exemption from certain of the provisions of National Policy Statement No. 39, including section 11.05, to permit the Trust to calculate its NAV once each week.

Use of Other Derivative Instruments

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 Trust may purchase call options and put options with the effect of closing out existing call options and put options written by the Trust. The Trust may also purchase put options in order to protect the Trust from declines in the market prices of the individual securities in the Portfolio or in the value of the Portfolio as a whole. The Trust may enter into trades to close out positions in such permitted derivatives.

The Trust may also use derivatives permitted under NI 81-102 to hedge the Trust’s foreign currency exposure. Such permitted derivatives may include clearing corporation options, futures contracts, options on futures, over-the-counter options and forward contracts.

Calculation of Net Asset Value and Net Asset Value per Unit

The NAV of the Trust on a particular date will be equal to the aggregate value of the assets of the Trust, less the aggregate value of the liabilities of the Trust, including any income, net realized capital gains and other amounts payable to Unitholders on or before such date. The “NAV per Unit” on any day is obtained by dividing the NAV of the Trust on such day by the number of Units outstanding on that day.

The NAV per Unit will be calculated once each week at the close of business. In the last week of the month, the NAV per Unit will be calculated on the last day of the month at the close of business. Such information will be provided by Mulvihill to Unitholders on request.

In determining the NAV of the Trust at any time:

- (i) the value of common shares and other securities will be the last board lot sale price of such common shares or other securities on the principal stock exchange on which they are traded prior to the determination of the NAV of the Trust or if no such sale price is available at that time, the closing price quoted for the security but if bid and ask quotes are available, at the average of the bid and the asked price, rather than the quoted closing price;
- (ii) where a covered clearing corporation option, option on futures or over-the-counter option is written, the option premium received by the Trust will, so long as the option is outstanding, be reflected as a deferred credit which will be valued at an amount equal to the current market value of an option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV;
- (iii) the value of any cash on hand or on deposit, 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 asset 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 fair value thereof;
- (iv) the value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless “daily limits” are in effect, in which case fair value shall be based on the current market value of the underlying interest;
- (v) 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;

- (vi) notes, money market instruments and other debt securities shall be valued by taking the bid price at the calculation time;
- (vii) if a Valuation Date is not a business day, then the securities comprising the Portfolio and other Trust property will be valued as if such Valuation Date was the preceding business day;
- (viii) the value of all assets of the Trust quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable to the Trust in foreign currency and the value of all liabilities and contractual obligations payable by the Trust in foreign currency shall be determined using the applicable rate of exchange current at, or as nearly as practicable to, the date as of which the NAV is computed; and
- (ix) if an investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Trustee to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Trustee shall make such valuation as it considers fair and reasonable. The discretion to deviate from the foregoing rules has not been exercised within the past three years.

The Canadian Institute of Chartered Accountants (“CICA”) has issued new accounting rules on financial instruments outlined in Section 3855 Financial Instruments — *Recognition and Measurement* of the handbook of CICA that require the Trust to value for financial statement reporting purposes the securities in its portfolio at fair value from and after January 1, 2007. As a result, the Trust will for financial statement reporting purposes calculate the value of its listed equity portfolio securities based on the latest available bid price rather than the closing price. As permitted by Canadian Securities Administrators, the Trust will continue to value its portfolio securities for retraction and redemption price purposes using the closing price.

Responsibility for Operations

The Manager

Pursuant to the Trust Agreement, Mulvihill is the manager of the Trust and, as such, is responsible for providing or arranging for required administrative services to the Trust including, without limitation: authorizing the payment of operating expenses incurred on behalf of the Trust; preparing financial statements and financial and accounting information as required by the Trust; 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 Trust complies with regulatory requirements and applicable stock exchange listing requirements; preparing the Trust’s reports to Unitholders and the Canadian securities regulatory authorities; providing the Trustee with information and reports necessary for it to fulfill its fiduciary responsibilities; determining the amount of distributions to be made by the Trust; and negotiating contractual agreements with third-party providers of services, including registrars, transfer agents, auditors and printers.

Mulvihill is a wholly-owned subsidiary of MCM.

