ANNUAL INFORMATION FORM

CANADIAN UTILITIES & TELECOM INCOME FUND

Units

March 24, 2021

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FORWARD-LOOKING STATEMENTS

Certain statements in this annual information form are forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "intend" and similar expressions to the extent they relate to the Fund (as defined below) or Strathbridge (as defined below). Forward-looking statements are not historical facts but reflect the current expectations of the Fund and Strathbridge regarding future results or events. Such forward-looking statements reflect the Fund's and Strathbridge'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 annual information form under the heading "Risk Factors". Although the forward-looking statements contained in this annual information form are based upon assumptions that the Fund and Strathbridge believe to be reasonable, neither the Fund nor Strathbridge 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 investors with information about the Fund and may not be appropriate for other purposes. Neither the Fund nor Strathbridge assumes any obligation to update or revise them to reflect new events or circumstances except as required by law.

THE FUND

Canadian Utilities & Telecom Income Fund (the "Fund") is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of November 26, 2010 (the "Trust Agreement"), between Strathbridge Asset Management Inc., as manager, and RBC Investor Services Trust (the "Trustee"), as trustee.

The manager and investment manager of the Fund is Strathbridge Asset Management Inc. (formerly Mulvihill Capital Management Inc.) ("Strathbridge", "Manager" or "Investment Manager").

On December 17, 2010, the Fund completed its initial public offering of 4,900,000 units ("Units") at a price of $12.00 per Unit. On January 7, 2011, the Fund completed an additional offering of 160,000 Units at a price of $12.00 per Unit pursuant to the exercise of an over-allotment option granted to the Fund's agents in connection with the Fund's initial public offering.

On January 2, 2015, Unitholders approved by extraordinary resolution changes to the Fund's investment strategies and investment restrictions so that (a) at least 75% (reduced from 80%) of the net asset value of the Fund is invested in securities of Canadian utility and telecommunications issuers listed on the TSX which have a minimum capitalization of $1 billion and a minimum distribution yield of 2.0% per annum at the time of investment; (b) no more than 25% (increased from 20%) of the value of the Fund is invested in securities of North American issuers in the utilities and telecommunications sectors which have a minimum market capitalization of $250 million and a minimum distribution yield of 2.0% per annum at the time of investment; and (c) the Fund may invest in public investment funds including exchange traded funds and other Strathbridge funds (provided no more than 15% of the net asset value of the Fund may be invested in securities of other Strathbridge funds) that provide exposure to such securities. In addition, the Fund may invest up to 10% of its net assets to purchase call options in respect of securities in which the Fund is permitted to invest and the Manager now has the discretion to hedge any foreign currency exposure when it considers it appropriate and may invest the Fund's portfolio entirely in cash or cash equivalents denominated in Canadian or U.S. dollars.

The outstanding Units are listed on the Toronto Stock Exchange ("TSX") under the symbol UTE.UN.

The principal offices of the Fund and of Strathbridge are located at 121 King Street West, Suite 2600, P.O. Box 113, Toronto, Ontario, M5H 3T9. The phone numbers, website address and e-mail address of Strathbridge are (416) 681-3900 (toll-free at 1-800-725-7172), www.strathbridge.com and info@strathbridge.com, respectively.

Status of the Fund

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

INVESTMENT OBJECTIVES AND STRATEGY

The Fund has been created to provide a diversified investment in the Canadian utilities and telecommunications sectors with attractive monthly distributions.

The Fund seeks to achieve its investment objectives by investing in a portfolio (the "portfolio") consisting principally of equity securities of large capitalization (over $1 billion) utility and, to a lesser degree, telecommunications issuers listed on the TSX. Issuers selected for inclusion in the portfolio must have a minimum distribution yield of 2.0% per annum. The Investment Manager may also invest up to 25% of the Fund's net asset value ("NAV") in equity securities of other utilities and telecommunications issuers listed on a North American stock exchange subject to a minimum market capitalization of $250 million and a minimum distribution yield of 2.0% per annum.

