

A copy of this preliminary short form prospectus has been filed with the securities regulatory authority in each province of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

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

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Mulvihill Fund Services Inc., the manager of the issuer, at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9 or hybrid@mulvihill.com or by calling toll-free at 1-800-725-7172 and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

November 5, 2009



\$100,000,000 Maximum
● Combined Units
\$● per Combined Unit

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

Premier Canadian Income Fund (the "Fund"), a closed-end investment trust established under the laws of the Province of Ontario, proposes to issue combined units ("Combined Units") of the Fund (the "Offering") at a price of \$● per Combined Unit. Each Combined Unit consists of one transferable, redeemable unit (a "Unit") and one transferable warrant (a "Warrant") for one Unit. The Combined Units will separate into Units and Warrants immediately following the earlier of the closing of the final exercise of the Over-Allotment Option (as defined below) and 30 days after the closing of the Offering (such date of separation being the "Separation Date"), and may be transferred separately thereafter. In addition, each existing holder of a Unit of record at the close of business (Toronto time) on ●, 2009 will receive, on the Separation Date, one Warrant for each Unit held (for an aggregate of approximately ● Warrants to subscribe for and purchase an aggregate of approximately ● Units, being the "Warrant Issue"). Each Warrant entitles the holder thereof to acquire one Unit upon payment of \$● (the "Subscription Price") prior to 5:00 p.m. (Toronto time) on November 29, 2010 (the "Expiry Time"). Warrants for Units not exercised by the Expiry Time will be void and of no value.

The Fund has been designed to generate attractive returns for investors by investing in a high quality portfolio of common shares of large-capitalization Canadian issuers selected from the S&P/TSX 60 Index. The Fund will invest primarily in common shares of issuers in the energy, materials and financials sectors, with approximately one-third of the Fund's net assets initially invested in each of these sectors. Mulvihill Capital Management Inc. ("MCM"), the Fund's investment manager, believes that Canada has world-leading companies in these sectors. The Fund has been structured to provide holders ("Unitholders") of its Units with attractive, tax-efficient, monthly distributions.

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

The Fund’s investment objectives are:

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

Based upon existing capital loss carryforwards of approximately \$29.5 million available to the Fund, the Fund expects that all or substantially all of the monthly distributions paid by it over its five-year life will be return of capital distributions that are generally not subject to tax (returns of capital reduce the adjusted cost base of Units). Accordingly, these distributions should be tax efficient when compared with those made on units of an investment trust that depends solely on capital gains, interest, dividends and/or other sources of investment income (net of expenses, losses and loss carryforwards) to pay distributions. See “Investment Objectives”.

The Fund will seek to achieve its objectives by investing in a high-quality portfolio principally consisting of common shares selected from the energy, materials and financials sectors of the S&P/TSX 60 Index. The following is a list of all of the issuers included in the energy, materials and financials sectors of the S&P/TSX 60 Index (the “Portfolio Universe Shares”):

Energy

Suncor Energy Inc.
 EnCana Corporation
 Canadian Natural Resources Limited
 Imperial Oil Limited
 Husky Energy Inc.
 TransCanada Corporation
 Talisman Energy Inc.
 Enbridge Inc.
 Nexen Inc.
 Cameco Corporation

Materials

Barrick Gold Corporation
 Potash Corporation of Saskatchewan Inc.
 Goldcorp Inc.
 Teck Resources Limited
 Kinross Gold Corporation
 Agnico-Eagle Mines Ltd.
 Yamana Gold Inc.
 Agrium Inc.
 First Quantum Minerals Ltd.
 IAMGOLD Corporation
 Eldorado Gold Corporation
 Inmet Mining Corporation

Financials

Royal Bank of Canada
 The Toronto-Dominion Bank
 The Bank of Nova Scotia
 Manulife Financial Corporation
 Bank of Montreal
 Canadian Imperial Bank of Commerce
 Sun Life Financial Inc.
 Brookfield Asset Management Inc.
 Power Corporation of Canada
 National Bank of Canada

In addition, the Fund may invest up to 20% of its net assets in equity securities of other issuers selected from the S&P/TSX Composite Index. The Investment Manager intends generally to include between 15 and 25 issuers in the Fund’s portfolio.

To generate additional returns above the distributions earned on its securities, the Fund may, from time to time, write covered call options in respect of some or all of the securities in its portfolio. The securities that may be subject to call options and the terms of such options will vary from time to time based on MCM’s assessment of market conditions.

Based on the initial anticipated composition of the Fund’s portfolio, the Fund is expected to generate dividend income of approximately 2.0% per annum which, after the deduction of expenses, will be distributed to Unitholders. The Fund’s portfolio would be required to generate an additional return of approximately 6.26% per annum from, among other sources, dividend growth, realized capital gains and option premiums, for the Fund to maintain its targeted distributions and a stable NAV.

MCM has been retained to implement the Fund’s investment strategy. See “Organization and Management Details of the Fund – The Investment Manager”. Mulvihill Fund Services Inc. (the “Manager”) is responsible for the management and administration of the Fund. See “Organization and Management Details of the Fund – The Manager”. The principal office of the Fund, the Investment Manager and the Manager is located at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9.

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

	Price to the Public⁽¹⁾	Agents’ Fees	Net Proceeds to the Fund⁽²⁾
Per Combined Unit	\$●	\$●	\$●
Total Minimum Offering ⁽³⁾⁽⁴⁾	\$●	\$●	\$●
Total Maximum Offering ⁽⁴⁾	\$100,000,000	\$●	\$●

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

Unitholders whose Units are surrendered for redemption at least 20 business days prior to the last day in November of 2010 or any year thereafter (a “November Redemption Date”) will be entitled to receive a redemption price per Unit equal to the NAV per Unit determined as of such date. For Unitholders whose Units are surrendered for redemption at least 10 business days prior to the last day of any other month (a “Monthly Redemption Date” and, together with a November Redemption Date, “Redemption Dates”), the redemption price per Unit will be determined by reference to market price. Units surrendered for redemption by a Unitholder on a Redemption Date will be redeemed on such Redemption Date and the Unitholder will receive payment on or before the 15th day following such Redemption Date. See “Redemption of Units”.

The Fund will terminate on December 31, 2014 and its net assets will be distributed thereafter to Unitholders. See “Termination of the Fund”.

The Units are listed on the Toronto Stock Exchange (the “TSX”). On November 4, 2009, the closing price on the TSX of the Units was \$5.40 per Unit.

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

registered disability savings plans, registered education savings plans and tax-free savings accounts (each, a “registered plan”). Provided that Warrants are listed on a designated stock exchange, or provided that at all times Units are qualified investments for a registered plan and the Fund is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the registered plan within the meaning of the Tax Act, Warrants will be a qualified investment under the Tax Act for the registered plan. Holders of trusts governed by a tax-free savings account should consult their own tax advisors to ensure that neither Units nor Warrants would be a “prohibited investment” as defined in the Tax Act in their particular circumstances. See “Investments by Registered Plans”.

The value of a Unit will be reduced if the NAV per Unit exceeds \$● and one or more Warrants is exercised. If a Unitholder does not exercise Warrants in such circumstances, the Unitholder’s *pro rata* interest in the assets of the Fund will be diluted. To maintain the Unitholder’s *pro rata* interest in the assets of the Fund, the Unitholder will be required to pay in connection with the exercise of a Warrant an additional amount equal to the Subscription Price. While a Unitholder may sell the Unitholder’s Warrants, no assurance can be given that the proceeds of such sale will compensate the Unitholder for such dilution. See “Warrant Considerations”.

There is no assurance that the Fund will be able to achieve its investment objectives. See “Risk Factors” for a discussion of certain factors that should be considered by investors in the Fund. The Fund is not a trust company and, accordingly, the Fund is not registered under the trust company legislation of any jurisdiction as it does not carry on business as a trust company. The Fund is an investment trust that offers and sells Units to the public. Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that Act or any other legislation.

RBC Dominion Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc., Raymond James Ltd., Canaccord Capital Corporation, Dundee Securities Corporation, Manulife Securities Incorporated and Wellington West Capital Markets Inc. (collectively, the “Agents”) conditionally offer the Combined Units on a best-efforts basis, subject to prior sale, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the Agency Agreement (as defined herein), and subject to the approval of certain legal matters by Osler, Hoskin & Harcourt LLP, on behalf of the Fund, and Davies Ward Phillips & Vineberg LLP, on behalf of the Agents. See “Plan of Distribution”.

Subscriptions for Combined Units will be received subject to acceptance or rejection in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about ●, 2009, but no later than ●, 2009. Registrations and transfers of Combined Units, Units and Warrants will be effected only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership of Combined Units, Units or Warrants. See “Plan of Distribution” and “Attributes of the Units and Warrants — Book-Entry-Only and Book-Based Systems”. The Agents may over-allot or effect transactions as described under “Plan of Distribution”.

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PROSPECTUS SUMMARY

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

INVESTMENT RATIONALE

Premier Canadian Income Fund (the “Fund”) has been designed to generate attractive returns for investors by investing in a high quality portfolio of common shares of large-capitalization Canadian issuers selected from the S&P/TSX 60 Index. The Fund will invest primarily in common shares of issuers in the energy, materials and financials sectors, with approximately one-third of the Fund’s net assets initially invested in each of these sectors. Mulvihill Capital Management Inc. (“MCM” or the “Investment Manager”), the Fund’s investment manager, believes that Canada has world-leading companies in these sectors. The Fund has been structured to provide holders (“Unitholders”) of its Units with attractive, tax-efficient, monthly distributions.

Based upon existing capital loss carryforwards of approximately \$29.5 million available to the Fund, the Fund expects that all or substantially all of the monthly distributions paid by it over its five-year life will be return of capital distributions that are generally not subject to tax (returns of capital reduce the adjusted cost base of the units of the Fund). Accordingly, these distributions should be tax efficient when compared with those made on units of an investment trust that depends solely on capital gains, interest, dividends and/or other sources of investment income (net of expenses, losses and loss carryforwards) to pay distributions.

Issuer: The Fund is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated August 30, 1999, as amended from time to time. See “Overview of the Legal Structure of the Fund”.

Offering: The Fund is offering combined units (“Combined Units”) of the Fund (the “Offering”). Each Combined Unit consists of one transferable, redeemable unit (a “Unit”) and one transferable warrant (a “Warrant”) for one Unit. The Combined Units will separate into Units and Warrants immediately following the earlier of the closing of the final exercise of the Over-Allotment Option (as defined below) and 30 days after the closing of the Offering (such date of separation being the “Separation Date”), and may be transferred separately thereafter. In addition, each existing holder of a Unit of record at the close of business (Toronto time) on ●, 2009 will receive, on the Separation Date, one Warrant for each Unit held (the “Warrant Issue”). Each Warrant entitles the holder thereof to acquire one Unit upon payment of \$● (the “Subscription Price”) prior to 5:00 p.m. (Toronto time) on November 29, 2010 (the “Expiry Time”). Warrants for Units not exercised by the Expiry Time will be void and of no value. See “Attributes of the Units and Warrants – Description of the Securities Distributed”.

The value of a Unit will be reduced if the net asset value (“NAV”) per Unit exceeds \$● and one or more Warrants is exercised. If a

Unitholder does not exercise Warrants in such circumstances, the Unitholder's *pro rata* interest in the assets of the Fund will be diluted. To maintain the Unitholder's *pro rata* interest in the assets of the Fund, the Unitholder will be required to pay in connection with the exercise of a Warrant an additional amount equal to the Subscription Price. While a Unitholder may sell the Unitholder's Warrants, no assurance can be given that the proceeds of such sale will compensate the Unitholder for such dilution. See "Warrant Considerations".

Exchange Option:

At the election of a prospective purchaser of Combined Units, the price for each Combined Unit purchased may be paid either by: (i) a cash payment; or (ii) an exchange (the "Exchange Option") of freely-tradeable listed securities ("Exchange Eligible Securities") of issuers in the S&P/TSX 60 Index. A prospective purchaser of Combined Units who elects to pay for Combined Units by using the Exchange Option must have done so by depositing (in the form of a book-entry deposit) Exchange Eligible Securities with Computershare Investor Services Inc., the Fund's agent for the Exchange Option, through CDS Clearing and Depository Services Inc. ("CDS") prior to 5:00 p.m. (Toronto time) on November 25, 2009. Such book-entry deposits must have been made by a participant in CDS, which may have had an earlier deadline for receiving instructions from the participant's clients to deposit Exchange Eligible Securities under the Exchange Option. Each prospective purchaser who has authorized the deposit of Exchange Eligible Securities through CDS has the right to withdraw such deposit of securities at any time on or before midnight on the second business day after receipt or deemed receipt of this short form prospectus and any amendment. The Fund will sell the Exchange Eligible Securities that the Investment Manager determines will not be included in its portfolio.

The number of Combined Units issuable for each Exchange Eligible Security will be determined by dividing the weighted average trading price of the Exchange Eligible Security on the Toronto Stock Exchange during the three consecutive trading days ending on November 25, 2009 as adjusted to reflect dividends declared or distributions pending on Exchange Eligible Securities that trade on an ex-dividend basis until the closing of the Offering (the "Closing Date") by \$● (being the original issue price per Combined Unit). Holders of Exchange Eligible Securities who deposited such securities pursuant to the Exchange Option will continue to be holders of record up to the Closing Date and will be entitled to receive distributions in respect of such Exchange Eligible Securities up to but not including the Closing Date.

See "Purchases of Combined Units".

The purchase of Combined Units by the exchange of Exchange Eligible Securities pursuant to the Exchange Option will be a taxable event for the purchaser. See "Income Tax Considerations".

Maximum Issue: \$100,000,000 (● Combined Units)

Minimum Issue: \$● (● Combined Units)

Price: \$● per Combined Unit. The offering price was established by negotiation between the Agents (as defined below) and Mulvihill Fund Services Inc. (“Mulvihill” or the “Manager”), the manager of the Fund, so as not to be dilutive to existing Unitholders. The offering price will be equal to at least the NAV per Unit on ●, 2009 plus the per Unit fees and expenses of the Offering, including the Agents’ fees.

Minimum Subscription: 100 Combined Units (\$●)

Investment Objectives: The Fund’s investment objectives are:

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

Based upon existing capital loss carryforwards of approximately \$29.5 million available to the Fund, the Fund expects that all or substantially all of the monthly distributions paid by it over its five-year life will be return of capital distributions that are generally not subject to tax (returns of capital reduce the adjusted cost base of Units). Accordingly, these distributions should be tax efficient when compared with those made on units of an investment trust that depends solely on capital gains, interest, dividends and/or other sources of investment income (net of expenses, losses and loss carryforwards) to pay distributions.

See “Investment Objectives”.