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 Trust upon 60 days’ notice to the Trust and to the 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 and will be reimbursed for all reasonable costs and expenses incurred by Mulvihill on behalf of the Trust. In addition, Mulvihill and each of its directors, officers, employees and agents will be indemnified by the Trust 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.

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 Trust) or from engaging in other activities.

The Investment Manager

MCM will manage the Trust's investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Trust pursuant to an investment management agreement (the "Investment Management Agreement") made between Mulvihill as manager and on behalf of the Trust and MCM dated January 27, 1999.

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. During 1995, MCM also established a wealth management division headed by John H. Simpson, who joined the firm from Fidelity Investments Canada Limited.

Investment Management Agreement

The services to be provided by MCM pursuant to the Investment Management Agreement will include making all investment decisions for the Trust and managing the call option writing and put option writing of the Trust, all in accordance with the investment objectives, strategy and criteria of the Trust. 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 Trust 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 which is fair and reasonable to the Trust, to act honestly and in good faith with a view to the best interests of the Unitholders of the Trust 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 Trust, 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 Trust on the Termination Date. 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 Trust.

Except as set out below, MCM may not terminate the Investment Management Agreement or assign the same except to an affiliate of MCM, without Unitholder approval. MCM may terminate the Investment Management Agreement if the Trust 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 Trust.

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 and will be reimbursed for all reasonable costs and expenses incurred by MCM on behalf of the Trust. In addition, MCM and each of its directors, officers, employees and agents will be indemnified by the Trust 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 and provided the Trust has reasonable grounds to believe the action or inaction that gave rise to such claim was in the best interests of the Trust.

The Advisory Board

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

<u>Name and Municipality of Residence</u>	<u>Principal Occupation</u>
John P. Mulvihill Toronto, Ontario	Chairman, President, Chief Executive Officer, Secretary and Treasurer, MCM
Michael M. Koerner ⁽¹⁾ Toronto, Ontario	Corporate Director
Robert W. Korthals ⁽¹⁾ Toronto, Ontario	Corporate Director
C. Edward Medland ⁽¹⁾ Toronto, Ontario	President, Beauwood Investments Inc. (private investment company)
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 advisors have held the principal occupations noted opposite their respective names, or other occupations with their current employer or a predecessor company. The independent advisors 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 Trust.

Each of the advisors, other than Mr. Koerner and Ms. Szela, has served as an advisor since the Trust's initial public offering. Mr. Koerner became an advisor on June 16, 2000. Ms. Szela became an advisor on November 22, 2004. Each advisor has been appointed by the Manager and will serve until his or her successor is appointed.

Independent Review Committee

National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("NI 81-107") requires all publicly offered investment funds, including the Trust, to establish an independent review committee to whom the manager of the fund must refer all conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the manager to establish written policies and procedures for dealing with conflict of interest matters, maintain records in respect of those matters and provide assistance to the independent review committee in carrying out its functions. The independent review committee is required to conduct regular assessments and provide reports to the manager and Unitholders in respect of its activities.

The members of the independent review committee (the “IRC”) of the Trust and other Mulvihill funds are Michael M. Koerner, Robert W. Korthals and C. Edward Medland. Between November 1, 2007, when the IRC became operational, and December 31, 2007, \$238.33 (excluding Goods and Services Tax) was paid or is payable by the Trust to each member of the IRC.

Trustee and Custodian

RBC Dexia Investor Services Trust is the trustee of the Trust and acts as custodian of the assets of the Trust under the Trust Agreement. Pursuant to the terms of the Trust Agreement, the assets of the Trust may also be held by subcustodians.

The Trustee is responsible for certain aspects of the day-to-day administration of the Trust as described in the Trust Agreement, including executing instruments on behalf of the Trust, processing retractions or redemptions, calculating NAV, net income and net realized capital gains of the Trust and maintaining the books and records of the Trust.

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 Trust 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 address of the Trustee is 77 King Street West, 11th Floor, Royal Trust Tower, Toronto-Dominion Centre, Toronto, Ontario, M5W 1P9.