The Fund's investment objectives are:

(a) to pay holders of its Units ("Unitholders") monthly distributions in an amount targeted to be 7.0% per annum on the NAV of the Fund; and

(b) to preserve and enhance the Fund's NAV while reducing portfolio volatility.

The Fund employs a proprietary investment strategy, Strathbridge Selective Overwriting ("SSO"), to enhance the income generated by the portfolio and to reduce volatility. In addition, the Fund may, from time to time, write covered call options in respect of up to a maximum of 25% of the securities in the Fund's portfolio.

The SSO strategy is a quantitative, technical based methodology that identifies appropriate times to write and/or close out option positions compared to continuously writing and rolling options every thirty days. This proprietary process has been developed by the Manager over many years through various market cycles. The Manager believes the primary benefit to investors is to maximize the total return of the particular portfolio while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

The composition of the portfolio, the securities that may be subject to call options and the terms of such options will vary from time to time, depending on market conditions. The Investment Manager believes that in a flat or downward trending market, a portfolio that is subject to covered option writing will generally provide higher relative returns and lower volatility than one on which no options are written. However, in a rising market, the use of options may have the effect of limiting or reducing the total returns of the Fund since the premiums associated with writing covered options may be outweighed by the foregone opportunity of remaining fully invested in the securities comprising the portfolio.

Other Hedging to Protect Portfolio Assets

The Fund may purchase put options on individual securities in the portfolio or indexed put options in order to protect the Fund from declines in the market prices of the individual securities in its portfolio or in the value of its portfolio as a whole. In addition to writing covered call options and cash-covered put options, and to the extent permitted by Canadian securities regulators from time to time, the Fund may purchase call options and put options with the effect of closing out existing call options and put options written by the Fund.

Leverage

The Fund may borrow to make investments or maintain liquidity and may pledge its assets to secure the borrowings, all in accordance with its investment objectives, investment strategy and investment restrictions. The Fund may enter into a loan facility, which would permit the Fund to borrow up to an amount not exceeding 15% of the NAV of the Fund, as determined immediately prior to the time of the borrowing. If leverage exceeds this threshold due to market movement, the Fund will take measures to reduce the amount of indebtedness so that it does not exceed the threshold as soon as reasonably practicable.

The interest rate, fees and expenses under the loan facility would be typical of similar loan facilities and prime brokerage accounts of this nature. No assurance can be given that a loan facility will be available on terms acceptable to the Fund at the time the Fund intends to borrow.

Currency Hedging

To the extent that the Fund may hold U.S. dollar denominated securities, the Fund may be exposed to changes in the value of the U.S. dollar against the Canadian dollar. The Manager may hedge the Fund's foreign currency exposure back to the Canadian dollar in its discretion when considered appropriate.

Securities Lending

To generate additional returns, the Fund may lend portfolio securities to securities borrowers acceptable to the Fund pursuant to the terms of a securities lending agreement between the Fund and any such borrower (a "Securities Lending Agreement"). Under a Securities Lending Agreement: (i) the borrower will pay to the Fund a negotiated securities lending fee and will make compensation payments to the Fund equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans shall qualify as "securities lending arrangements" for the purposes of the *Income Tax Act* (Canada) (the "Tax Act"); and (iii) the Fund will receive prescribed collateral security. The Custodian (as defined below) may be responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis. The Fund has not engaged in any securities lending to date.