Tax-Loss Carryforwards At a meeting of Unitholders on October 26, 2009, Unitholders approved a proposal to reposition the Fund and its portfolio (the “Reorganization”) described under “Overview of the Legal Structure of the Fund – Reorganization of the Fund”. The Fund has accumulated approximately \$29.5 million of capital losses since its inception in September 1999.

Investment Strategy: The Fund will seek to achieve its objectives by investing in a high-quality portfolio principally consisting of common shares selected from the energy, materials and financials sectors of the S&P/TSX 60 Index. The following is a list of all of the issuers included in the energy, materials and financials sectors of the S&P/TSX 60 Index (the “Portfolio Universe Shares”):

Energy
 Suncor Energy Inc.
 EnCana Corporation

Materials
 Barrick Gold Corporation
 Potash Corporation of Saskatchewan Inc.

Financials
 Royal Bank of Canada
 The Toronto-Dominion Bank

Energy

Canadian Natural Resources Limited
 Imperial Oil Limited
 Husky Energy Inc.
 TransCanada Corporation
 Talisman Energy Inc.
 Enbridge Inc.
 Nexen Inc.
 Cameco Corporation

Materials

Goldcorp Inc.
 Teck Resources Limited
 Kinross Gold Corporation
 Agnico-Eagle Mines Ltd.
 Yamana Gold Inc.
 Agrium Inc.
 First Quantum Minerals Ltd.
 IAMGOLD Corporation
 Eldorado Gold Corporation
 Inmet Mining Corporation

Financials

The Bank of Nova Scotia
 Manulife Financial Corporation
 Bank of Montreal
 Canadian Imperial Bank of Commerce
 Sun Life Financial Inc.
 Brookfield Asset Management Inc.
 Power Corporation of Canada
 National Bank of Canada

In addition, the Fund may invest up to 20% of its net assets in equity securities of other issuers selected from the S&P/TSX Composite Index. The Investment Manager intends generally to include between 15 and 25 issuers in the Fund's portfolio.

To generate additional returns above the distributions earned on its securities, the Fund may, from time to time, write covered call options in respect of some or all of the securities in its portfolio. The securities that may be subject to call options and the terms of such options will vary from time to time based on MCM's assessment of market conditions.

Based on the initial anticipated composition of the Fund's portfolio, the Fund is expected to generate dividend income of approximately 2.0% per annum which, after the deduction of expenses, will be distributed to Unitholders. The Fund's portfolio would be required to generate an additional return of approximately 6.26% per annum from, among other sources, dividend growth, realized capital gains and option premiums, for the Fund to maintain its targeted distributions and a stable NAV.

See "Investment Strategy".

Portfolio Investments:

The Investment Manager believes that the companies in the energy, materials and financials sectors of the S&P/TSX 60 Index are well-positioned to capitalize on the anticipated recovery of the global economy and continued growth in emerging markets.

- (i) **Energy:** MCM believes that the long-term outlook for energy issuers is favourable and that the sector will continue to benefit from a combination of increasing global demand and diminishing supply. In *World Energy Outlook 2008*, the International Energy Agency projects world energy demand to grow by 45% between 2006 and 2030 with developing countries accounting for the majority of the growth. Canada's energy sector should benefit from this projected demand growth as its oil reserves rank second in the world only to those of Saudi Arabia. Currently, Canada is the third largest natural gas and seventh largest crude oil producer globally according to the Canadian Association of Petroleum Producers. Canada's politically stable investment environment is also

beneficial given the current geopolitical environment as well as its close proximity to the United States, the world's largest consumer of oil and gas.

- (ii) **Materials:** In the Investment Manager's view, the materials sector can be expected to continue to benefit from its exposure to developing economies (such as the "BRIC" countries), which are expected to outgrow the developed G7 countries in the coming years. Stimulus measures around the world aimed at spending on infrastructure improvements should also help bolster demand for raw materials. According to the Mining Association of Canada, 57% of the world's public mining companies are listed on the Toronto Stock Exchange and TSX Venture Exchange. MCM also believes that the producers of gold and other precious metals in the S&P/TSX 60 Index may benefit from rising commodity prices, which often contribute to an inflationary environment. Because gold has traditionally been viewed as a hedge against inflation, many investors who are concerned about further declines in the value of the U.S. dollar may consider it appropriate to use gold as a hedge against this currency risk.

- (iii) **Financials:** Although not immune from the recent global financial and economic crisis, Canadian financial services companies performed relatively well in comparison with the majority of international financial services firms. During the economic downturn, most Canadian financial services companies maintained their dividends as well as investment-grade ratings while many U.S. and European financial services firms have been forced into restructuring, bankruptcy or partial or full government nationalization. At the most recent World Economic Forum, Canadian banks were ranked #1 globally in the "Soundness of Banks" category thus highlighting the robust regulatory structure they operate under as well as their diverse business models. The financials sector has traditionally rebounded well from financial crises. MCM expects these firms to continue to be among the strongest performers in the economic recovery as Canadian banks and insurers derive a significant percentage of their revenue from outside of Canada.

For further information regarding Portfolio Universe Shares, such as market capitalization, closing price, average dividend yield, average trailing 30-day price volatility level, average five-year total return compound annual growth rate ("CAGR") and average five-year dividend CAGR, see "Investment Strategy – Portfolio Investments".

Covered Call Option Writing and Volatility History:

Under the Black-Scholes Model (modified to include dividends), the price volatility of the security is one of the primary factors that affects the amount of option premium received by the seller of a call option on the security. The historical average, low, high and current values of the trailing 30-day volatilities (expressed in percentages on an annualized

basis) for Portfolio Universe Shares for the five years ended October 21, 2009 are as follows:

	Five-Year Price Volatility			
	Average	Low	High	Current
30-day volatility	39.13%	20.30%	134.81%	31.29%

Risk Factors:

An investment in the Fund is associated with certain risk factors, including:

- (i) the fact that the amount of dividends, distributions and option premiums received by the Fund and the value of the securities in the Fund’s portfolio will be influenced by factors beyond the Fund’s control means that there are no assurances that the Fund will be able to achieve its stated investment objectives, including its distribution targets;
- (ii) the risks associated with an investment in the assets of the Fund, including those affecting the prices of Portfolio Universe Shares;
- (iii) the assets of the Fund are concentrated in the securities of issuers in the energy, materials and financials sectors;
- (iv) risks relating to investments in equity securities;
- (v) risks relating to commodity exposure;
- (vi) global financial developments;
- (vii) liquidity and counterparty risks associated with the writing of covered call options and cash-covered put options;
- (viii) the Fund’s reliance on its investment manager, MCM;
- (ix) the possibility that if a holder of Units does not exercise, or sells, the holder’s Warrants, the value of the holder’s Units may be diluted as a result of the exercise of Warrants by others;
- (x) fluctuations in prevailing interest rates may affect the market price of the Units;
- (xi) the Units may trade at a discount to their NAV;
- (xii) the fact that redemptions of the Units by their holders could significantly reduce the trading liquidity of the Units;
- (xiii) Unitholders’ lack of ownership interest in the common shares

held by the Fund;

- (xiv) as the Fund is not a “mutual fund” as defined under Canadian securities laws, the Fund is not subject to the policies and regulations of the Canadian securities regulators that apply to such funds;
- (xv) counterparty risks associated with securities lending; and
- (xvi) various tax matters.

See “Risk Factors”.

Income Tax Considerations:

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

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

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

No amount will be required to be included in computing the income of a Unitholder as a consequence of acquiring Warrants under the Warrant Issue, provided that the income of the Fund for its taxation year ending in 2009 does not exceed the cash distributions from the Fund for 2009. However, Unitholders will be required to reduce the adjusted cost base of their Units by the aggregate fair market value of all the Warrants acquired under the Warrant Issue.

Each investor should satisfy himself or herself as to the federal and

provincial tax consequences of an investment in the securities offered hereby by obtaining advice from his or her tax advisor. See “Income Tax Considerations”.

Redemption of Units:

Unitholders whose Units are surrendered for redemption at least 20 business days prior to the last day in November of 2010 or any year thereafter (a “November Redemption Date”) will be entitled to receive a redemption price per Unit equal to the NAV per Unit determined as of such date. For Unitholders whose Units are surrendered for redemption at least 10 business days prior to the last day of any other month (a “Monthly Redemption Date” and, together with a November Redemption Date, “Redemption Dates”), the redemption price per Unit will be determined by reference to market price. Units surrendered for redemption by a Unitholder on a Redemption Date will be redeemed on such Redemption Date and the Unitholder will receive payment on or before the 15th day following such Redemption Date. See “Redemption of Units”.

Distribution Policy:

The Fund will endeavour to make monthly cash distributions to Unitholders on the last day of each month in an amount targeted to be 6.5% per annum of the NAV of the Fund. The Fund has determined to base the distributions it pays on the NAV of the Fund in order to better facilitate the preservation and enhancement of the Fund’s NAV and to enable Unitholders to benefit from any increases in the NAV of the Fund through the resulting increased distributions. It is expected that all of the monthly cash distributions payable by the Fund over its five-year life will be return of capital distributions. The monthly distributions will be determined using the last published NAV prior to the declaration date for the distribution. There can be no assurance that the Fund will be able to make distributions at its targeted rate.

If, in any year after making its targeted monthly distributions, there would otherwise remain in the Fund net income or net realized capital gains that are unsheltered by any loss carryforwards from prior years, the Fund intends to make, on December 31 of that year, a special distribution of such remaining net income and net realized capital gains as is necessary to ensure that the Fund will not be liable for income tax thereon under the Tax Act.

See “Distribution Policy” and “Income Tax Considerations”.

Termination:

The Fund will terminate (the date on which the Fund is terminated being the “Termination Date”) on December 31, 2014. Unitholders may determine to continue the Fund by a majority vote at a meeting called for such purpose. In addition, the Manager, may, in its discretion, terminate the Fund without the approval of Unitholders if, in the opinion of the Manager after consulting with the Advisory Board (as defined herein), the NAV of the Fund has been reduced as a result of redemptions or otherwise such that it is no longer economically feasible to continue the Fund and it would be in the best interests of

Unitholders to terminate the Fund.

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

See "Termination of the Fund".

Taxation of Registered Plans:

Provided that the Fund continues to qualify at all times as a mutual fund trust within the meaning of the Tax Act or Units are listed on a "designated stock exchange" for purposes of the Tax Act (which includes the Toronto Stock Exchange), Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (each, a "registered plan"). Provided that Warrants are listed on a designated stock exchange, or provided that at all times Units are qualified investments for a registered plan and the Fund is not, and deals at arm's length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the registered plan within the meaning of the Tax Act, Warrants will be a qualified investment under the Tax Act for the registered plan. Holders of trusts governed by a tax-free savings account should consult their own tax advisors to ensure that neither Units nor Warrants would be a "prohibited investment" as defined in the Tax Act in their particular circumstances. See "Investments by Registered Plans".

Organization and Management of the Fund:

Investment Manager and Promoter

MCM is the investment manager of the Fund. The Investment Manager implements the investment strategy of the Fund from its principal office in Toronto, Ontario. See "Organization and Management Details of the Fund – The Investment Manager".

MCM may be considered a promoter of the Fund within the meaning of the securities legislation of certain provinces of Canada by reason of its initiative in substantially reorganizing the Fund in connection with the Reorganization. See "Organization and Management Details of the Fund – Promoter".

Trustee and Custodian

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

Auditors

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

Manager

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

Registrar and Transfer Agent

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

Warrant Agent

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

Exchange Agent

Computershare Investor Services Inc., at its principal office in Toronto, Ontario is the exchange agent for the Exchange Option.

Agents:

RBC Dominion Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc., Raymond James Ltd., Canaccord Capital Corporation, Dundee Securities Corporation, Manulife Securities Incorporated and Wellington West Capital Markets Inc. (collectively, the “Agents”) conditionally offer the Combined Units on a best-efforts basis, subject to prior sale, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the Agency Agreement (as defined herein), and subject to the approval of certain legal matters by Osler, Hoskin & Harcourt LLP, on behalf of the Fund, and Davies Ward Phillips & Vineberg LLP, on behalf of the Agents.

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

Agents' fees will be \$● and the net proceeds to the Fund will be \$●.

The following table sets forth the maximum size, exercise period and exercise price in respect of the Over-Allotment Option. See "Plan of Distribution".

<u>Agents' Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	● Combined Units	within 30 days after the closing of the Offering	\$● per Combined Unit

INFORMATION FROM THIRD PARTY SOURCES

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

FORWARD-LOOKING STATEMENTS

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

DOCUMENTS INCORPORATED BY REFERENCE

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

- (i) the annual information form (the "Annual Information Form") of the Fund dated March 30, 2009;
- (ii) the annual financial statements of the Fund, together with the accompanying report of the auditors, for the year ended December 31, 2008 and the related management report of fund performance;

- (iii) the interim financial statements of the Fund for the six-month period ended June 30, 2009 and the related interim management report of fund performance;
- (iv) the management information circular of the Fund dated September 24, 2009; and
- (v) the material change report of the Fund dated September 25, 2009 in respect of the approval of the proposed Reorganization by the Manager.

Any of the documents of the type referred to above including annual information forms, financial statements and related management reports of fund performance filed by the Fund with a securities commission or similar authority in Canada after the date of this short form prospectus and prior to the termination of the distribution hereunder shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus. Information on any of the websites maintained by the Fund or the Manager does not constitute a part of this short form prospectus. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

SUMMARY OF FEES AND EXPENSES

The following table lists the fees and expenses of the Fund. The Fund's payment of these fees and expenses will reduce the NAV of the Units. For further particulars, see "Fees and Expenses".

<u>Type of Fee</u>	<u>Amount and Description</u>
Fees payable to the Agents for selling Combined Units:	\$● per Combined Unit (●%).
Expenses of issue:	The Fund will pay the expenses incurred in connection with the Offering of Combined Units by the Fund and the Warrant Issue (estimated to be \$●) subject to a maximum of 1.5% of the gross proceeds of the Offering.
Warrant exercise fee:	Within 30 days of the proper exercise of a Warrant, the Fund will pay a fee of \$● per Warrant to RBC Dominion Securities Inc. for and on behalf of the Agents and a fee of \$● per Warrant to the dealer whose client has exercised the Warrant. Such fees will be paid by the Fund out of the assets attributable to the Units.
Fee payable to Mulvihill for acting as manager of the Fund:	Annual rate of 0.10% of the Fund's NAV calculated and payable monthly, plus applicable taxes.
Fee payable to MCM for acting as investment manager of the Fund:	Annual rate of 1.00% of the Fund's NAV calculated and payable monthly, plus applicable taxes.
Operating expenses:	The Fund will pay all ordinary expenses incurred in connection with its operation and administration, estimated to be \$● per annum. The Fund will also be responsible for commissions and other costs of securities transactions and any extraordinary expenses which may be incurred by it from time to time.
Service Fee:	The Fund will pay a service fee (the "Service Fee") to each dealer whose clients hold Units. The Service Fee will be calculated and paid at the end of each calendar quarter and will be equal to 0.40% annually of the NAV of the Units held by clients of the dealer.