The Trustee receives fees from the Trust for acting as trustee and custodian of the assets of the Trust and performing certain administrative services under the Trust Agreement and is reimbursed for all expenses and liabilities which are properly incurred by the Trustee in connection with the activities of the Trust.

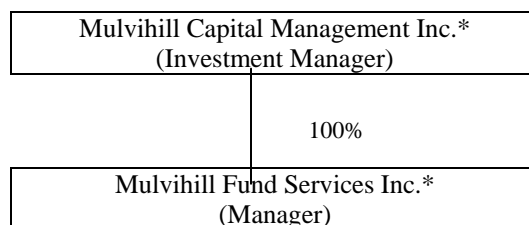
Directors and Officers of the Manager

The name and municipality of residence, position held with Mulvihill and current principal occupation of each of the directors and officers of Mulvihill are as follows:

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

Mr. Mulvihill and Mr. Simpson have each held their current positions with Mulvihill and MCM for the past five years. Ms. Szela was appointed as Chief Financial Officer and a director of Mulvihill in November 2004. Ms. Szela joined MCM in June 2002 as Vice-President, Finance and was appointed to the position of Chief Financial Officer in November 2004.

MCM owns 100% of the outstanding shares (one share) of Mulvihill, as shown below.



* Fees received by these entities from the Trust are disclosed in the audited financial statements of the Trust.

Certain directors and officers of Mulvihill indirectly own voting securities of MCM, both of record and beneficially, through their holdings in MCM Group Holdings Inc. (“MCM Holdings”), the sole shareholder of MCM. As of March 20, 2008, Mr. Mulvihill owned 93,000 shares (96.3%) of MCM Holdings and Mr. Simpson owned 2,000 shares (2.1%) of MCM Holdings.

Directors and Officers of the Investment Manager

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

<i>Name and Municipality of Residence</i>	<i>Office or Position with MCM</i>
John P. Mulvihill Toronto, Ontario	Chairman, President, Chief Executive Officer, Secretary, Treasurer and Director
Donald Biggs Ancaster, Ontario	Senior Vice-President
John A. Boyd Toronto, Ontario	Vice-President
Mark Carpani Toronto, Ontario	Vice-President
Jeff Frketich Toronto, Ontario	Vice-President
John Germain Toronto, Ontario	Vice-President
Paul Meyer Toronto, Ontario	Vice-President
Peggy Shiu Toronto, Ontario	Vice-President
John H. Simpson Toronto, Ontario	Senior Vice-President
Sheila Szela Toronto, Ontario	Vice-President, Finance and Chief Financial Officer
Jack Way Toronto, Ontario	Vice-President
Supriya Kapoor Toronto, Ontario	Vice-President
Andrew Mitchell Toronto, Ontario	Vice-President

Except as indicated below, each of the foregoing has held his or her current office or has held a similar office in MCM during the five years preceding the date hereof. Prior to joining MCM, Mr. Mitchell was Regional Vice-President of Sales for Vengrowth Asset Management from 2004 to 2006 and Vice-President of Sales for Clarington Funds from 2001 to 2004. Prior to joining MCM in October 2004, Ms. Kapoor was Director, Compliance Operations from October 2002 to October 2004 for Assante Advisory Services and Manager, Regulatory Affairs & Compliance from October 2000 to October 2002 for BMO Investments Inc.

All the individuals on the team responsible for investment management at MCM have significant experience in managing investment portfolios. The officers of MCM who are primarily responsible for the management of the Trust's portfolio are John P. Mulvihill and Donald Biggs. Also assisting in the management of the Portfolio are: Paul Meyer, Jack Way, John Germain, Jeff Dobson and Dylan D'Costa.

John P. Mulvihill, Chairman 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.

Paul Meyer has been with MCM since September 1990 and is currently a Portfolio Manager and member of the Equity Team. Paul is a key member of the portfolio management group at MCM and has investment experience in the Canadian and U.S. markets.

Jack Way 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.

John Germain 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.

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.

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.

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.

Corporate Governance

The Advisory Board of the Trust is responsible for the overall stewardship of the Trust's business and affairs. Mulvihill, the Trust's manager, administers many functions associated with the operations of the Trust pursuant to the Trust Agreement. Under this agreement, the Manager is responsible for certain day to day operations of the Trust including the payment of distributions on its Units and attending to the retraction or redemption of Units in accordance with their terms.