Utilization of Cash Equivalents

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

INVESTMENT RESTRICTIONS

The Fund is subject to certain investment restrictions that, among other things, limit the securities the Fund may acquire to comprise its investment portfolio. 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. The Fund's investment restrictions provide that the Fund may:

(a) (i) purchase equity or preferred securities of issuers in the utilities and telecommunications sectors provided that: (a) at least 75% of the value of the Fund's securities is invested in securities of Canadian issuers listed on the TSX which have a minimum market capitalization of $1 billion and a current minimum distribution yield of 2.0% per annum at the time of investment; (b) no more than 25% of the value of the Fund is invested in securities of North American issuers in the utilities and telecommunications sectors which have a minimum market capitalization of $250 million and a minimum distribution yield of 2.0% per annum at the time of investment; and (c) after such purchase, no more than 10% of the NAV of the Fund is invested in the securities of any one issuer; and (ii) invest in public investments funds including exchange traded funds and other Strathbridge funds (provided that no more that 15% of the NAV of the Fund may be invested in securities of other Strathbridge funds) that provide exposure to such securities.

(b) not purchase equity securities of issuers other than those permitted under paragraph (i) and may only purchase debt securities if such securities are cash equivalents;

(c) write a call option in respect of any security only if such security is actually held by the Fund in the portfolio at the time the option is written, provided that covered call options may only be written in respect of up to a maximum of 25% of the securities in the portfolio;

(d) not dispose of any security that is subject to a call option written by the Fund unless such option has either terminated or expired;

(e) write put options in respect of any security only if (a) the Fund is permitted to invest in such security in the portfolio, and (b) so long as the options are exercisable, the Fund continues to hold cash equivalents sufficient to acquire the securities underlying the options at the aggregate strike price of such options;

(f) 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;

(g) invest up to 10% of its net assets to purchase call options in respect of securities in which the Fund is permitted to invest;

(h) purchase call options and put options with the effect of closing out existing call options and put options written by the Fund;

(i) purchase put options on individual securities in the portfolio and indexed put options provided that after such purchase, no more than an aggregate of 25% of the NAV of the Fund is invested in such securities;

(j) purchase derivatives or enter into derivatives or other transactions to facilitate achieving the investment objectives of the Fund;

(k) 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;

(l) not enter into any arrangement (including the acquisition of securities for the investment portfolio and the writing of covered call options in respect thereof) where the result is a dividend rental arrangement for the purposes of the Tax Act;

(m) 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;

(n) not acquire any interest in a non-resident trust that is not an "exempt foreign trust", as set forth in the proposed amendments to the Tax Act dealing with non-resident trusts contained in draft legislation released on August 27, 2010 by the Department of Finance (Canada) to implement certain tax measures from the 2010 federal budget (or amendments to such proposals, provisions as enacted into law or successor provisions);

(o) not invest in any security that would be a "tax shelter investment" within the meaning of the Tax Act; and

(p) not invest in any security of an issuer that would be a foreign affiliate of the Fund for purposes of the Tax Act.

Notwithstanding the foregoing, at the Manager's discretion, the Fund may be invested entirely in cash or cash equivalents denominated in Canadian or U.S. dollars.

In addition, but subject to these investment criteria, the Fund has adopted the standard investment restrictions and practices set out in NI 81-102, which are designed in part to ensure the investments of the Fund are diversified and relatively liquid and to ensure the proper administration of the Fund. A copy of such standard investment restrictions and practices will be provided by the Manager to any person on request.

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. 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 "Fund Governance – Proxy Voting Policy".

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 under the heading "Unitholder Matters – Matters Requiring Unitholder Approval".

Additional Units may be issued: (a) subject to regulatory approval, through the exercise of warrants that may be issued; (b) 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; (c) on a distribution of Units or on an automatic reinvestment of distributions of net income or net realized capital gains; or (d) with the approval of Unitholders.

Distributions

The Fund intends to pay monthly cash distributions to Unitholders on the last day of each month in an amount targeted to be 7.0% per annum of the NAV of the Fund. The Fund has determined to base the distributions it pays on the NAV of the Fund in order to better facilitate the preservation and enhancement of the Fund's NAV and to enable Unitholders to benefit from any increases in the NAV of the Fund through the resulting increased distributions. The monthly distributions will be determined using the last published NAV prior to the declaration date for the distribution.