GLOSSARY

\$	Canadian dollars unless otherwise indicated.
1933 Act	the U.S. <i>Securities Act of 1933</i> , as may be amended from time to time.
at-the-money	in relation to a call option, means a call option with a strike price equal to the current market price of the underlying security and, in relation to a put option, means a put option with a strike price equal to the current market price of the underlying security.
Black-Scholes Model	a widely-used option pricing model developed by Fischer Black and Myron Scholes in 1973. The model can be used to calculate the theoretical value of an option based on the current price of the underlying security, the strike price and term of the option, prevailing interest rates and the volatility of the price of the underlying security.
business day	any day on which the Toronto Stock Exchange is open for business.
call option	the right, but not the obligation, of the option holder to buy a security from the seller of the option at a specified price at any time during a specified time period or at expiry.
cash-covered put option	a put option entered into in circumstances where the seller of the put option holds cash equivalents or other acceptable cash cover (as defined in NI 81-102) sufficient to acquire the securities underlying the option at the strike price throughout the term of the option.
cash equivalents	means, and for the purposes of “cash cover” and “cash-covered put option”, “cash” as used therein means: (a) cash on deposit at the Fund’s custodian; (b) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by: (i) any of the Federal or Provincial Governments of Canada; or (ii) the Government of the United States; or (iii) a Canadian financial institution; provided that, in the case of (ii) and (iii), such evidence of indebtedness has a rating of at least R-1 (low) by DBRS Limited or the equivalent rating from another approved credit rating organization; or (c) other cash cover as defined in NI 81-102.

Combined Unit	a transferable Combined Unit of the Fund consisting of one Unit and one Warrant.
covered call option	a call option entered into in circumstances where the seller of the call option holds the underlying security throughout the term of the option.
in-the-money	in relation to a call option, means a call option with a strike price less than the current market price of the underlying security and, in relation to a put option, means a put option with a strike price greater than the current market price of the underlying security.
NAV or NAV of the Fund	the net asset value of the Fund which, on any date, will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund on that date. See “Calculation of Net Asset Value – Calculation of Net Asset Value and NAV per Unit”.
NAV per Unit	the NAV of the Fund divided by the number of Units then outstanding.
NI 81-102	National Instrument 81-102 – <i>Mutual Funds</i> (or any successor policy, rule or national instrument), as it may be amended from time to time.
Offering	the offering of up to ● Combined Units (and the Units and the Warrants making up such Combined Units) and up to ● Units issuable upon the exercise of the Warrants, as contemplated in this short form prospectus.
option premium	the purchase price of an option.
out-of-the-money	in relation to a call option, means a call option with a strike price greater than the current market price of the underlying security and, in relation to a put option, means a put option with a strike price less than the current market price of the underlying security.
put option	the right, but not the obligation, of the option holder to sell a security to the seller of the option at a specified price at any time during a specified time period or at expiry.
strike price	in relation to a call option, means the price specified in the option that must be paid by the option holder to acquire the underlying security or, in relation to a put option, the price at which the option holder may sell the underlying security.
Tax Act	the <i>Income Tax Act</i> (Canada).
Unit	a transferable, redeemable Unit of the Fund.
United States	the United States of America, its territories and possessions.
U.S. person	has the meaning given to such term in Regulation S under the 1933 Act.
volatility	in respect of the price of a security, is a numerical measure of the tendency of the price to vary over time.

Warrant

a transferable Warrant of the Fund.

Warrant Issue

the offering, on the Separation Date (as defined below), of up to ● Warrants and the ● Units issuable upon the exercise thereof to existing holders of Units of record at the close of business (Toronto time) on ●, 2009, as contemplated in this short form prospectus.

OVERVIEW OF THE LEGAL STRUCTURE OF THE FUND

Premier Canadian Income Fund (the “Fund”) is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement (the “Trust Agreement”) dated August 30, 1999 between Mulvihill Fund Services Inc. (“Mulvihill” or the “Manager”), as manager, and RBC Dexia Investor Services Trust (as successor to The Royal Trust Company) (the “Trustee”), as trustee, as amended from time to time. Mulvihill is a wholly-owned subsidiary of Mulvihill Capital Management Inc. (“MCM” or the “Investment Manager”), the Fund’s investment manager. See “Organization and Management Details of the Fund”.

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

Reorganization of the Fund

At a meeting of holders (“Unitholders”) of Units of the Fund on October 26, 2009, Unitholders approved a proposal to reposition the Fund and its portfolio (the “Reorganization”). The Fund has accumulated approximately \$29.5 million of capital losses since its inception in September 1999.

In an effort to provide the Fund with the opportunity to grow in size, increase in value and utilize these tax losses, Unitholders approved the Reorganization. In connection with the Reorganization, the Fund:

- (i) changed its investment strategy and investment restrictions. The Fund now invests in a portfolio principally consisting of common shares selected from the energy, materials and financials sectors of the S&P/TSX 60 Index. In addition, the Fund may invest up to 20% of its net assets in equity securities of other issuers selected from the S&P/TSX Composite Index;
- (ii) amended its investment objectives. The Fund’s new investment objectives are (a) to maximize total returns for Unitholders including both long-term appreciation in NAV per Unit and distributions; and (b) to pay Unitholders monthly, tax-efficient distributions in an amount targeted to be 6.5% per annum on the NAV of the Fund;
- (iii) changed the redemption provisions of its Units. Unitholders have an annual redemption right in November of each year at NAV per Unit and a monthly redemption right at a redemption price determined by reference to market price for Units redeemed on the last day of any other month;
- (iv) amended certain voting rights attaching to its Units. For example, Unitholders were given the right to approve certain reorganizations and transfers of assets of the Fund;
- (v) extended its termination date to December 31, 2014 from December 31, 2009;
- (vi) may issue additional Units on a non-dilutive basis; and
- (vii) will pay an annual service fee of 0.40% of NAV if it completes the Offering.

In connection with the Reorganization, the Fund changed its name from Global Plus Income Trust to Premier Canadian Income Fund and MCM agreed to reduce its fees from a total of 1.15% to 1.00% of the

Fund's NAV from and after October 26, 2009. In addition, immediately prior to the date of the closing of the Offering (the "Closing Date"), the outstanding Units will be consolidated on a one for two basis.

Status of the Fund

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

INVESTMENT OBJECTIVES

The Fund has been designed to generate attractive returns for investors by investing in a high quality portfolio of common shares of large-capitalization Canadian issuers selected from the S&P/TSX 60 Index. The Fund will invest primarily in common shares of issuers in the energy, materials and financials sectors, with approximately one-third of the Fund's net assets initially invested in each of these sectors. The Investment Manager believes that Canada has world-leading companies in these sectors. The Fund has been structured to provide Unitholders with attractive, tax-efficient, monthly distributions.

The Fund's investment objectives are:

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

Based upon existing capital loss carryforwards of approximately \$29.5 million available to the Fund, the Fund expects that all or substantially all of the monthly distributions paid by it over its five-year life will be return of capital distributions that are generally not subject to tax (returns of capital reduce the adjusted cost base of Units). Accordingly, these distributions should be tax efficient when compared with those made on units of an investment trust that depends solely on capital gains, interest, dividends and/or other sources of investment income (net of expenses, losses and loss carryforwards) to pay distributions.

INVESTMENT STRATEGY

Overview of the Investment Structure

The Fund will seek to achieve its objectives by investing in a high-quality portfolio principally consisting of common shares selected from the energy, materials and financials sectors of the S&P/TSX 60 Index. The following is a list of all of the issuers included in the energy, materials and financials sectors of the S&P/TSX 60 Index (the "Portfolio Universe Shares"):

Energy

Suncor Energy Inc.
EnCana Corporation
Canadian Natural Resources Limited
Imperial Oil Limited
Husky Energy Inc.
TransCanada Corporation
Talisman Energy Inc.
Enbridge Inc.
Nexen Inc.
Cameco Corporation

Materials

Barrick Gold Corporation
Potash Corporation of Saskatchewan Inc.
Goldcorp Inc.
Teck Resources Limited
Kinross Gold Corporation
Agnico-Eagle Mines Ltd.
Yamana Gold Inc.
Agrium Inc.
First Quantum Minerals Ltd.
IAMGOLD Corporation
Eldorado Gold Corporation

Financials

Royal Bank of Canada
The Toronto-Dominion Bank
The Bank of Nova Scotia
Manulife Financial Corporation
Bank of Montreal
Canadian Imperial Bank of Commerce
Sun Life Financial Inc.
Brookfield Asset Management Inc.
Power Corporation of Canada
National Bank of Canada

Energy**Materials****Financials**

Inmet Mining Corporation

In addition, the Fund may invest up to 20% of its net assets in equity securities of other issuers selected from the S&P/TSX Composite Index. The Investment Manager intends generally to include between 15 and 25 issuers in the Fund's portfolio.

To generate additional returns above the distributions earned on its securities, the Fund may, from time to time, write covered call options in respect of some or all of the securities in its portfolio. The securities that may be subject to call options and the terms of such options will vary from time to time based on MCM's assessment of market conditions.

Based on the initial anticipated composition of the Fund's portfolio, the Fund is expected to generate dividend income of approximately 2.0% per annum which, after the deduction of expenses, will be distributed to Unitholders. The Fund's portfolio would be required to generate an additional return of approximately 6.26% per annum from, among other sources, dividend growth, realized capital gains and option premiums, for the Fund to maintain its targeted distributions and a stable NAV.

Portfolio Investments

At least 80% of the net assets of the Fund will be invested in common shares of issuers (other than income trusts) selected from the energy, financials or materials sector of the S&P/TSX 60 Index. The table below sets forth, as at October 21, 2009, the market capitalizations of the issuers of Portfolio Universe Shares, as well as the closing prices of those shares. As indicated in the table below, as at October 21, 2009, Portfolio Universe Shares had an average dividend yield of 2.00% per annum, an average trailing 30-day price volatility level of 31.29%, an average five-year total return compound annual growth rate ("CAGR") of 15.94% and an average five-year dividend CAGR of 12.79%.

**Market Capitalizations, Closing Market Prices, Dividend Yields, Price Volatilities,
Total Return and Dividend Compound Annual Growth Rates of Portfolio Universe Shares**

	Market Capitalization	Closing Market Price	Dividend Yield	30-Day Price Volatility	5-Year Total Return CAGR	5-Year Dividend CAGR
Energy						
Suncor Energy Inc.....	\$61,840,130,000	\$39.68	1.01%	32.63%	13.62%	27.23%
EnCana Corporation.....	\$47,983,530,000	\$63.96	2.70%	24.10%	17.95%	51.57%
Canadian Natural Resources Limited.....	\$41,253,050,000	\$76.09	0.55%	33.47%	24.91%	16.00%
Imperial Oil Limited	\$37,243,570,000	\$43.94	0.91%	22.79%	14.40%	6.40%
Husky Energy Inc.....	\$27,705,210,000	\$32.60	3.68%	25.37%	18.92%	37.97%
TransCanada Corporation	\$22,778,650,000	\$33.43	4.55%	15.17%	8.14%	5.55%
Talisman Energy Inc.	\$20,082,030,000	\$19.71	1.14%	33.71%	12.95%	17.61%
Enbridge Inc.	\$15,970,310,000	\$42.53	3.48%	13.78%	14.32%	10.10%
Nexen Inc.	\$13,298,480,000	\$25.49	0.78%	38.81%	14.67%	14.87%
Cameco Corporation	\$12,834,840,000	\$32.69	0.73%	37.51%	15.11%	19.14%
Materials						
Barrick Gold Corporation.....	\$39,166,010,000	\$39.85	1.12%	26.97%	9.19%	12.70%
Potash Corporation of Saskatchewan Inc.	\$31,732,450,000	\$107.30	0.39%	31.39%	33.48%	14.87%
Goldcorp Inc.	\$31,511,070,000	\$43.07	0.43%	37.63%	22.57%	0.00%
Teck Resources Limited ⁽¹⁾	\$20,200,180,000	\$34.31	0.00%	42.29%	22.14%	0.00%
Kinross Gold Corporation ⁽²⁾	\$16,115,550,000	\$23.19	0.47%	35.36%	21.63%	16.04%
Agnico-Eagle Mines Ltd.	\$11,363,510,000	\$72.81	0.32%	37.46%	32.41%	43.10%
Yamana Gold Inc. ⁽³⁾	\$9,201,764,000	\$12.55	0.35%	51.22%	27.94%	0.00%

	<u>Market Capitalization</u>	<u>Closing Market Price</u>	<u>Dividend Yield</u>	<u>30-Day Price Volatility</u>	<u>5-Year Total Return CAGR</u>	<u>5-Year Dividend CAGR</u>
Agrium Inc.....	\$9,154,026,000	\$58.34	0.21%	41.01%	24.12%	0.00%
First Quantum Minerals Ltd. ⁽⁴⁾	\$5,959,759,000	\$75.98	0.21%	38.64%	36.91%	7.46%
IAMGOLD Corporation.....	\$5,389,505,000	\$14.66	0.50%	48.25%	10.24%	4.35%
Eldorado Gold Corporation ⁽⁵⁾	\$4,962,054,000	\$12.40	0.00%	47.18%	27.10%	0.00%
Inmet Mining Corporation ⁽⁶⁾	\$3,694,630,000	\$65.85	0.30%	46.34%	28.49%	0.00%
Financials						
Royal Bank of Canada.....	\$79,399,990,000	\$56.11	3.56%	18.39%	16.66%	13.97%
The Toronto-Dominion Bank.....	\$54,941,160,000	\$64.20	3.80%	23.17%	9.93%	11.12%
The Bank of Nova Scotia.....	\$47,099,590,000	\$46.14	4.25%	23.70%	7.62%	10.31%
Manulife Financial Corporation.....	\$35,187,390,000	\$21.80	2.39%	28.52%	-1.19%	0.00%
Bank of Montreal.....	\$28,647,150,000	\$52.00	5.38%	18.43%	2.51%	9.73%
Canadian Imperial Bank of Commerce.....	\$24,538,940,000	\$64.12	5.43%	21.87%	2.61%	7.71%
Sun Life Financial Inc.....	\$17,021,250,000	\$30.35	4.74%	29.36%	-0.02%	10.35%
Brookfield Asset Management Inc.....	\$13,586,590,000	\$23.75	2.30%	34.79%	7.92%	15.88%
Power Corporation of Canada.....	\$12,579,500,000	\$27.54	4.21%	23.89%	3.39%	15.07%
National Bank of Canada.....	\$9,505,917,000	\$59.05	4.20%	18.14%	9.56%	10.29%
Average.....			2.00%	31.29%	15.94%	12.79%

- (1) Dividend discontinued as of November 20, 2008.
(2) 1.5-year dividend CAGR from March 19, 2008.
(3) 3-year dividend CAGR from September 27, 2006.
(4) 4.5-year dividend CAGR from April 7, 2005.
(5) No dividend.
(6) 3.5-year dividend CAGR from November 28, 2005.