The Advisory Board consists of five advisors, three of whom are independent of the Manager. The Trust believes that the number of advisors is appropriate for the Trust and only advisors independent of the Manager are compensated. Amounts paid as compensation are reviewed for adequacy to ensure that they realistically reflect the responsibilities and risk involved in being an effective advisor. Individual advisors may engage an outside advisor at the expense of the Trust in appropriate circumstances subject to the approval of the Trust.

The Advisory Board is responsible for developing the Trust's approach to governance issues and, together with the Investment Manager, is evolving a best practices governance procedure. The Trust maintains an Investor Relations line and website to respond to inquiries from Unitholders.

Mulvihill has adopted policies, procedures and guidelines concerning the governance of the Trust and to ensure the proper management of the Trust. These policies, procedures and guidelines aim to monitor and manage the business,

risks and internal conflicts of interest relating to the Trust, and to ensure compliance with regulatory and corporate requirements. The Investment Manager has a compliance committee, consisting of Supriya Kapoor, Mulvihill's Chief Compliance Officer, as well as John Simpson and Sheila Szela, to ensure compliance with these policies, procedures and guidelines.

In addition, MCM has an asset mix committee consisting of the following senior officers: John Mulvihill, John Simpson, Donald Biggs, Paul Meyer, Peggy Shiu, Mark Carpani, Jack Way and John Germain. The investment process for the Trust begins at the asset mix committee. Members of this committee meet monthly 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 MCM'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 MCM oversees investment decisions made by the portfolio managers of the Trust.

The compliance committee and the asset mix committee report to John Mulvihill, the sole director and president, chief executive officer, secretary and treasurer of MCM.

The Trust may use derivatives as permitted by the policies of Canadian securities authorities and consistent with the investment objectives and restrictions of the Trust and with investment policies set by the asset mix committee of MCM. Policies, procedures and guidelines regarding investing in derivatives, including objectives and goals for derivatives trading and the risk management procedures applicable to such trading are reviewed by Mulvihill on a regular basis. If the Trust uses derivatives, it will hold enough assets to cover any obligations it has under the derivative contracts. The exposure of the Trust to derivatives is monitored daily by both senior management and the internal accounting group of Mulvihill.

Mulvihill and MCM also employ certain risk assessment tools including mark to market valuing of securities, reporting and monitoring of securities exposure and reconciliations of security transactions.

Because Unitholders may only retract their Units on notice and at certain specified times, they cannot engage in short-term trading of the Trust's securities and the Trust has no policies and procedures in relation to such activities.

Proxy Voting Policy

The Trust 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 Trust. 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 Trust 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 Trust 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 Trust will generally withhold votes from any nominee who is an insider and sits on the audit committee or the compensation committee. The Trust 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 Trust will vote on matters dealing with share-based compensation plans on a case-by-case basis. The Trust will review share-based compensation plans with a primary focus on the transfer of shareholder wealth. The Trust 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 Trust will also vote against any proposals to re-price options.

(d) *Management Compensation*

The Trust will vote on employee stock purchase plans (“ESPPs”) on a case-by-case basis. The Trust 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 Trust 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 Trust 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 Trust will vote on proposals to increase the number of securities of an issuer authorized for issuance on a case-by-case basis. The Trust 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 Trust will generally vote against proposals to approve unlimited capital authorization.

(f) *Constituting Documents*

The Trust 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 Trust 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 Trust 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 Trust has retained Institutional Shareholder Services Canada Corp. to administer and implement the Proxy Guidelines for the Trust.

A conflict of interest may exist where Mulvihill or MCM, their employees or entities related thereto maintain a relationship (that is or may be perceived as significant) with the issuer soliciting the proxy or a third party with a material (real or perceived) interest in the outcome of the proxy vote. Mulvihill maintains a code of ethics that identifies conflicts of interests and requires, at all times, that the best interests of Unitholders be placed ahead of other interests. The code of ethics provides for specific consequences to the individuals involved in the event the interests of Unitholders are not placed ahead of their own.