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

Cash distributions will be payable in Canadian dollars to Unitholders of record at 5:00 p.m. (EST) on the record date which will generally be on or about the fifteenth day before such distribution date of each month, unless such day is not a business day, in which case the record date will be the following business day.

Each Unitholder will be mailed annually, no later than March 31 (March 30 in a leap year), 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 "Canadian Federal Income Tax Considerations".

Redemption of Units

Units may be surrendered at any time for redemption to Computershare Investor Services Inc., the Fund's registrar and transfer agent, but will be redeemed only on a Redemption Date (as defined below). Units surrendered for redemption by a Unitholder at least twenty business days prior to the last day in June (the "June Redemption Date") will be redeemed on such June Redemption Date. Units surrendered for redemption by a Unitholder at least ten business days prior to the last day of any other month (a "Monthly Redemption Date" and, together with the June Redemption Date, a "Redemption Date"), 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").

Unitholders whose Units are redeemed on a June Redemption Date will be entitled to receive a redemption price per Unit equal to the NAV per Unit determined as of such date, less costs. Costs may include 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 Unitholders whose Units are redeemed on any other Redemption Date, the redemption price per Unit will be equal to the lesser of:

(a) 95% of the Market Price. For such purposes, “Market Price” means the weighted average trading price of the Units on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) for the ten trading days immediately preceding the applicable Redemption Date, and

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

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

The redemption right must be exercised by providing written notice within the notice periods as described under “Redemption of Units – Exercise of Redemption Right” below. Such surrender will be irrevocable upon the delivery of notice to CDS Clearing and Depository Services Inc. (“CDS”) through a participant in CDS (“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 wishes to exercise redemption privileges 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. (EST) on the relevant notice date. An owner who wishes 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 borne by 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. 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. 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, in which event such Units will remain outstanding.

Suspension of Redemptions

Strathbridge 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 a stock exchange on which securities of the Fund are traded, if those securities represent more than 50% by value, or underlying market exposure, of the total assets of the Fund without allowance for liabilities and if those securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund or (ii) with the prior permission of the securities regulatory authorities, for any period not exceeding 120 days during which Strathbridge 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 Strathbridge 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 the Manager 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.

Book-Entry Only and Book-Based Systems

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

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

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

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

UNITHOLDER MATTERS

Meetings of Unitholders

A meeting of Unitholders of the Fund may be convened by Strathbridge 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 more than ten days and at the adjourned meeting the Unitholders then present in person or represented by proxy will form the necessary quorum. At any such meeting, each Unitholder will be entitled to one vote for each whole Unit registered in the Unitholder's name.

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 (c) which requires approval by a simple majority vote) at a meeting called and held for such purpose:

(a) a change in the fundamental investment objectives of the Fund as described under "Investment Objectives and Strategy";

(b) a change in the investment restrictions of the Fund as described under "Investment Restrictions";

(c) any introduction of, or 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;

(d) a change in the manager of the Fund, other than a change resulting in an affiliate of the current manager assuming such position;

(e) except as described in the Investment Management Agreement (as defined below), a change in investment manager, other than a change resulting in the Manager or an affiliate of the current investment manager assuming such position;

(f) except as described in the Trust Agreement, a change in the trustee of the Fund, other than a change resulting in the Manager or an affiliate of the current trustee assuming such position;

(g) a decrease in the frequency of calculating the NAV per Unit (if the NAV per Unit is proposed to be calculated less frequently than weekly) or redeeming Units;

(h) certain material reorganizations with, or transfers of assets to or from, another investment fund;

(i) a termination of the Investment Management Agreement (except as described under "Responsibility for Operations – The Investment Manager – Investment Management Agreement");

(j) except as described under "Termination of the Fund", the termination of the Fund; or

(k) 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.

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

(a) 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;

(b) 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;

(c) 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;

(d) maintain the status of the Fund as a "mutual fund trust" for the purposes of the Tax Act; or

(e) provide added protection to Unitholders.