Source: Bloomberg

The information set forth above is historical and is not intended to be, nor should it be construed as, an indication as to future market capitalizations, closing prices, dividend yields, price volatilities, total return or dividend CAGRs of the securities in the Fund's portfolio.

Other Hedging to Protect Portfolio Assets

The Fund may purchase put options on individual securities in its portfolio or indexed put options to protect it from declines in the market prices of the individual securities in its portfolio or in the value of its portfolio as a whole. The Fund may also, from time to time, write cash-covered put options to generate additional returns and to reduce the net cost of acquiring the securities subject to put options. The Fund may also enter into trades to close out positions in such derivatives, including purchasing put options and call options with the effect of closing out existing call options and put options written by the Fund.

Securities Lending

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

Covered Option Writing

General

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

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

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

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

Call Option Pricing

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

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

the volatility of the price of the underlying security the volatility of the price of a security measures the tendency of the price of the security to vary during a specified period. The higher the price volatility, the more likely that the price of that security will fluctuate (either positively or negatively) and the greater the option premium. Price volatility is

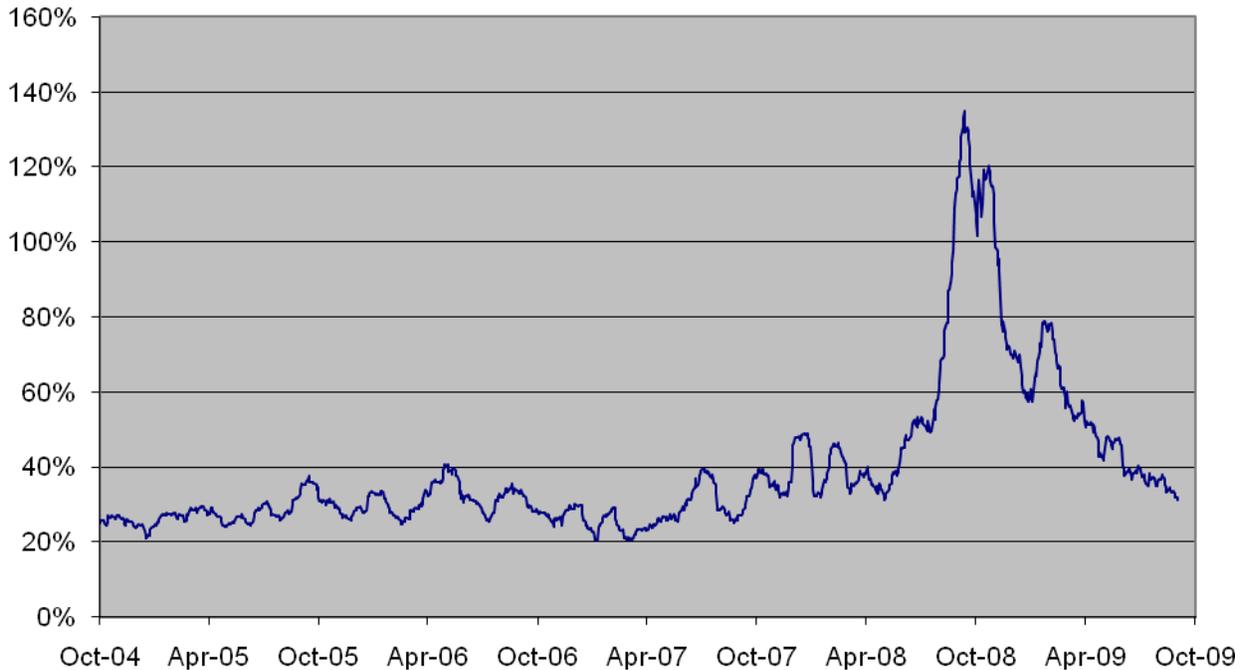
<i>the difference between the strike price and the market price of the underlying security at the time the option is written</i>	generally measured in percentage terms on an annualized basis, based on price changes during a period of time immediately prior to or “trailing” the date of calculation.
<i>the term of the option</i>	the smaller the positive difference (or the larger the negative difference), the greater the option premium.
<i>the “risk-free” or benchmark interest rate in the market in which the option is issued</i>	the longer the term, the greater the call option premium.
<i>the dividends expected to be paid on the underlying security during the relevant term.</i>	the higher the risk-free interest rate, the greater the call option premium.
	the greater the dividends, the lower the call option premium.

Volatility History

The historical average, low, high and current values of the trailing 30-day volatilities (expressed in percentages on an annualized basis) for Portfolio Universe Shares for the five years ended October 21, 2009 are as follows:

	Five-Year Price Volatility			
	Average	Low	High	Current
30-day volatility	39.13%	20.30%	134.81%	31.29%

Average Price Volatility of Portfolio Universe Shares



The information set forth above is historical and is not intended to be, nor should it be construed as, an indication as to future volatility levels of Portfolio Universe Shares.

Percent of the Fund's Portfolio Required to be Written to Pay Expenses and Distributions

The table below represents the percentage of the Fund's portfolio against which covered call options would need to be written at different volatility levels to pay the Fund's expenses and net targeted distributions of 6.5% per annum on the NAV of the Fund.

Percent of the Fund's Portfolio Required to be Written to Pay Expenses and Distributions

		Average Price Volatility of Portfolio Universe Shares										
		10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	110%
% Out-of-the-Money	3%	237.3%	47.3%	24.2%	16.0%	11.9%	9.5%	7.8%	6.7%	5.8%	5.2%	4.7%
	2%	127.2%	36.5%	20.6%	14.3%	10.9%	8.8%	7.4%	6.4%	5.6%	5.0%	4.5%
	1%	73.6%	28.7%	17.7%	12.8%	10.0%	8.2%	7.0%	6.0%	5.3%	4.8%	4.3%
	0%	45.8%	22.9%	15.3%	11.5%	9.2%	7.6%	6.6%	5.7%	5.1%	4.6%	4.2%

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

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

- (i) the Fund invests \$100 million in Portfolio Universe Shares on a *pro rata* basis;

- (ii) distributions on the Units are 6.5% per annum on the NAV of the Fund;
- (iii) the range of volatility shown in the table approximates the range of the historical average volatility of Portfolio Universe Shares;
- (iv) all call options are exercisable only at maturity and are written at the same percentage out-of-the-money;
- (v) all Portfolio Universe Shares are subject to 30-day call options throughout the relevant period (for illustrative purposes only—this assumption is not indicative of the extent to which covered call options are expected to be written by the Fund);
- (vi) the Canadian risk-free or benchmark interest rate equals 2.00% per annum;
- (vii) the average net return from the dividends paid on Portfolio Universe Shares is 2.00% per annum;
- (viii) there are no realized capital gains or losses on Portfolio Universe Shares for the period during which the call options are outstanding (for illustrative purposes only—the Fund expects that there will be capital gains and losses that may have a positive or negative effect on the value of the Fund); and
- (ix) annual expenses (ordinary and extraordinary) of the Fund are \$250,000, plus fees payable to Mulvihill and MCM of 1.10% of the total assets of the Fund, plus applicable taxes, plus the annual service fee of 0.40% of the value of the Units held by clients of a dealer and payable to each dealer whose clients hold Units.

Utilization of Cash Equivalents

The Fund may, from time to time, hold a portion of its assets in cash equivalents. The Fund may also, from time to time, utilize such cash equivalents to provide cover in respect of the writing of cash-covered put options or for other defensive purposes. The Fund may also, from time to time, write cash-covered put options to generate additional returns and to reduce the net cost of acquiring the securities subject to put options. Such cash-covered put options will only be written in respect of securities in which the Fund is permitted to invest.

The holder of a put option purchased from the Fund will have the option, exercisable during a specific time period or at expiry, to sell the securities underlying the option to the Fund at the strike price per security. By selling put options, the Fund will receive option premiums, which are generally paid within one business day of the writing of the option. The Fund, however, must maintain cash equivalents in an amount at least equal to the aggregate strike price of all securities underlying the outstanding put options that it has written. If at any time during the term of a put option or at expiry, the market price of the underlying securities is below the strike price, the holder of the option may exercise the option and the Fund will be obligated to buy the securities from the holder at the strike price per security. In such case, the Fund will be obligated to acquire a security at a strike price that may exceed the then current market value of such security. If, however, the option is out-of-the-money at the expiration of the put option, the holder of the option will likely not exercise the option and the option will expire. In each case, the Fund will retain the option premium.

OVERVIEW OF THE SECTORS IN WHICH THE FUND INVESTS

The Investment Manager believes that the companies in the energy, materials and financials sectors of the S&P/TSX 60 Index are well-positioned to capitalize on the anticipated recovery of the global economy and continued growth in emerging markets.

Energy

The companies in the energy sector of the S&P/TSX 60 Index are engaged in the exploration, production, marketing, refining and/or transportation of oil and gas products, coal and other consumable fuels or have businesses that are dominated by the construction or provision of oil rigs, drilling equipment and other energy-related service and equipment, including seismic data collection.

MCM believes that the long-term outlook for such issuers is favourable and that the sector will continue to benefit from a combination of increasing global demand and diminishing supply. In *World Energy Outlook 2008*, the International Energy Agency projects world energy demand to grow by 45% between 2006 and 2030 with developing countries accounting for the majority of the growth. Canada's energy sector should benefit from this projected demand growth as its oil reserves rank second in the world only to those of Saudi Arabia. Currently, Canada is the third largest natural gas and seventh largest crude oil producer globally according to the Canadian Association of Petroleum Producers. Canada's politically stable investment environment is also beneficial given the current geopolitical environment as well as its close proximity to the United States, the world's largest consumer of oil and gas.

Materials

The S&P/TSX 60 companies in the materials sector operate in a wide range of commodity-related industries. Included in this sector are metal and mining companies including gold, zinc and copper producers and companies that manufacture chemicals for agricultural and industrial industries, as well as construction materials, forest products and related packaging products.

In the Investment Manager's view, the materials sector can be expected to continue to benefit from its exposure to developing economies (such as the "BRIC" countries), which are expected to outgrow the developed G7 countries in the coming years. Stimulus measures around the world aimed at spending on infrastructure improvements should also help bolster demand for raw materials. According to the Mining Association of Canada, 57% of the world's public mining companies are listed on the Toronto Stock Exchange (the "TSX") and TSX Venture Exchange. MCM also believes that the producers of gold and other precious metals in the S&P/TSX 60 Index may benefit from rising commodity prices, which often contribute to an inflationary environment. Because gold has traditionally been viewed as a hedge against inflation, many investors who are concerned about further declines in the value of the U.S. dollar may consider it appropriate to use gold as a hedge against this currency risk.

Financials

The financials sector of the S&P/TSX 60 Index contains companies involved primarily in activities such as retail banking, investment banking and brokerage, asset management and custody, insurance and real estate.

Although not immune from the recent global financial and economic crisis, Canadian financial services companies performed relatively well in comparison with the majority of international financial services firms. During the economic downturn, most Canadian financial services companies maintained their dividends as well as investment-grade ratings while many U.S. and European financial services

firms have been forced into restructuring, bankruptcy or partial or full government nationalization. At the most recent World Economic Forum, Canadian banks were ranked #1 globally in the “Soundness of Banks” category thus highlighting the robust regulatory structure they operate under as well as their diverse business models. The financials sector has traditionally rebounded well from financial crises. MCM expects these firms to continue to be among the strongest performers in the economic recovery as Canadian banks and insurers derive a significant percentage of their revenue from outside of Canada.

INVESTMENT RESTRICTIONS

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

- (i) purchase equity securities, provided that:
 - (a) at least 80% of the net assets of the Fund are, at any time, invested in common shares of issuers (other than income trusts) selected from the energy, financials or materials sector of the S&P/TSX 60 Index, as such index may be modified, reconstituted or replaced from time to time;
 - (b) not more than 20% of the net assets of the Fund are, at any time, invested in securities of issuers (other than those described in (a), above) selected from the S&P/TSX Composite Index, as such index may be modified, reconstituted or replaced from time to time; and
 - (c) after such purchase, no more than 10% of the NAV of the Fund is invested in the securities of any one issuer;
- (ii) purchase cash equivalents;
- (iii) write a call option in respect of a security only if such security is actually held by the Fund at the time the option is written;
- (iv) not dispose of any security that is subject to a call option written by the Fund unless such option has either terminated or expired;
- (v) write put options in respect of any security only if (a) the Fund is permitted to invest in such security, and (b) so long as the options are exercisable, the Fund continues to hold cash equivalents sufficient to acquire the securities underlying the options at the aggregate strike price of such options;
- (vi) reduce the total amount of cash equivalents held by the Fund only if the total amount of cash equivalents held by the Fund remains an amount not less than the aggregate strike price of all outstanding put options written by the Fund;
- (vii) purchase put options on securities and indexed put options and purchase put options and call options with the effect of closing out existing call options and put options written by the Fund;

- (viii) lend portfolio securities pursuant to the terms of a Securities Lending Agreement;
- (ix) not undertake any activity, take any action, omit to take any action or make or hold any investment that would result in the Fund failing to qualify as a “mutual fund trust” within the meaning of the Tax Act;
- (x) not enter into any arrangement (including the acquisition of securities for its portfolio and the writing of covered call options in respect thereof) where the result is a dividend rental arrangement for the purposes of the Tax Act;
- (xi) not make or hold any investment that would result in the Fund becoming a “SIFT trust” within the meaning of subsection 122.1(1) of the Tax Act;
- (xii) not invest in any security that would be a “tax shelter investment” within the meaning of the Tax Act; and
- (xiii) not acquire or hold any property that is “taxable Canadian property” within the meaning of the Tax Act or that will otherwise constitute “specified property” within the meaning of the proposed amendments to the Tax Act announced on September 16, 2004 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto).

The S&P/TSX 60 Index and the S&P/TSX Composite Index are maintained by Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“Standard & Poor’s”). Standard & Poor’s is not under any obligation to maintain the S&P/TSX 60 Index or the S&P/TSX Composite Index. If either the S&P/TSX 60 Index or the S&P/TSX Composite Index ceases to be maintained, the Fund may take such action as the Manager, in its sole discretion, determines to continue to operate the Fund in accordance with its investment objectives and investment strategy, including replacing the S&P/TSX 60 Index or the S&P/TSX Composite Index, as the case may be, with an equivalent substitute index.