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

The Trust 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 1-800-725-7172 or on Mulvihill's website at www.mulvihill.com.

Brokerage Arrangements

The Investment Manager has been delegated authority to determine the brokerage arrangements of the Trust. Decisions that the Investment Manager may make as to the purchase and sale of portfolio securities and the

execution of portfolio transactions for the Trust, including the selection of markets and dealers and the negotiation of commissions, are based on elements such as price, speed of execution, certainty of execution and total transactions costs.

Registrar and Transfer Agent

Computershare Investor Services Inc. at its principal offices in Toronto is the registrar and transfer agent for the Units. The register of the Trust is kept in Toronto, Ontario.

Auditors

The auditors of the Trust are Deloitte & Touche LLP, BCE Place, Suite 1400, 181 Bay Street, Toronto, Ontario, M5J 2V1.

Canadian Federal Income Tax Considerations

The following is a summary of the principal Canadian federal income tax considerations generally relevant to holders of Units who are individuals (other than trusts) and who, for purposes of the Tax Act, are resident in Canada, deal at arm's length with the Trust and hold their Units as capital property (each a "Unitholder"). This summary is based upon the facts set out in this annual information form, the current provisions of the Tax Act, the regulations thereunder, and the Trust's understanding of the current administrative practices of the Canada Revenue Agency (the "CRA") and the specific proposals to amend the Tax Act and regulations thereunder announced prior to the date hereof by the Minister of Finance (Canada) (the "Proposed Amendments"). No assurances can be given that the Proposed Amendments will become law as proposed or at all.

This summary is based on the following assumptions:

1. the Trust was not established and will not be maintained primarily for the benefit of non-resident persons;
2. the Trust will not make or hold any investment that would result in the Trust becoming a "SIFT trust" for purposes of the Tax Act. Among other requirements, in order for the Trust to so qualify:
 - a. the Trust must not hold "securities" of a "subject entity" (as defined in the Tax Act) if such securities have a total fair market value that is greater than 10% of the fair market value of all of the issued and outstanding shares or interests in such entity; and
 - b. the Trust must not hold "securities" of a "subject entity" (as defined in the Tax Act) if, together with all of the securities that the Trust holds of entities affiliated with the particular subject entity, such securities have a total fair market value that is greater than 50% of the fair market value of all of the issued and outstanding Units of the Trust;
3. none of the issuers of the securities acquired or held by the Trust will be foreign affiliates of the Trust or of any Unitholder;
4. none of the securities acquired or held by the Trust will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act; and
5. none of the securities acquired or held by the Trust will be a "participating interest", other than an "exempt interest", in a "foreign investment entity" or a "tracking entity", or an interest in a non-resident trust other than an "exempt foreign trust" under tax proposals in Bill C-10, which received second reading in the Senate on December 4, 2007 (or such proposals as amended or enacted or successor provisions thereto).

This summary is not exhaustive of all possible federal income tax considerations and does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, other than the Proposed Amendments. This summary does not deal with foreign, provincial or territorial income tax considerations, which might differ from the federal considerations summarized herein.

This summary is of a general nature only and does not constitute legal or tax advice to any particular investor. Investors are advised to consult their own tax advisors with respect to the tax consequences to them of an investment in Units in their individual circumstances.

Status of the Trust

Provided that the Trust meets certain prescribed conditions (“minimum distribution requirements”) relating to the number of Unitholders, dispersal of ownership of Units and public trading of its Units at such time and provided that its sole undertaking is and continues to be the investing of its funds in property (other than real property or an interest in real property) as described in this annual information form, the Trust will qualify at a particular time as a “mutual fund trust” as defined in the Tax Act. This summary assumes that the Trust will satisfy the minimum distribution requirements at all relevant times, and that it has elected to be deemed to be a mutual fund trust from the date that it was established. An additional condition to qualify as a mutual fund trust for purposes of the Tax Act is that the Trust may not be established or maintained primarily for the benefit of non-resident persons unless, at all times, substantially all of its property consists of property other than “taxable Canadian property” within the meaning of the Tax Act. If certain Tax Proposals released on September 16, 2004 are enacted as proposed, the Trust would cease to qualify as a mutual fund trust for purposes of the Tax Act if, at any time after 2004, the fair market value of all Units held by non-residents, or partnerships that are not “Canadian partnerships” for the purpose of the Tax Act, or any combination of the foregoing, is more than 50% of the fair market value of all issued and outstanding Units unless no more than 10% (based on fair market value) of the Trust’s property is at any time “taxable Canadian property” within the meaning of the Tax Act and certain other types of specified property. 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 Tax Proposals released on September 16, 2004. If the Trust were not to so qualify as a mutual fund trust, the income tax consequences described below and under “Eligibility for Investment” would in some respects be materially different.