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

Reporting to Unitholders

The Fund will provide annual and semi-annual financial statements of the Fund to Unitholders in accordance with applicable laws.

CALCULATION OF NET ASSET VALUE AND NET ASSET VALUE PER UNIT

The NAV of the Fund on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund, including any income, net realized capital gains or other amounts payable to Unitholders on or before such date expressed in Canadian dollars at the applicable exchange rate on such date. For greater certainty, any future tax assets of the Fund will not be treated as assets for these purposes. The NAV per Unit on any day is obtained by dividing the NAV of the Fund on such day by the number of Units then outstanding.

In general, the NAV per Unit will be calculated as of the close of business on every business day and if a valuation date is not a business day, then the securities comprising the Fund property will be valued as if such valuation date were the preceding business day. Such information will be provided by Strathbridge to Unitholders on request and will be available at no cost on a daily basis on the Manager's website at www.strathbridge.com.

Valuation Policies and Procedures

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

(a) the value of any security, index futures or index options 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;

(b) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Fund shall be reflected as a deferred credit that shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their then current market value;

(c) purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value;

(d) the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Manager determines that any such deposit or call loan is not worth the face amount, in which event the value thereof shall be deemed to be such value as the Manager determines to be the reasonable value thereof;

(e) the value of a futures contract or a forward contract shall be the gain or loss that would be realized if, at the valuation time, the position in the futures contract or the forward contract were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;

(f) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;

(g) the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on the valuation date at such times as the Manager, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;

(h) the value of any security, the resale of which is restricted or limited, shall be the lesser of the value 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;

(i) securities of any unlisted underlying fund held by the Fund will be valued at the net asset value of such securities as provided by such fund from time to time;

(j) all Fund property valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency shall be converted into Canadian dollars by applying the rate of exchange obtained from the best available sources to the Manager, including, but not limited to, the Manager or any of its affiliates;

(k) all expenses or liabilities (including fees payable to the Manager) of the Fund shall be calculated on an accrual basis; and

(l) the value of any security or property to which, in the opinion of the Manager, the above valuation principles cannot be applied shall be the fair value thereof determined in such manner as the Manager from time to time provides.

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

RESPONSIBILITY FOR OPERATIONS

The Manager

Strathbridge 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. On October 3, 2011, Mulvihill Capital Management Inc. announced a name change to Strathbridge.

Pursuant to the Trust Agreement, Strathbridge is the Manager of the Fund and, as such, is responsible for providing or arranging for the provision of required administrative services to the Fund including: 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 interim and annual financial statements and other reports as are required by applicable law; 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.

Strathbridge 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.

Strathbridge 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 Strathbridge resigns it may appoint its successor but its successor must be approved by a two-thirds majority vote of the Unitholders. However, such notice and Unitholder approval are not required if the successor manager is an affiliate of Strathbridge. If Strathbridge 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 Strathbridge, the Trustee shall give notice to the Unitholders and the Unitholders may direct the Trustee to remove Strathbridge and appoint a successor manager.

Strathbridge is entitled to fees for its services under the Trust Agreement and will be reimbursed for all reasonable costs and expenses incurred by it on behalf of the Fund. In addition, Strathbridge, its affiliates and its agents, and the directors, officers and employees of any of them, 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 Strathbridge or its affiliates and its agents, and the directors, officers and employees of any of them, in the exercise of its duties as manager, except those resulting from Strathbridge'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.

The management services of Strathbridge under the Trust Agreement are not exclusive and nothing in the Trust Agreement prevents Strathbridge 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.