FEES AND EXPENSES

Initial Expenses

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

Warrant Exercise Fee

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

Ongoing Fees and Expenses

Pursuant to the terms of the Investment Management Agreement (as defined below), MCM is entitled to a fee at an annual rate of 1.00% of the Fund’s NAV. Pursuant to the terms of the Trust Agreement,

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

The Fund will pay for all expenses incurred in connection with the operation and administration of the Fund. It is expected that these expenses will include, without limitation: (i) mailing and printing expenses for periodic reports to Unitholders; (ii) fees payable to the Trustee for acting as trustee and custodian of the assets of the Fund and performing certain administrative services under the Trust Agreement; (iii) fees payable to Computershare Trust Company of Canada for acting as warrant agent with respect to the Warrants; (iv) fees payable to Computershare Investor Services Inc. for acting as registrar and transfer agent with respect to the Units; (v) fees payable to members of the Advisory Board and the independent review committee of the Fund; (vi) any additional fees payable to Mulvihill for the performance of extraordinary services on behalf of the Fund; (vii) fees payable to the auditors and legal advisors of the Fund; (viii) regulatory filing, stock exchange and licensing fees; and (ix) expenditures incurred upon the termination of the Fund. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which Mulvihill or MCM is entitled to an indemnity by the Fund. See “Organization and Management Details of the Fund”. The Fund will also be responsible for all commissions and other costs of securities transactions. All such expenses will be subject to an independent audit and report thereon to the Trustee and Mulvihill will provide reasonable access to its books and records for such purpose.

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

RISK FACTORS

An investment in the Fund may be deemed to be speculative and involves significant risks. A subscription for Combined Units should be considered only by persons who can bear the risk of loss associated with an investment in the Fund. Investors should review closely the investment objectives and investment strategies to be utilized by the Fund to familiarize themselves with the risks associated with an investment in the Fund. The following are certain considerations relating to an investment in the Fund which should also be considered before purchasing its securities.

No Assurances of Achieving Investment Objectives

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

Portfolio Securities

NAV per Unit will vary as the value of the securities in the Fund's portfolio varies. At any time, the issuers in the Fund's portfolio may decide to decrease or discontinue the payment of distributions on their securities. Such a decrease could reduce or result in the cessation of the monthly distributions payable to Unitholders. The Fund has no control over the factors that affect the issuers in its portfolio, such as fluctuations in interest rates, changes in management or strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures and changes in dividend and distribution policies.

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

Concentration Risk

The Fund will invest in a portfolio principally consisting of common shares selected from the energy, materials and financials sectors of the S&P/TSX 60 Index. The Fund's holdings will be selected from Portfolio Universe Shares and the other issuers listed in S&P/TSX Composite Index and from time to time may not be diversified.

Equity Risk

Equities such as common shares give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy as a whole can also affect equity prices.

Commodity Exposure Risk

Some of the Fund's investments may provide it with indirect exposure to commodities markets. These investments may be subject to greater volatility than other investments of the Fund. The price of a commodity may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity such as drought, floods, weather, livestock disease, embargoes, tariffs and developments of an economic, political or regulatory nature.

Recent Global Financial Developments

Global financial markets have experienced a sharp rise in volatility during recent months. This has been, in part, the result of a revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. Notwithstanding that central banks as well as global governments are attempting to restore liquidity to the world economy, no assurance can be given that these efforts will abate, in the near to medium term, the combined impact of the significant revaluations and constraints on the availability of credit on economies around the world. Some economies are experiencing diminished growth or a recession. Continuing adverse market conditions and unexpected volatility or illiquidity in financial markets may adversely affect the prospects of the Fund.

Use of Options and Other Derivative Instruments

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

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

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

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

Reliance on the Investment Manager

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

Warrants

The value of a Unit will be reduced if the NAV per Unit exceeds \$● and one or more Warrants is exercised. If a Unitholder does not exercise Warrants in such circumstances, the Unitholder's *pro rata* interest in the assets of the Fund will be diluted. To maintain the Unitholder's *pro rata* interest in the assets of the Fund, the Unitholder will be required to pay in connection with the exercise of a Warrant an additional amount equal to the Subscription Price (as defined below). While a Unitholder may sell the Unitholder's Warrants, no assurance can be given that the proceeds of such sale will compensate the Unitholder for such dilution. See "Warrant Considerations".

Interest Rate Fluctuations

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

Trading at a Discount

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

Significant Redemptions

Units are redeemable monthly based on market price and, commencing in November 2010, annually for a price based on NAV per Unit (which represents the value that the Fund is able to obtain in the market when it sells portfolio securities to fund the redemption). The purpose of the annual redemption right is to prevent the Units from trading at a substantial discount to the NAV per Unit and to provide Unitholders with the right to realize their investment once per year without any trading discount to such value. While the annual redemption right provides Unitholders the option of annual liquidity, there can be no assurance that it will reduce trading discounts. If a significant number of Units is redeemed, the trading liquidity of the Units could be significantly reduced. In addition, the expenses of the Fund would be spread among fewer Units potentially resulting in lower NAV per Unit. Other closed-end funds with annual redemption rights similar to the redemption rights in respect of the Units have experienced significant redemptions on annual redemption dates in the past.

No Ownership Interest

An investment in Units does not constitute an investment in the securities of the issuers in the Fund's portfolio. Holders of Units will not own the securities held by the Fund and will not have any voting or other rights with respect to such securities. Such securities will be voted in accordance with the proxy voting guidelines of the Fund. See "Corporate Governance — Proxy Voting Policy" in the Annual Information Form.

Status of the Fund for Securities Law Purposes

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

Securities Lending

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

Tax Changes

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

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

Taxation of the Fund

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

On October 31, 2003 the Department of Finance announced a Tax Proposal (as defined below) relating to the deductibility of losses under the Tax Act. Under this Tax Proposal, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If such Tax Proposal were to apply to the Fund, deductions that would otherwise reduce the Fund's taxable income could effectively be denied, with after-tax returns to Unitholders reduced as a result. On February 23, 2005, the Minister of Finance (Canada) announced that an alternative proposal to replace such Tax Proposal would be released for comment. This proposal has not been released as of the date hereof. There can be no assurance that such alternative proposal will not adversely affect the Fund.

If the Fund ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "Income Tax Considerations" would be materially and adversely different in certain respects.

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

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

In determining its income for tax purposes, the Fund will treat option premiums received on the writing of covered call options and cash-covered put options and any losses sustained on closing out

options as capital gains and capital losses in accordance with the published administrative practice of Canada Revenue Agency (“CRA”). CRA’s practice is not to grant advance income tax rulings on the characterization of items as capital or income and no advance income tax ruling has been applied for or received from CRA.

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

DISTRIBUTION POLICY

The Fund will endeavour to make monthly cash distributions to Unitholders on the last day of each month in an amount targeted to be 6.5% per annum of the NAV of the Fund. The Fund has determined to base the distributions it pays on the NAV of the Fund in order to better facilitate the preservation and enhancement of the Fund’s NAV and to enable Unitholders to benefit from any increases in the NAV of the Fund through the resulting increased distributions. It is expected that all of the monthly cash distributions payable by the Fund over its five-year life will be return of capital distributions. The monthly distributions will be determined using the last published NAV prior to the declaration date for the distribution.

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

If, in any year after making its targeted monthly distributions, there would otherwise remain in the Fund net income or net realized capital gains that are unsheltered by any loss carryforwards from prior years, the Fund intends to make, on December 31 of that year, a special distribution of such remaining net income and net realized capital gains as is necessary to ensure that the Fund will not be liable for income tax thereon under the Tax Act. See “Income Tax Considerations”.

Cash distributions will be payable in Canadian dollars to Unitholders of record at 5:00 p.m. (Toronto time) on the record date which will be on the 15th day of each month, unless such day is not a business day, in which case the record date will be the following business day. All cash distributions will be paid by cheque to Unitholders proportionately based on their respective holdings of Units and will be mailed to Unitholders at their addresses listed in the register of Unitholders to be maintained by the Fund’s registrar and transfer agent or paid in such other manner as may be agreed to by the Manager.

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

PURCHASES OF COMBINED UNITS

Method to Purchase Combined Units

Prospective purchasers may purchase Combined Units either by: (i) a cash payment; or (ii) an exchange (the “Exchange Option”) of freely-tradeable listed securities (“Exchange Eligible Securities”)

of issuers in the S&P/TSX 60 Index. The maximum number of Exchange Eligible Securities of any one issuer which the Fund may acquire under the Offering pursuant to the Exchange Option is that number of securities which constitutes 9.9% of the outstanding securities of that class of Exchange Eligible Securities (such number being referred to as the “Maximum Ownership Level”). For greater certainty, when the Maximum Ownership Level has been achieved in respect of a particular class of Exchange Eligible Securities accepted as payment for Combined Units pursuant to the Offering, the Fund will not accept any further securities of such class as payment. To the extent the Maximum Ownership Level has been achieved in respect of any class of Exchange Eligible Securities, and securities above the Maximum Ownership Level have been deposited and not withdrawn, such Exchange Eligible Securities will be accepted by the Fund to the Maximum Ownership Level on a *pro rata* basis or such other reasonable basis that it may determine to be appropriate. The Fund reserves the right to accept in its sole discretion and for any reason, the securities of additional issuers under the Exchange Option and to reject, in its sole discretion, in whole or in part, any Exchange Eligible Securities deposited pursuant to the Exchange Option.

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

Procedure

A prospective purchaser of Combined Units who elects to pay for such Combined Units by using the Exchange Option (the “Exchange Option Election”) must have done so by means of a book-entry deposit of the Exchange Eligible Securities through CDS Clearing and Depository Services Inc. (“CDS”). Prospective purchasers who utilize the Exchange Option must have deposited their Exchange Eligible Securities with Computershare Investor Services Inc. (the “Exchange Agent”) through CDS prior to 5:00 p.m. (Toronto time) on November 25, 2009. Such book-entry deposits must have been made by a participant in CDS (a “CDS Participant”), which may have had an earlier deadline for receiving instructions from the participant’s clients to deposit Exchange Eligible Securities under the Exchange Option. Once submitted to the Exchange Agent through CDS, a deposit of Exchange Eligible Securities (including the transfers authorized thereby) is, subject to the completion of the Offering, irrevocable unless withdrawn as described below under the heading “Withdrawal of Exchange Option Elections”. By authorizing a deposit of Exchange Eligible Securities through CDS, a prospective purchaser has authorized the transfer to the Fund of each Exchange Eligible Security so deposited and represents and warrants that the prospective purchaser has full right and authority to transfer the Exchange Eligible Securities covered thereby and is the beneficial owner of such securities, that such securities have not previously been conveyed, that the transfer of such securities is not prohibited by laws applicable to the prospective purchaser and that such securities are free and clear of all liens, encumbrances and adverse claims. Such representations and warranties will survive the issuance of Combined Units in exchange for such Exchange Eligible Securities. The Fund’s interpretation of the terms and conditions of the Exchange Option will be final and binding. The Fund reserves the right to waive any conditions of the Exchange Option and any irregularities in the deposit of Exchange Eligible Securities pursuant to the Exchange Option. Neither the Fund, the Agents nor the Exchange Agent shall be under any duty to notify a prospective purchaser of irregularities related to its deposit of Exchange Eligible Securities under the Exchange Option and will not incur any liability for failure to give such notification. If for any reason Exchange Eligible Securities deposited pursuant to the Exchange Option are not acquired by the Fund, the holders of such securities will be notified of such fact as soon as practicable following the closing or the termination of the Offering, as the case may be, and such securities will be re-credited to their accounts through CDS.

Determination of Exchange Ratio

The number of Combined Units issuable for each Exchange Eligible Security (the “Exchange Ratio”) will be determined by dividing the weighted average trading price of the Exchange Eligible Security on the TSX during the three consecutive trading days ending on November 25, 2009 (the “Pricing Period”) as adjusted to reflect dividends declared or distributions pending on Exchange Eligible Securities that trade on an ex-dividend basis until the Closing Date by \$● (being the original issue price per Combined Unit). Holders of Exchange Eligible Securities who deposited such securities pursuant to the Exchange Option will continue to be holders of record up to the Closing Date and will be entitled to receive distributions in respect of such Exchange Eligible Securities up to but not including the Closing Date.

The Fund will not issue fractional Combined Units pursuant to the Exchange Option. Entitlement to fractional Combined Units will be determined on the basis of the aggregate number of securities of each class of Exchange Eligible Securities acquired pursuant to the Exchange Option and the Fund will issue to CDS cash in lieu thereof. Allocation by CDS of cash in lieu of fractional Combined Units to CDS Participants will be at the discretion of CDS and the allocation of cash in lieu of fractional Combined Units to purchasers who have authorized the deposit of Exchange Option Elections through CDS will be at the discretion of the CDS Participants.

Withdrawal of Exchange Option Elections

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

Maximum Offering

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

Exchange Eligible Securities

The following table lists the Exchange Eligible Securities that will be accepted by the Fund pursuant to the Exchange Option, the adjusted weighted average trading price of such securities during the Pricing Period and the Exchange Ratio in respect of such securities. The Fund may also accept any replacement securities included in the S&P/TSX 60 Index after the date of the preliminary short form prospectus as a result of any rebalancings of the index.