Under the Tax Act, trusts or partnerships (defined as “SIFT trusts” and “SIFT partnerships”, respectively) the securities of which are listed or traded on a public market and that hold one or more “non-portfolio properties” (as defined in the Tax Act) are effectively taxed on income and capital gains in respect of such non-portfolio properties at combined rates comparable to the rates that apply to income earned and distributed by Canadian public corporations. Distributions of such income received by unitholders of SIFT trusts (and allocations of such income made to members of SIFT partnerships) are treated as eligible dividends from a taxable Canadian corporation. This summary assumes that the Trust will at no time be a SIFT trust.

Taxation of the Trust

The Trust is 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. Income tax paid by the Trust on any net realized capital gains not paid or payable to Unitholders is recoverable by the Trust to the extent and in the circumstances provided in the Tax Act.

In determining the income of the Trust, premiums received by the Trust on covered call options and cash covered put options written by the Trust (and which are not exercised prior to the end of the year) will constitute capital gains of the Trust in the year received, and gains or losses realized upon dispositions of securities of the Trust (whether upon the exercise of call options written by the Trust or otherwise) will constitute capital gains or capital losses of the Trust in the year realized unless the Trust is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Trust has acquired the securities in a transaction or transactions considered to be an adventure in the nature of trade. The Trust will purchase the Portfolio with the objective of earning dividends thereon over the life of the Trust including dividends on securities acquired upon the exercise of cash covered put options written by the Trust, 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 subject to put options. In accordance with CRA’s published administrative practice, transactions undertaken by the Trust in respect of options and shares will be treated and reported for purposes of the Tax Act on capital account and designations by the Trust with respect to its income and capital gains, as described below, will be made and reported to Unitholders on this basis. Premiums received by the Trust on covered call (or cash covered put) options which are exercised in the taxation year in which the option is written by the Trust are added in computing the proceeds of disposition

(deducted in computing the adjusted cost base) to the Trust of the securities disposed of (acquired by) the Trust on exercise of such call (put) options.

The Portfolio will include securities which are not denominated in Canadian dollars. Option premiums, the cost and proceeds of disposition of securities, dividends, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction. The Trust may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

The Trust generally intends to deduct in computing its income in each taxation year for purposes of the Tax Act the full amount available for deduction in each year (computed on the assumption that options outstanding after the year end will expire unexercised) and, therefore, provided the Trust makes distributions in each year of its net income including net realized capital gains as described under the heading "Description of the Units", it will generally not be liable in such year for income tax under Part I of the Tax Act other than such tax on net realized capital gains that would be recoverable by it in such year.

The Tax Act provides for a special tax on designated income of certain trusts which have designated beneficiaries. This special tax does not apply to a trust for a taxation year if the trust is a mutual fund trust throughout such year. Accordingly, provided that the Trust qualifies, or is deemed to qualify, as a mutual fund trust throughout a taxation year, it will not be subject to the special tax for such taxation year.

Taxation of Unitholders

A Unitholder will generally be required to include in the calculation of the Unitholder's income under the Tax Act the net income including the net realized taxable capital gains of the Trust paid or payable to the Unitholder in the year, whether received in cash or reinvested in additional Units. To the extent that distributions by the Trust to a Unitholder in any year exceed the net income including net realized capital gains of the Trust for the year, such distributions generally will not be included in the calculation of the Unitholder's income for the year but will reduce the adjusted cost base of the Unitholder's Units.