Directors and Officers of Strathbridge

The name and municipality of residence and current principal occupation of each of the directors and officers of Strathbridge are as follows:

Name and Municipality of Residence	Principal Occupation
John P. Mulvihill Toronto, Ontario	Chairman, President, Chief Executive Officer, Secretary and Director

Name and Municipality of Residence	Principal Occupation
John D. Germain Toronto, Ontario	Senior Vice-President, Chief Financial Officer and Director
John P. Mulvihill Jr. Toronto, Ontario	Vice-President – Portfolio Manager and Director
Peggy Shiu Toronto, Ontario	Vice-President – Portfolio Manager and Chief Compliance Officer
Jack Way Georgetown, Ontario	Vice-President – Portfolio Manager
Jeff Dobson Milton, Ontario	Vice-President – Portfolio Manager

Each of the officers and directors listed above has held their position with Strathbridge or an affiliate during the five years preceding the date hereof.

The Investment Manager

Strathbridge manages the Fund's investment portfolio in a manner consistent with the investment objectives, strategy and restrictions of the Fund pursuant to an investment management agreement (the "Investment Management Agreement") made between the Fund and Strathbridge dated November 26, 2010.

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

John P. Mulvihill, Chairman, President, Chief Executive Officer, Secretary and Director of Strathbridge, is the senior portfolio manager of Strathbridge and has over 49 years of investment management experience. Prior to purchasing CTIC from The Canada Trust Company in 1995, Mr. Mulvihill had been Chairman of CTIC since 1988. At CTIC he had primary responsibility for the asset allocation and portfolio management of CTIC's pension and mutual fund assets.

John D. Germain, Senior Vice-President, Chief Financial Officer and Director of Strathbridge, has been with Strathbridge since March 1997 and is responsible for the overall portfolio management with over 28 years of investment management experience. Prior to joining Strathbridge, he had been employed at Merrill Lynch Canada Inc. since 1992.

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

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

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

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

Jeff Thompson, Portfolio Manager, has been with Strathbridge since 1990 primarily working in the fixed income group. Since 2008 he has worked extensively on trading equity options and foreign currency hedging.

Investment Management Agreement

The services provided by Strathbridge pursuant to the Investment Management Agreement include making all investment decisions for the portfolio, and the writing, purchase and sale of all option contracts 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 Strathbridge. In the purchase and sale of securities for the Fund and the trading of option contracts, Strathbridge will seek to obtain overall services and prompt execution of orders on favourable terms.

Under the Investment Management Agreement, Strathbridge 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 the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The Investment Management Agreement provides that neither Strathbridge 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. Strathbridge 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 Strathbridge 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 and such breach has not been cured within 30 days after notice thereof has been given by the Manager to Strathbridge and the Trustee. Except as described above, Strathbridge cannot be terminated as investment manager of the Fund. Strathbridge 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 Manager and the Trustee or if there is a material change in the fundamental investment objectives, strategies or restrictions of the Fund.

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

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

Strathbridge is entitled to fees for its services under the Investment Management Agreement and will be reimbursed for all reasonable costs and expenses incurred by Strathbridge on behalf of the Fund. In addition, Strathbridge and its agents, and the directors, officers and employees of either of them 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 Strathbridge's wilful misconduct, bad faith, negligence or breach of its obligations under the Investment Management Agreement or its failure to meet its standard of care set out in the Investment Management Agreement.

CONFLICTS OF INTEREST

Principal Holders of Securities

CDS & Co., the nominee of CDS, holds all of the Units as registered owner for various brokers and other persons on behalf of their clients and others. As at March 23, 2021, to the knowledge of the Manager, no person owned beneficially, directly or indirectly, more than 10% of the Units of the Fund.

As at March 23, 2021, the directors and officers of the Manager beneficially owned, in aggregate, less than 10% of the outstanding Units of the Fund and the members of the IRC (as defined below) beneficially owned, in aggregate, less than 10% of the outstanding Units of the Fund.

As of March 23, 2021, John P. Mulvihill owned of record and beneficially 95,073 shares (100%) of Mulvihill Capital Inc. which is the sole shareholder of Strathbridge.