	<u>Adjusted Weighted Average Trading Price</u>	<u>Exchange Ratio</u>
Agnico-Eagle Mines Ltd.	\$●	●
Agrium Inc.	\$●	●
ARC Energy Trust.....	\$●	●
Bank of Montreal.....	\$●	●
The Bank of Nova Scotia	\$●	●
Barrick Gold Corporation.....	\$●	●
BCE Inc.	\$●	●
Biovail Corporation	\$●	●
Bombardier Inc.....	\$●	●
Brookfield Asset Management Inc.	\$●	●
Cameco Corporation.....	\$●	●
Canadian Imperial Bank of Commerce	\$●	●
Canadian National Railway Company.....	\$●	●
Canadian Natural Resources Limited	\$●	●
Canadian Oil Sands Trust.....	\$●	●
Canadian Pacific Railway Ltd.	\$●	●
Canadian Tire Corporation Ltd.....	\$●	●
Eldorado Gold Corporation	\$●	●
Enbridge Inc.	\$●	●
EnCana Corporation	\$●	●
Enerplus Resources Fund	\$●	●
First Quantum Minerals Ltd.	\$●	●
Fortis Inc.	\$●	●
Gildan Activewear Inc.....	\$●	●
Goldcorp Inc.....	\$●	●
Groupe Aeroplan Inc.	\$●	●
Husky Energy Inc.	\$●	●
IAMGOLD Corporation.....	\$●	●
Imperial Oil Limited.....	\$●	●
Inmet Mining Corporation.....	\$●	●
Kinross Gold Corporation	\$●	●
Loblaw Companies Limited	\$●	●
Magna International Inc.	\$●	●
Manulife Financial Corporation	\$●	●
Metro Inc.....	\$●	●
National Bank of Canada.....	\$●	●
Nexen Inc.	\$●	●
Penn West Energy Trust.....	\$●	●
Potash Corporation of Saskatchewan Inc.	\$●	●
Power Corporation of Canada	\$●	●
Research In Motion Limited.....	\$●	●
Rogers Communications Inc.	\$●	●
Royal Bank of Canada.....	\$●	●
Saputo Inc.....	\$●	●
Shaw Communications Inc.....	\$●	●
Shoppers Drug Mart Corporation	\$●	●
SNC-Lavalin Group Inc.	\$●	●
Sun Life Financial Inc.	\$●	●
Suncor Energy Inc.	\$●	●
Talisman Energy Inc.	\$●	●
Teck Resources Limited	\$●	●
TELUS Corporation	\$●	●
Thomson Reuters Corporation.....	\$●	●
Tim Hortons Inc.	\$●	●
The Toronto-Dominion Bank	\$●	●
TransAlta Corporation.....	\$●	●
TransCanada Corporation.....	\$●	●
Weston, George Limited	\$●	●
Yamana Gold Inc.....	\$●	●
Yellow Pages Income Fund.....	\$●	●

REDEMPTION OF UNITS

Units may be surrendered at any time for redemption to Computershare Investor Services Inc., the Fund's registrar and transfer agent, but will be redeemed only on a Redemption Date (as defined below). Units surrendered for redemption by a Unitholder at least 20 business days prior to the last day in November of 2010 or any year thereafter (a "November Redemption Date") will be redeemed on such November Redemption Date. Units surrendered for redemption by a Unitholder at least 10 business days prior to the last day of any other month (a "Monthly Redemption Date" and, together with a November Redemption Date, "Redemption Dates"), will be redeemed on such Monthly Redemption Date. If a day that would otherwise be a Redemption Date is not a business day, the Redemption Date shall be the preceding business day. Unitholders will receive payment for the Units on or before the 15th day following such Redemption Date (the "Redemption Payment Date"). If a Unitholder surrenders Units after 5:00 p.m. (Toronto time) on the applicable cut-off date, the Units will be redeemed on the following Redemption Date.

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

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

- (i) 95% of the Market Price. For such purposes, "Market Price" means the weighted average trading price of the Units on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) for the 10 trading days immediately preceding the applicable Redemption Date, and
- (ii) 100% of the Closing Market Price of the Units on the applicable Redemption Date, minus an amount equal to the aggregate of all brokerage fees, commissions and other costs incurred by the Fund in connection with such payment, including, but not limited to, costs incurred in liquidating securities held in the Fund's portfolio. For such purposes, the "Closing Market Price" means the closing price of the Units on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) or, if there was no trade on the relevant date, the average of the last bid and the last asking prices of the Units on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading).

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

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

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

Exercise of Redemption Right

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

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

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

Resale of Units Tendered for Redemption

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

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

Suspension of Redemptions

Mulvihill may direct the Fund's registrar and transfer agent, with notice to 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 securities regulatory authorities (if required), for any period not exceeding 120 days during which Mulvihill determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager to determine the value of the assets of the Fund. The suspension may, in the discretion of the Manager, apply to all requests for redemption received prior to the suspension but as to which payment has not been

made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by Mulvihill of the suspension and that the redemption will be effected at a price determined on the first applicable Redemption Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by Mulvihill shall be conclusive.

Purchase for Cancellation

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

CONSOLIDATED CAPITALIZATION

The following table sets forth the unaudited capitalization of the Fund before and after giving effect to the Offering:

	<u>Authorized</u>	<u>Outstanding as at October 15, 2009</u>	<u>Outstanding as at ●, 2009 after giving effect to the Offering⁽¹⁾</u>
Units.....	Unlimited	\$3,718,756 (635,840 Units)	\$● (● Units)
Total.....		\$3,718,756	\$●

(1) Based on the number of Units outstanding as at ●, 2009, less the payment of the fees and expenses of the Offering, estimated to be \$●. Does not include any Units issued upon the exercise of the Warrants.

As at October 21, 2009 there were 635,840 Units outstanding. Immediately prior to the Closing Date, the outstanding Units will be consolidated on a one for two basis. Warrants will be issued under the Warrant Issue after giving effect to the consolidation.

PRIOR SALES

Trading Price and Volume

The Units are listed on the TSX. On November 4, 2009, the closing price on the TSX of the Units was \$5.40 per Unit.

The following table sets forth the NAV per Unit and the market price range and trading volume of the Units on the TSX for the 12-month period prior to the date of this short form prospectus. All such information, other than the NAV per Unit, was obtained from Bloomberg and none of the Fund, the Manager, the Investment Manager nor the Agents assumes any responsibility for the accuracy of such information.

Period	<u>NAV per Unit⁽¹⁾</u>		<u>Market Price</u>		<u>Volume</u>
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	
2008					
October ⁽²⁾	\$7.36	\$7.29	\$6.74	\$6.17	2,991

Period	NAV per Unit ⁽¹⁾		Market Price		Volume
	High	Low	High	Low	
November.....	\$7.21	\$6.74	\$6.69	\$6.01	13,100
December.....	\$6.90	\$6.53	\$6.80	\$5.89	35,343
2009					
January.....	\$6.53	\$6.34	\$6.71	\$5.41	11,748
February.....	\$6.38	\$5.89	\$5.96	\$5.31	9,836
March.....	\$5.76	\$5.61	\$5.70	\$5.00	10,534
April.....	\$5.67	\$5.53	\$5.61	\$5.24	19,782
May.....	\$5.68	\$5.56	\$5.27	\$5.15	5,558
June.....	\$5.72	\$5.43	\$5.35	\$5.06	20,548
July.....	\$5.59	\$5.32	\$5.09	\$4.90	5,267
August.....	\$5.74	\$5.60	\$5.27	\$5.07	4,730
September.....	\$5.85	\$5.59	\$5.53	\$5.25	11,769
October ⁽³⁾	\$5.85	\$5.69	\$5.55	\$5.31	8,735

(1) The NAV per Unit is calculated and published on a weekly basis.

(2) From and after October 21, 2008.

(3) Up to and including October 21, 2009.

The information set forth above is historical and reflects the operations of the Fund prior to the Reorganization. It is not intended to be, nor should it be construed as, an indication as to future net asset values or trading prices or volumes of the Units.

INCOME TAX CONSIDERATIONS

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

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

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

This summary is based on the current provisions of the Tax Act and the regulations thereunder, counsel's understanding of the current published administrative policies and assessing practices of CRA

and all specific proposals to amend the Tax Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (such proposals being referred to as the “Tax Proposals”). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action; nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units and Warrants and does not describe the income tax consequences relating to the deductibility of interest on money borrowed to acquire Units and Warrants. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units and Warrants will vary depending on an investor’s particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units and Warrants, based on their particular circumstances.

Status of the Fund

This summary is based on the assumption that the Fund continues to qualify at all times as a “mutual fund trust” within the meaning of the Tax Act. To qualify as a mutual fund trust, (i) the Fund must be a Canadian resident “unit trust” for purposes of the Tax Act; (ii) the only undertaking of the Fund must be the investing of its funds in property (other than certain real property or interests in certain real property); and (iii) the Fund must comply with certain minimum requirements respecting the ownership and dispersal of Units. The Manager has advised counsel that the Fund will continue to qualify as a mutual fund trust for the purposes of the Tax Act.

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

Taxation of the Fund

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Unitholders in the year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount.

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

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

Gains or losses realized upon dispositions of portfolio securities of the Fund will constitute capital gains or capital losses of the Fund in the year realized unless the Fund is considered to be trading or

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

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

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

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income and not incurred for the purpose of generating capital gains. The Fund may generally deduct any costs and expenses of the Offering paid by the Fund and not reimbursed at a rate of 20% per year, pro-rated where the Fund’s taxation year is less than 365 days.

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

Taxation of Holders

Units

A Unitholder will generally be required to include in computing income for a taxation year the amount of the Fund’s net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year including any portion of amounts paid on redemption treated as distributions of income or gains by the Fund. The non-taxable portion of the Fund’s net realized capital gains paid or payable to a Unitholder in a taxation year will not be included in the Unitholder’s

income for the year. Any other amount in excess of the Fund's net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder's income. Such other amount, however, will generally reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by the Fund, such portion of: (i) the net realized taxable capital gains of the Fund and (ii) dividends (including eligible dividends) received on shares of taxable Canadian corporations, as are paid or payable to a Unitholder will effectively retain their character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules applicable to such dividends (including eligible dividends) will apply.

Under the Tax Act, the Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions for the year. This will enable the Fund to utilize, in a taxation year, losses from prior years. The amount distributed to a Unitholder but not deducted by the Fund will not be included in the Unitholder's income. However, the adjusted cost base of the Unitholder's Units will be reduced by such amount.

On the disposition or deemed disposition of a Unit, including a redemption, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition excluding any portion of amounts paid on redemption treated as distributions of income or gains by the Fund exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base of Units to a Unitholder, when Units are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units owned by the Unitholder as capital property immediately before that time.

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

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

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

Warrants

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

The exercise of a Warrant will not constitute a disposition of property for purposes of the Tax Act and, consequently, no gain or loss will be realized upon the exercise of a Warrant. A Unit acquired by a

Unitholder upon the exercise of a Warrant will have a cost to the Unitholder equal to the aggregate of the Subscription Price for such Unit and the adjusted cost base to the Unitholder of the Warrant so exercised. The cost of a Unit acquired by a Unitholder upon the exercise of a Warrant will be averaged with the adjusted cost base to the Unitholder of all other Units held at that time as capital property to determine the adjusted cost base of each such Unit to the Unitholder.

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

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

For the purpose of determining the adjusted cost base of each Warrant held by a holder, the cost of a Warrant must be averaged with the adjusted cost base to the holder of all other Warrants held as capital property at the time of such determination.

Exchange Option

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

Warrant Issue

No amount will be required to be included in computing the income of a holder as a consequence of acquiring Warrants under the Warrant Issue, provided that the income of the Fund for its taxation year ending in 2009 does not exceed the cash distributions from the Fund for 2009. However, holders will be required to reduce the adjusted cost base of their Units by the aggregate fair market value of all the Warrants acquired under the Warrant Issue. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain recognized by the holder and the holder's adjusted cost base of the Unit will be increased by the amount of such deemed capital gain. The Manager has advised counsel that, in its opinion, the fair market value of a Warrant acquired under the Warrant Issue is \$●, as of the date the Warrant is issued. However, the CRA may not agree with such valuation. The cost of a Warrant received under the Warrant Issue will be nil.

A summary of the consequences relevant to the exercise, expiry and disposition of a Warrant, other than pursuant to the exercise thereof, are discussed above under the heading "Taxation of Holders – Warrants".

INVESTMENTS BY REGISTERED PLANS

Provided that the Fund continues to qualify at all times as a mutual fund trust within the meaning of the Tax Act or Units are listed on a “designated stock exchange” for purposes of the Tax Act (which includes the TSX), Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (each, a “registered plan”). Provided that Warrants are listed on a designated stock exchange, or provided that at all times Units are qualified investments for a registered plan and the Fund is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the registered plan within the meaning of the Tax Act, Warrants will be a qualified investment under the Tax Act for the registered plan. However, if the Units or Warrants are a “prohibited investment” for a tax-free savings account, the holder of a tax-free savings account that governs a trust that holds Units or Warrants will be subject to a penalty tax as set out in the Tax Act. An investment in the Units or Warrants will not generally be a “prohibited investment” unless the holder of a tax-free savings account does not deal at arm’s length with the Fund for purposes of the Tax Act or if the holder has a significant interest (within the meaning of the Tax Act) in the Fund or in a corporation, partnership or trust with which the Fund does not deal at arm’s length for purposes of the Tax Act. Holders of tax-free savings accounts should consult their own tax advisors to ensure that neither Units nor Warrants would be a “prohibited investment” in their particular circumstances.

ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND

The Manager

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

Duties and Services to be Provided by the Manager

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

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

Mulvihill may resign as manager of the Fund upon 60 days’ notice in writing to the Trustee and to Unitholders or upon such lesser notice period as the Manager and the Trustee may accept. If Mulvihill resigns it may appoint its successor but its successor must be approved by a two-thirds majority vote of

Unitholders. However, such notice and Unitholder approval are not required if the successor manager is an affiliate of Mulvihill. If Mulvihill has committed certain events of bankruptcy or insolvency or is in material default of its obligations under the Trust Agreement and such default has not been cured within 30 days after notice of the same has been given to Mulvihill, the Trustee shall give notice thereof to Unitholders and Unitholders may direct the Trustee to remove Mulvihill and appoint a successor manager.

Mulvihill is entitled to fees for its services under the Trust Agreement as described under “Fees and Expenses” and will be reimbursed for all reasonable costs and expenses incurred by it on behalf of the Fund. In addition, Mulvihill and each of its directors, officers, employees and agents will be indemnified by the Fund for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against Mulvihill or any of its officers, directors, employees or agents in the exercise of its duties as manager, except those resulting from Mulvihill’s wilful misconduct, bad faith, negligence, a breach of its obligations under the Trust Agreement or its failure to meet its standard of care set out in the Trust Agreement.

Officers and Directors of the Manager

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

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

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

The Investment Manager

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

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

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

MCM is or was the portfolio manager of the following funds that have completed prospectus offerings of securities in the respective amounts indicated: First Premium Income Trust (\$165 million), Premium Income Corporation (\$501 million), Top 10 Split Trust (formerly First Premium U.S. Income Trust) (\$404.6 million), First Premium Oil and Gas Income Trust (\$54.7 million), MCM Split Share Corp. (\$189.7 million), Global Telecom Split Share Corp. (\$170 million), Sixty Plus Income Trust (\$100 million), Global Plus Income Trust (\$121 million), Top 10 Canadian Financial Trust (formerly Digital World Trust) (\$265 million), Pro-AMS U.S. Trust (\$570.5 million), Government Strip Bond Trust (formerly Pro-AMS Trust) (\$1.13 billion), Mulvihill Pro-AMS 100^{PLUS} (Cdn\$) Trust (\$178.1 million), Mulvihill Pro-AMS 100^{PLUS} (US\$) Trust (US\$37.4 million), Mulvihill Pro-AMS RSP Split Share Corp. (\$106.5 million), World Financial Split Corp. (\$471.25 million), Core Canadian Dividend Trust (\$60 million), S Split Corp. (\$118.75 million) and Gold Participation and Income Fund (\$28.2 million).