The Trust will designate to the extent permitted by the Tax Act the portion of the net income distributed to Unitholders as may reasonably be considered to consist of dividends received from taxable Canadian corporations and net realized taxable capital gains of the Trust as is paid or payable to a Unitholder. Any such designated amount will effectively retain its character and be treated as such in the hands of a Unitholder for purpose of the Tax Act. To the extent that amounts are designated as taxable dividends (including "eligible dividends") from taxable Canadian corporations, the normal gross-up and dividend tax credit rules will apply.

The Trust will also make designations in respect of its income from foreign sources so that, for the purpose of computing any foreign tax credit or deduction to a Unitholder, the Unitholder will be deemed to have paid as tax to the relevant foreign government that portion of the dividend withholding taxes or other applicable foreign taxes paid by the Trust to the relevant foreign government that is equal to the Unitholder's share of the Trust's income (calculated under the rules in the Tax Act) from such foreign source. A taxable Unitholder will generally be entitled to foreign tax credits or deductions in respect of such foreign dividend withholding taxes under and subject to the general 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. Unitholders will be informed each year of the amount of the Trust's net income, net realized taxable capital gains, income from foreign sources and foreign taxes paid to enable the Unitholders to complete their income tax returns.

Under the Tax Act, a trust is permitted to deduct in computing its income an amount which is less than the amount of its distributions. This will enable the Trust to utilize, in a particular year, losses from prior years without affecting the ability of the Trust to distribute its income annually. The amount distributed to a Unitholder but not deducted by the Trust will not be required to be included in the income of the Unitholder. However, unless such amount relates to the non-taxable portion of capital gains, the taxable portion of which has been allocated to the Unitholder, the adjusted cost base of the Unitholder's Units would be reduced by such amount.

The NAV per Unit will reflect any income and gains of the Trust that have accrued or have been realized but not made payable at the time Units are acquired. Consequently, Unitholders that acquire additional Units including on

the reinvestment of distributions may become taxable on their share of income and gains of the Trust that accrued or were realized before the Units are acquired and not made payable at such time.

Upon the actual or deemed disposition of a Unit, including on a sale or redemption, a capital gain (or capital loss) will generally be realized by the Unitholder to the extent that the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base to a Unitholder of Units, when a Unit is acquired, whether on a reinvestment of distributions or otherwise, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property before that time. The cost to a Unitholder of Units received on the reinvestment of distributions of the Trust will be equal to the amount reinvested. If a Unitholder participates in the Plan and acquires a Unit from the Trust at a price that is less than the then fair market value of the Unit, it is the administrative position of the CRA that the Unitholder must include the difference in income and that the cost of the Unit will be correspondingly increased.

One-half of any capital gain ("taxable capital gain") realized on the disposition of Units will be included in the Holder'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.

Unitholders are generally subject to an alternative minimum tax. In general terms, net income of the Trust paid or payable to a Unitholder will not increase the Unitholder's liability under the Tax Act for alternative minimum tax. Amounts designated as eligible dividends or net realized capital gains paid or payable to a Unitholder by the Trust or net capital gains realized on the disposition of Units by the Unitholder may increase the Unitholder's liability for alternative minimum tax.

Eligibility for Investment

Provided that the Trust qualifies as a mutual fund trust within the meaning of the Tax Act, Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans and registered education savings plans.

Risk Factors

The following are certain considerations relating to an investment in Units which investors should consider, along with other factors in relation to an investment in the Trust's Units:

Net Asset Value and Distributions

There is no assurance that the Trust will be able to achieve its stated investment objectives of paying quarterly distributions and returning the original issue price to Unitholders upon termination of the Trust. The NAV of the Trust and the funds available for distribution to Unitholders will vary according, among other things, to the value of all of the securities included in the Portfolio, the dividends paid thereon and the level of option premiums received. As the dividends received by the Trust will not be sufficient to meet the Trust's objectives in respect of the payment of distributions, the Trust depends and will depend on the receipt of option premiums 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.