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

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

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

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

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

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

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

Details of the Investment Management Agreement

MCM will manage the Fund's investment portfolio in a manner consistent with the investment objectives, strategies and restrictions of the Fund pursuant to an investment management agreement (the "Investment Management Agreement") made between Mulvihill, as manager of, and on behalf of, the Fund, and MCM, as investment manager, dated August 30, 1999, as amended from time to time.

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

Under the Investment Management Agreement, MCM is required to act at all times on a basis that is fair and reasonable to the Fund, honestly and in good faith and in the best interests of Unitholders and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in the circumstances. The Investment Management Agreement provides that neither MCM nor any officer, director or agent thereof shall be liable in any way to the Fund or any Unitholder for any default, failure or defect in any of the securities of the Fund. MCM will, however, incur liability in cases of wilful misfeasance, bad faith, negligence or breach of its obligations under the Investment Management Agreement.

The Investment Management Agreement, unless terminated as described below, will continue in effect until the termination of the Fund. The Manager may terminate the Investment Management Agreement if MCM has committed certain events of bankruptcy or insolvency, lost any registration, licence or other authorization required by it to perform its services thereunder 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 by the Trustee to MCM. Except as described above, MCM cannot be terminated as investment manager of the Fund. MCM may not terminate the Investment Management Agreement without the approval of Unitholders unless the Fund is in material breach or default of the provisions thereof and such breach or default has not been cured within 30 days of notice of same being provided by the Investment Manager to the Trustee or if there is a material change in the fundamental investment objectives, strategies or restrictions of the Fund.

MCM may not assign the Investment Management Agreement, except to the Manager or an affiliate of the current Investment Manager, without the approval of Unitholders of the Fund.

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

MCM is entitled to fees for its services under the Investment Management Agreement as described under “Fees and Expenses” and will be reimbursed for all reasonable costs and expenses incurred by MCM on behalf of the Fund. In addition, MCM and its directors, officers and employees will be indemnified by the Fund for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against them in the exercise of the duties of investment manager, except those resulting from MCM’s wilful misconduct, bad faith, negligence or breach of its obligations under the Investment Management Agreement.

The Advisory Board

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

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

(1) Independent of the Manager.

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

Conflicts of Interest

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

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

Independent Review Committee

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

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

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

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

The Trustee

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

The Trustee may resign upon 60 days' notice to Unitholders and Mulvihill. The Trustee may be removed with the approval of a two-thirds majority vote cast at a meeting of Unitholders of the Fund called for such purpose or by Mulvihill in the event the Trustee has committed certain events of bankruptcy or insolvency or is in material default of its obligations under the Trust Agreement and such default continues for 30 days from the date the Trustee receives notice of such material default from Mulvihill. Any such resignation or removal shall become effective only upon the acceptance of appointment by a successor. If the Trustee resigns or is removed by Mulvihill, its successor may be appointed by Mulvihill. The successor must be approved by Unitholders if the Trustee is removed by Unitholders. If no successor has been appointed within 60 days, the Trustee or any Unitholder may apply to a court of competent jurisdiction for the appointment of a successor.

The Trust Agreement provides that the Trustee shall not be liable in carrying out its duties under the Trust Agreement except where it is in breach of its obligations under the Trust Agreement or where the Trustee fails to act honestly and in good faith, and in the best interests of Unitholders to the extent required by laws applicable to trustees, or to exercise the degree of care, diligence and skill that a

reasonably prudent trustee would exercise in comparable circumstances. In addition, the Trust Agreement contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee and its directors, officers, employees and agents in respect of certain liabilities incurred in carrying out their duties.

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

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

The Custodian

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

Auditors

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

Registrar and Transfer Agent, Warrant Agent and Exchange Agent

Pursuant to a transfer agent, registrar and distribution disbursing agent agreement, Computershare Investor Services Inc. will provide the Fund with registrar, transfer and distribution agency services in respect of the Combined Units and the Units from its principal office in Toronto, Ontario.

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

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

Promoter

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

CALCULATION OF NET ASSET VALUE

Calculation of Net Asset Value and NAV per Unit

The NAV of the Fund on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund, including any income, net realized capital gains or other amounts payable to Unitholders on or before such date which have not been paid as of such date. For greater certainty, any future tax assets of the Fund will not be treated as assets for these purposes.

The NAV per Unit (the “basic NAV per Unit”) on any day will be obtained by dividing the NAV of the Fund on such day by the number of Units then outstanding. Where as a result of such calculation while the Warrants are outstanding the basic NAV per Unit is greater than \$● the diluted NAV per Unit shall be calculated by adding to the denominator the total number of Units issuable upon the exercise of such Warrants and by adding to the numerator the product of such number of Units and \$● and the diluted NAV per Unit shall be deemed to be the resulting quotient.

In general, the basic and diluted NAV per Unit will be calculated as of 4 p.m. (Toronto time) every Thursday, other than the last week of the month, in which case the NAV per Unit will be calculated as of 4 p.m. (Toronto time) on the last day of the month. If a valuation date is not a business day, then the securities in the Fund’s portfolio will be valued as if such valuation date were the preceding business day.

Valuation Policies and Procedures

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

- (i) the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Trustee determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Trustee determines to be the fair value thereof;
- (ii) the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on a valuation date at such times as the Trustee, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (iii) the value of any security, index futures or index options thereon that is listed on any recognized exchange shall be determined by the closing sale price at the valuation time or, if there is no closing sale price, the average between the closing bid and the closing asked price on the day on which the NAV is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;
- (iv) 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;
- (v) 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;
- (vi) 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;
- (vii) 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;
 - (viii) 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;
 - (ix) all expenses or liabilities of the Fund shall be calculated on an accrual basis; and
 - (x) if any 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 above principles are used to calculate NAV for all purposes other than financial statement reporting. With respect to financial reporting, the *Canadian Institute of Chartered Accountants Handbook* requires that portfolio securities in an active market be valued using the latest available bid price. The primary differences between the valuation policy of the Fund and the approach in the CICA Handbook is that the Fund will generally determine the fair value of its equity securities traded on a stock exchange by using the closing price on the exchange. For bonds, debentures and other debt obligations (excluding money-market instruments), the Fund will generally use the average of the bid and ask prices to determine the fair value.

Reporting of Net Asset Value

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

WARRANT CONSIDERATIONS

Each investor in the Offering will purchase Combined Units and each Combined Unit consists of one transferable, redeemable Unit and one transferable Warrant for one Unit. Following the earlier of the closing of the final exercise of the Over-Allotment Option or 30 days after the Closing Date, each existing holder of a Unit on ●, 2009 will receive one Warrant for each Unit held and the Units and the Warrants may be dealt with separately by investors. As a result, investors may elect to exercise Warrants, retain Units or Warrants or elect to sell some or all such securities.

The value of a Unit will be reduced if the NAV per Unit exceeds \$● (being the Subscription Price payable on the exercise of a Warrant less the Warrant Exercise Fee) and one or more Warrants is exercised. If the NAV per Unit exceeds \$●, then a Unitholder will face dilution of its investment to the extent holders of Warrants exercise their Warrants and acquire Units. If a Unitholder does not exercise Warrants in such circumstances, the Unitholder's *pro rata* interest in the assets of the Fund will be diluted.

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

Non-diluted NAV of the Fund before the Exercise of Warrants.....	\$●	\$●	\$●	\$●
Pro Forma Dilution Per Unit.....	\$●	\$●	\$●	\$●

Due to the dilutive effect on the value of the Units when Warrants are exercised, Unitholders should carefully consider the exercise of the Warrants or the sale of the Warrants prior to the Expiry Time (as defined below). The failure to take either such action in the circumstances described above will result in the loss of value to the investor. To maintain the Unitholder’s *pro rata* interest in the assets of the Fund, the Unitholder will be required to pay in connection with the exercise of a Warrant an additional amount equal to the Subscription Price. While a Unitholder may sell the Unitholder’s Warrants, no assurance can be given that the proceeds of such sale will compensate the Unitholder for such dilution. The factors that would be expected to influence the price of a Warrant include the difference between the Subscription Price and the NAV per Unit calculated on a diluted basis, price volatility, distributions payable on the Units and the remaining time to expiry of the Warrant.

The basic NAV per Unit on any day will be obtained by dividing the NAV of the Fund on such day by the number of Units then outstanding. Where as a result of such calculation while the Warrants are outstanding the basic NAV per Unit is greater than \$● the diluted NAV per Unit shall be calculated by adding to the denominator the total number of Units issuable upon the exercise of such Warrants and by adding to the numerator the product of such number of Units and \$● and the diluted NAV per Unit shall be deemed to be the resulting quotient. See “Calculation of Net Asset Value – Calculation of Net Asset Value and NAV per Unit”.

ATTRIBUTES OF THE UNITS AND WARRANTS

Description of the Securities Distributed

The Fund proposes to offer the Combined Units at a price of \$● per Combined Unit. Each Combined Unit consists of one transferable, redeemable Unit and one transferable Warrant for one Unit. The Combined Units will separate into Units and Warrants immediately following the earlier of the closing of the final exercise of the Over-Allotment Option and 30 days after the Closing Date (such date of separation being the “Separation Date”), and may be transferred separately thereafter. In addition, each existing holder of a Unit of record at the close of business (Toronto time) on ●, 2009 (the “Record Date”) will receive, on the Separation Date, one Warrant for each Unit held (the “Warrant Issue”).

Units

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

All Units have equal rights and privileges. As set forth under “Unitholder Matters – Matters Requiring Unitholder Approval”, each whole Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains and distributions upon the termination of the Fund. Units are issued only as fully paid and are non-assessable. Fractions of Units are proportionately entitled to all of these rights except voting rights. Holders of Units will have no voting rights in respect of

the securities in the Fund's investment portfolio. Such securities will be voted in accordance with the proxy voting guidelines of the Fund. See "Corporate Governance — Proxy Voting Policy" in the Annual Information Form.

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

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

The Fund may not issue additional Units following completion of the Offering and the closing of the final exercise of the Over-Allotment Option except: (i) through the exercise of Warrants (and any other rights, warrants or options that may be issued); (ii) by way of private placement or public offering where the net proceeds per Unit to be received by the Fund are not less than the most recently calculated NAV per Unit prior to the date of the setting of the subscription price by the Fund; (iii) pursuant to a distribution reinvestment plan; or (iv) with the approval of Unitholders.

Warrants

Subscription Basis and Expiry Time

Each Warrant entitles the holder thereof to acquire one Unit upon payment of \$● (the "Subscription Price") prior to 5:00 p.m. (Toronto time) on November 29, 2010 (the "Expiry Time"). The Subscription Price is the most recently calculated NAV per Unit prior to the date of the setting of the Subscription Price plus the per Unit fees and expenses of the Offering and the Warrant Issue plus the Warrant Exercise Fee.

Warrants may be exercised at any time during the period (the "Exercise Period") commencing at market open (Toronto time) on ●, 2009 and ending at the Expiry Time. **Warrants for Units not exercised by the Expiry Time will be void and of no value.** Holders of Warrants desiring to exercise Warrants and purchase Units should ensure that subscriptions and payment in full of the Subscription Price are received by the Warrant Agent (as defined below) on or before the Expiry Time. If a Unitholder does not exercise, or sells the Warrants, then the value of the Unitholder's investment may be diluted as a result of the exercise of Warrants by others. See "Warrant Considerations".

The Units purchased pursuant to the exercise of Warrants shall be deemed to have been issued and the person or persons in whose name or names such Units are to be registered shall be deemed to have become the holder or holders of record of such Units on the date on which such Units are entered into the register maintained by the Fund's transfer agent for such Units.

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

Warrant Agent

Pursuant to the terms of a master warrant indenture (the “Warrant Indenture”) dated as of ●, 2009 between Mulvihill, in its capacity as manager of the Fund and Computershare Trust Company of Canada (the “Warrant Agent”), as warrant agent, as amended on ●, 2009, the Warrant Agent has been appointed the warrant agent of the Fund to receive subscriptions and payments from holders of Warrants, to act as registrar and transfer agent for the Warrants and to perform certain services relating to the exercise and transfer of Warrants. The Fund will pay for the services of the Warrant Agent. The Warrant Agent may resign upon at least 90 days’ notice to the Fund. The Fund may remove the Warrant Agent and appoint a new warrant agent on at least 90 days’ notice to the Warrant Agent.

Subscription Right

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

The Subscription Price is payable in Canadian funds by certified cheque, bank draft or money order drawn to the order of a CDS Participant, by direct debit from the subscriber’s brokerage account or by electronic funds transfer or other similar payment mechanism. All payments must be forwarded to the appropriate office of the CDS Participant. The entire Subscription Price for Units subscribed for must be paid at the time of subscription and must be received by the Warrant Agent prior to the Expiry Time. **If mail is used for delivery of subscription funds, for the protection of the subscriber, “certified mail – return receipt requested” should be used and sufficient time should be allowed to avoid the risk of late delivery. A subscriber subscribing through a CDS Participant must deliver its payment and instructions sufficiently in advance of the Expiry Time to allow the CDS Participant to properly exercise the Warrants on such subscriber’s behalf. Subscribers are encouraged to contact their broker or other CDS Participant as each CDS Participant may have a different cut-off time.**

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

Notwithstanding anything to the contrary in this short form prospectus, the Warrants may be exercised only by a subscriber who represents at the time of exercise that the subscriber is not located in the United States, did not acquire the Warrants while in the United States, is not a U.S. person (as defined in Regulation S under the U.S. *Securities Act of 1933*, as may be amended from time to time (the “1933 Act”)) and is not exercising the Warrants for resale to or for the account or benefit of a U.S. person or a person in the United States. Payment of the Subscription Price will constitute a representation to the CDS Participant that the subscriber is not located in the United States, did not acquire Warrants while in the United States, is not a U.S. person and is not exercising the Warrants for resale to or for the account or benefit of a U.S. person or a person in the United States.

The exercise of Warrants may only be effected through a CDS Participant and will only be valid if exercise procedures are properly executed prior to the Expiry Time. Subscriptions for Units will be irrevocable and subscribers will be unable to withdraw their subscriptions for Units once submitted.

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

Sale or Transfer of Warrants

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

Dilution to Existing Unitholders

The Warrant Indenture contains anti-dilution provisions such that the subscription rights in effect under the Warrants for Units issuable upon the exercise of the Warrants will be subject to adjustment from time to time if, prior to the Expiry Time, the Fund:

- (i) subdivides, re-divides or changes its outstanding Units into a greater number of units;
- (ii) reduces, combines or consolidates its outstanding Units into a smaller number of units;
- (iii) distributes to holders of all or substantially all of the outstanding Units any securities of the Fund including rights, options or warrants to acquire Units or securities convertible into or exchangeable for Units or property or assets, including evidence of indebtedness (other than in connection with the distribution and exercise of the Warrants);
- (iv) reclassifies the Units or otherwise reorganizes the capital of the Fund; or
- (v) consolidates, amalgamates or merges the Fund with or into any other investment fund or other entity, or sells or conveys the property and assets of the Fund as an entirety or substantially as an entirety (other than in connection with the redemption of Units).

Book-Entry-Only and Book-Based Systems

Registrations of interests in, and transfers of, the Combined Units and Units will be made only through the book-entry-only system of CDS. Registrations of interests in, and transfers of, the Warrants will be made only through the book-based system of CDS.

On or about ●, 2009, but no later than ●, 2009, the Fund will deliver to CDS certificates evidencing the aggregate Combined Units subscribed for under the Offering. On the Separation Date, a certificate representing the Warrants will be issued in registered form to CDS or its nominee pursuant to CDS' book-based system on a non-certificated inventory (NCI) basis.

Holder of Combined Units or Units hold such securities through a CDS Participant. Holders of Warrants also hold their Warrants through a CDS Participant, except where the issuance of physical certificates evidencing ownership in such securities is necessary to facilitate Warrant exercises. Otherwise, holders of Combined Units, Units or Warrants will not have the right to receive physical certificates evidencing their ownership of such securities. The ability of a person having an interest in

such securities to pledge such interest or otherwise take action with respect to such interest (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Combined Units, Units and Warrants must be purchased and transferred, and Units surrendered for redemption, only through a CDS Participant. Holders of Warrants must arrange for the issuance of Warrant certificates for the purpose of exercises of Warrants through CDS Participants. All rights of an owner of Combined Units, Units or Warrants must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Combined Units, Units or Warrants. Upon purchase of any Combined Units, Units or Warrants, the owner will receive only the customary confirmation from its CDS Participant in accordance with the practices and procedures of that CDS Participant. CDS will be responsible for establishing and maintaining book-based accounts for its participants holding Warrants. References in this short form prospectus to a holder of a Combined Unit, a Unitholder or holder of a Warrant means, unless the context otherwise requires, the owner of the beneficial interest in the Combined Units, Units or Warrants held by such person.

None of the Fund, the Manager, the Investment Manager, the Agents or the Warrant Agent will have any liability for (i) the records maintained by CDS or CDS Participants relating to the beneficial interests in the Combined Units, Units or the Warrants or the book-entry only or book-based systems maintained by CDS in respect thereof; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS or CDS Participants, including with respect to the rules and regulations of CDS or any action taken by CDS, its participants or at the direction of those participants.

The Fund has the option to terminate registration of the Combined Units, Units or Warrants through the book-entry-only or book-based systems in which case certificates in fully-registered form for the Combined Units, Units or Warrants, as the case may be, will be issued to beneficial owners of such Combined Units, Units or Warrants or to their nominees.

UNITHOLDER MATTERS

Meetings of Unitholders

A meeting of Unitholders of the Fund may be convened by Mulvihill or the Trustee at any time and must be convened if requisitioned by the holders of not less than 10% of the Units then outstanding by a written requisition specifying the purpose of the meeting. Not less than 21 days' notice will be given of any meeting of Unitholders. The quorum at any such meeting is two Unitholders present in person or by proxy and representing not less than 10% of the Units then outstanding. If no quorum is present at such meeting when called, the meeting, if called on the requisition of Unitholders, will be terminated and otherwise will be adjourned for not less than 10 days and at the adjourned meeting the Unitholders then present in person or represented by proxy will form the necessary quorum. At any such meeting, each Unitholder will be entitled to one vote for each whole Unit registered in the Unitholder's name.

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

Matters Requiring Unitholder Approval

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

- (i) a change in the fundamental investment objectives of the Fund as described under “Investment Objectives”;
- (ii) a change in the investment restrictions of the Fund as described under “Investment Restrictions”;
- (iii) any change in the basis of calculating fees or other expenses that are charged to the Fund which could result in an increase in charges to the Fund;
- (iv) a change of the manager, any investment manager or trustee of the Fund, other than to an affiliate of such person and except as described herein;
- (v) a decrease in the frequency of calculating the NAV per Unit or of redeeming Units;
- (vi) a reorganization with, or transfer of assets to, another investment fund, if:
 - (a) the Fund ceases to continue after the reorganization or transfer of assets; and
 - (b) the transaction results in Unitholders becoming security holders in the other investment fund;
- (vii) a reorganization with, or acquisition of assets of, another investment fund, if:
 - (a) the Fund continues after the reorganization or acquisition of assets;
 - (b) the transaction results in the security holders of the other investment fund becoming Unitholders of the Fund; and
 - (c) the transaction would be a material change to the Fund;
- (viii) a termination of the Investment Management Agreement, except as described herein;
- (ix) an extension of the Fund beyond December 31, 2014; and
- (x) an amendment, modification or variation in the provisions or rights attaching to the Units.

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

Amendments to the Trust Agreement

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

- (i) remove any conflicts or other inconsistencies which may exist between any terms of the Trust Agreement and any provisions of any law or regulation applicable to or affecting the Fund;
- (ii) make any change or correction in the Trust Agreement which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;

- (iii) bring the Trust Agreement into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities industry, provided that any such amendment does not adversely affect the pecuniary value of the interest of any Unitholder;
- (iv) maintain the status of the Fund as a “mutual fund trust” for the purposes of the Tax Act; or
- (v) provide added protection to Unitholders.

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

Reporting to Unitholders

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

TERMINATION OF THE FUND

The Fund will terminate (the date on which the Fund is terminated being the “Termination Date”) on December 31, 2014. Unitholders may determine to continue the Fund by a majority vote at a meeting called for such purpose. In addition, the Manager, may, in its discretion, terminate the Fund without the approval of Unitholders if, in the opinion of the Manager after consulting with the Advisory Board, the NAV of the Fund has been reduced as a result of redemptions or otherwise such that it is no longer economically feasible to continue the Fund and it would be in the best interests of Unitholders to terminate the Fund. In such circumstances, the Manager will provide at least 30 and no more than 60 days’ notice to Unitholders of the Termination Date and will issue a press release at least 10 days in advance thereof.

The Fund will be terminated if the Manager resigns or is removed and no successor has been appointed within 60 days.

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

USE OF PROCEEDS

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

	<u>Maximum Offering</u>	<u>Minimum Offering</u>
Gross proceeds to the Fund.....	\$100,000,000	\$●
Agents’ fees	\$●	\$●
Expenses of issue	\$●	\$●

	<u>Maximum Offering</u>	<u>Minimum Offering</u>
Net proceeds to the Fund	\$●	\$●

The net proceeds from the issue of Combined Units offered hereby assuming the maximum offering (after payment of the Agents’ fee and expenses of the issue) are estimated to be \$● and will be used to purchase securities for the Fund’s investment portfolio following closing. The net proceeds from the exercise of the Warrants offered under the Warrant Issue are estimated to be \$● (assuming that all Warrants are exercised and after payment of the fees and expenses of the Warrant Issue and all applicable Warrant Exercise Fees). Any such proceeds will be invested by the Fund in accordance with its investment objectives, strategy and restrictions. See “Overview of the Sector in which the Fund Invests”.

PLAN OF DISTRIBUTION

Pursuant to an agreement dated as of ●, 2009 (the “Agency Agreement”) between RBC Dominion Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc., Raymond James Ltd., Canaccord Capital Corporation, Dundee Securities Corporation, Manulife Securities Incorporated and Wellington West Capital Markets Inc. (collectively, the “Agents”) and Mulvihill, MCM and the Fund, the Agents have agreed to offer the Combined Units for sale, as agents of the Fund, on a best-efforts basis, if, as and when issued by the Fund. The Agents will receive a fee equal to \$● for each Combined Unit sold (either for cash or for Exchange Eligible Securities deposited pursuant to the Exchange Option) and will be reimbursed for out-of-pocket expenses incurred by them. The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Combined Units offered hereby, the Agents will not be obligated to purchase Combined Units which are not sold.

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

The offering price was established by negotiation between the Agents and the Manager so as not to be dilutive to existing Unitholders. The offering price will be equal to at least the NAV per Unit on ●, 2009 plus the per Unit fees and expenses of the Offering, including the Agents’ fees.

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

notice. Closing will take place on ●, 2009 or such later date as may be agreed upon by the Fund and the Agents that is on or before ●, 2009.

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

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

The Warrants issued under the Warrant Issue and the Units issuable upon the exercise thereof are being distributed in reliance on an exemption from applicable dealer registration requirements. In connection with the Warrant Issue, the Fund will deliver a copy of the final short form prospectus to Unitholders of record on the Record Date.

Non-Resident Unitholders – Combined Units

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

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

Unitholders Outside of Canada – Warrant Issue

In connection with the Warrant Issue, each Unitholder whose recorded address is outside Canada will be advised by letter that the Unitholder's Warrants will be held by the Unitholder's CDS Participant for the account of such Unitholder, as set out below.

The Units are not registered under the 1933 Act. The Warrant Issue is made in Canada and not outside of Canada. The Warrant Issue is not, and under no circumstances is to be construed as, an offering of any Units for sale in the United States or an offering to or for the account or benefit of any U.S. person or a solicitation therein of any offer of Units. Accordingly, a subscription for Units pursuant to the Warrants will not be accepted from any person, or his agent, who appears to be, or who the Fund has reason to believe is, a national or resident of the United States.

Each CDS Participant for a Unitholder resident outside of Canada will, prior to the Expiry Date, attempt to sell the Warrants allotable to such Unitholder at the price or prices it determines in its discretion. Neither the Fund nor any CDS Participant will be subject to any liability for the failure to sell any Warrants for such a Unitholder or as a result of the sale of any Warrants at a particular price on a particular day. Any proceeds received by the CDS Participant with respect to the sale of Warrants, net of brokerage fees and costs incurred and, if applicable, of Canadian tax required to be withheld, will be delivered by mailing cheques (in Canadian funds and without payment of any interest) as soon as practicable to such Unitholder whose Warrants were sold, at the Unitholder's last recorded address. Amounts of less than \$1.00 will not be forwarded. There is a risk that the proceeds received from the sale of Warrants will not exceed the brokerage fees and costs of or incurred by the CDS Participant in connection with the sale of such Warrants and, if applicable, the Canadian tax required to be withheld. In such event, no proceeds will be forwarded.

Holders of Warrants who are Unitholders resident outside of Canada are cautioned that the acquisition and disposition of Warrants and Units may have tax consequences in the jurisdiction where they reside and in Canada which are not described herein.

PRINCIPAL HOLDERS OF SECURITIES OF THE FUND

As of the date hereof, to the knowledge of the Fund, the Manager, the Investment Manager and the Agents, no person or company beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of the outstanding Units.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

MCM, Mulvihill and the Trustee will receive the fees described under "Fees and Expenses" for their respective services to the Fund and will be reimbursed by the Fund for all expenses incurred in connection with the operation and administration of the Fund.

MATERIAL CONTRACTS

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

- (i) the Trust Agreement described under "Overview of the Legal Structure of the Fund" and "Organization and Management Details of the Fund";

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

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

EXPERTS

The matters referred to under “Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon by Osler, Hoskin & Harcourt LLP, on behalf of the Fund, and Davies Ward Phillips & Vineberg LLP, on behalf of the Agents. As of November 5, 2009, the partners and associates of Osler, Hoskin & Harcourt LLP, as a group, beneficially owned, directly or indirectly, less than one percent of the outstanding Units of the Fund. As of November 5, 2009, the partners and associates of Davies Ward Phillips & Vineberg LLP, as a group, beneficially owned, directly or indirectly, less than one percent of the outstanding Units of the Fund.

The auditors of the Fund, Deloitte & Touche LLP, have prepared a report to Unitholders dated February 17, 2009 which is incorporated by reference herein. Deloitte & Touche LLP has advised the Fund and the Manager that they are independent in accordance with their rules of professional conduct.

EXEMPTIONS AND APPROVALS

The Fund has obtained relief in each of the provinces of Canada from certain of the provisions of National Policy Statement No. 39 (“NP 39”) (the predecessor of NI 81-102 and National Instrument 81-106 – *Investment Fund Continuous Disclosure*), including section 11.05 thereof. At the time of the Fund’s initial public offering, section 11.05 of NP 39 required the net asset value of an investment fund that used permitted derivatives to be calculated on a daily basis. The decision provides that the Fund may calculate its NAV once each week.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form prospectus (the "prospectus") of Premier Canadian Income Fund (formerly Global Plus Income Trust) (the "Fund") dated ●, 2009 relating to the issue and sale of Combined Units of the Fund (each Combined Unit consisting of one Unit of the Fund and one Warrant for one Unit) and issue of Warrants to existing holders of Units. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the prospectus, of our report to holders of Units of the Fund on:

- (i) the statement of investments as at December 31, 2008;
- (ii) the statements of net assets as at December 31, 2008 and December 31, 2007; and
- (iii) the statements of financial operations, of changes in net assets and of net gain (loss) on sale of investments for the years then ended.

Our report is dated February 17, 2009.

Toronto, Ontario
●, 2009

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Chartered Accountants
Licensed Public Accountants

CERTIFICATE OF THE FUND, THE MANAGER AND THE PROMOTER

Dated: November 5, 2009

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador.

MULVIHILL FUND SERVICES INC.
(as manager and on behalf of Premier Canadian Income Fund)

(Signed) JOHN P. MULVIHILL
Chief Executive Officer

(Signed) SHEILA S. SZELA
Chief Financial Officer

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

(Signed) JOHN P. MULVIHILL
Director

(Signed) SHEILA S. SZELA
Director

(Signed) JOHN GERMAIN
Director

MULVIHILL CAPITAL MANAGEMENT INC.
(as promoter)

(Signed) JOHN P. MULVIHILL
Chief Executive Officer

CERTIFICATE OF THE AGENTS

Dated: November 5, 2009

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador.

RBC DOMINION SECURITIES INC.

CIBC WORLD MARKETS INC.

By: (Signed) CHRISTOPHER BEAN

By: (Signed) MICHAEL D. SHUH

SCOTIA CAPITAL INC.

By: (Signed) BRIAN MCCHESENEY

BMO NESBITT BURNS INC.

NATIONAL BANK FINANCIAL INC.

By: (Signed) ROBIN TESSIER

By: (Signed) TIMOTHY EVANS

HSBC SECURITIES (CANADA)
INC.

RAYMOND JAMES LTD.

By: (Signed) BRENT LARKAN

By: (Signed) J. GRAHAM FELL

CANACCORD CAPITAL
CORPORATION

DUNDEE SECURITIES
CORPORATION

By: (Signed) RON SEDRAN

By: (Signed) VILMA JONES

MANULIFE SECURITIES
INCORPORATED

WELLINGTON WEST
CAPITAL MARKETS INC.

By: (Signed) WILLIAM PORTER

By: (Signed) SCOTT LARIN