Interest Rate Fluctuations

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

Use of Options and Other Derivative Instruments

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

There can be no assurance that a liquid exchange or over-the-counter market will exist to permit the Trust to write covered call options or cash covered put options on desired terms or to close out option positions should MCM desire to do so. In purchasing call or put options or entering into forward or future contracts, the Trust is subject to the credit risk that its counterparty (whether a clearing corporation in the case of exchange traded instruments, or other third party in the case of over-the-counter instruments) may be unable to meet its obligations. The ability of the Trust 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 Trust is unable to repurchase a call option which is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires. In addition, upon the exercise of a put option, the Trust will be obligated to acquire a security at a strike price that may exceed the then current market value of such security.

Foreign Currency Exposure

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

Trading at a Discount

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

Foreign Market Exposure

Up to 20% of the Portfolio may, at any time, consist of securities of issuers established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to Canadian and U.S. companies, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or U.S. company. Volume and liquidity in some foreign stock markets may be less than in Canada and the U.S. and, at times, volatility of price may be greater than in Canada or the U.S. As a result, the price of ADRs may be affected by conditions in the market on which the securities underlying the ADRs are traded.

Reliance on the Investment Manager

MCM manages the Portfolio in a manner consistent with the investment objectives, strategy and criteria of the Trust. The officers of MCM who are primarily responsible for the management of the Portfolio have extensive experience in managing investment portfolios. There is no certainty that such individuals will continue to be employees of MCM throughout the term of the Trust.

Significant Redemptions

Units are redeemable annually and monthly for a price based on NAV per Unit (which represents the value that the Trust 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 this value 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 are redeemed, the trading liquidity of the Units could be significantly reduced. In addition the expenses of the Trust would be spread among fewer Units potentially resulting in lower NAV.

Taxation of the Trust

In determining its income for tax purposes, the Trust will treat gains and losses realized on the disposition of securities in the Portfolio, 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, contrary to CRA's published administrative practice, some or all of the transactions undertaken by the Trust in respect of options and securities in the Portfolio were treated on income rather than capital account, after-tax returns to Unitholders could be reduced and the Trust may be subject to non-refundable income tax from such transactions.

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 Proposed Amendments which propose that a trust would lose its status as a mutual fund trust if at any time after 2004 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 specified property (the "September 16th Proposed Amendments"). If these circumstances applied to the Trust, the Trust would thereafter cease to be a mutual fund trust and the income tax considerations as described under "Canadian Federal Income Tax Considerations" and "Eligibility for Investment" would in some respects be materially different. The September 16th Proposed Amendments do not currently provide any means of rectifying a loss of mutual fund trust status. 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 September 16th Tax Proposals.

Under the Tax Act, trusts or partnerships (defined as "SIFT trusts" and "SIFT partnerships", respectively) the securities of which are listed or traded on a public market and that hold one or more "non-portfolio properties" (as defined in the Tax Act) are effectively taxed on income and capital gains in respect of such non-portfolio properties at combined rates comparable to the rates that apply to income earned and distributed by Canadian public corporations. Distributions of such income received by unitholders of SIFT trusts (and allocations of such income made to members of SIFT partnerships) are treated as eligible dividends from a taxable Canadian corporation. If the Trust were to qualify as a SIFT trust within the meaning of the Tax Act, the income tax considerations described under the heading "Canadian Federal Income Tax Considerations" would be materially and adversely different in certain respects.

Calculation and Dissemination of Indices

Neither the TSX nor Standard & Poor's is under any obligation to continue the calculation and dissemination of the S&P/TSX 60 Index or the S&P 100 Index, respectively. The Trust does not assume any responsibility for the calculation and dissemination of either index or for any errors or omissions therein.

If either of the indices ceases to be maintained, the Trust may take such action as is determined by the Manager in order to continue to operate the Trust in accordance with its investment strategy, including without limitation, replacing either the index with an equivalent replacement or substitute index.

Material Contracts

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

- (a) the Trust Agreement described under "Trustee and Custodian"; and
- (b) the Investment Management Agreement described under "Investment Management Agreement".

Copies of the foregoing agreements may be inspected during business hours at the principal office of the Trust and are available at www.sedar.com.

Additional Information

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

You can get a copy of these documents at no cost by calling toll-free at 1-800-725-7172 or by e-mail at hybrid@mulvihill.com.

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

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SIXTY PLUS INCOME TRUST