FUND GOVERNANCE

Independent Review Committee

Under NI 81-107, all publicly offered investment funds, including the Fund, are required to establish an independent review committee (the "IRC") to whom the manager of the fund must refer all conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the manager to establish written policies and procedures for dealing with conflict of interest matters, maintain records in respect of those matters and provide assistance to the IRC in carrying out its functions. The IRC is required to conduct regular assessments and provide reports to the manager and securityholders in respect of its activities.

The members of the IRC of the Fund are Michael M. Koerner, Peter Gillin and Robert G. Bertram. Robert W. Korthals resigned from the IRC on January 16, 2021 and Peter Gillin was appointed to the IRC effective January 18, 2021. The aggregate compensation paid by the Fund to the members of the IRC for the year ended December 31, 2020 was $8,333.33.

The Advisory Board

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

Name and Municipality of Residence	**Principal Occupation**
John P. Mulvihill Toronto, Ontario	Chairman, President, Chief Executive Officer, Secretary and Director, Strathbridge
Michael M. Koerner[(1)] Toronto, Ontario	President, Canada Overseas Investments, Ltd. (private investment company)
Peter Gillin[(1)] Toronto, Ontario	Corporate Director
Robert G. Bertram[(1)] Aurora, Ontario	Corporate Director
John D. Germain Toronto, Ontario	Senior Vice-President, Chief Financial Officer and Director, Strathbridge

(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. 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.

Each member of the Advisory Board has served as a member of the Advisory Board since its initial public offering. Each member of the Advisory Board has been appointed by the Manager and will serve until his successor is appointed.

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

The Advisory Board of the Fund is responsible for the overall stewardship of the Fund's business and affairs. Strathbridge, the Fund's Manager, administers, either directly or indirectly through third-party service organizations, all functions associated with the operations of the Fund pursuant to the Trust Agreement. Under this agreement, Strathbridge is responsible for certain day to day operations of the Fund including the payment of distributions on its Units and attending to the redemption of Units in accordance with their terms.

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

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

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

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

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

Because Unitholders may only redeem their Units on notice for payment not more frequently than monthly, they cannot engage in short-term trading of the Fund's securities with the Fund and the Fund has no policies and procedures in relation to such activities.

Proxy Voting Policy

The Fund has adopted the following proxy guidelines (the "Proxy Guidelines") with respect to the voting of proxies received by it relating to voting securities held by the Fund. The Proxy Guidelines establish standing policies and procedures for dealing with routine matters, as well as the circumstances under which deviations may occur from such standing policies. A general description of certain such policies is outlined below.

(a) *Auditors*

The Fund will generally vote for proposals to ratify auditors except where non-audit-related fees paid to such auditors exceed audit-related fees.

(b) *Board of Directors*

The Fund will vote for nominees of management on a case-by-case basis, examining the following factors: independence of the board and key board committees, attendance at board meetings, corporate governance positions, takeover activity, long-term company performance, excessive executive compensation, responsiveness to shareholder proposals and any egregious board actions. The Fund will generally withhold votes from any nominee who is an insider and sits on the audit committee or the compensation committee. The Fund will also withhold support from those individual nominees who have attended fewer than 75% of the board meetings held within the past year without a valid excuse for these absences.

(c) *Compensation Plans*

The Fund will vote on matters dealing with share-based compensation plans on a case-by-case basis. The Fund will review share-based compensation plans with a primary focus on the transfer of shareholder wealth. The Fund will generally vote for compensation plans only where the cost is within the industry maximum except where (i) participation by outsiders is discretionary or excessive or the plan does not include reasonable limits on participation or (ii) the plan provides for option re-pricing without shareholder approval. The Fund will generally also vote against any proposals to re-price options, unless such re-pricing is part of a broader plan amendment that substantially improves the plan and provided that (i) a value-for-value exchange is proposed; (ii) the top five paid officers are excluded; and (iii) exercised options do not go back into the plan or the company commits to an annual burn rate cap.

(d) *Management Compensation*

The Fund will vote on employee stock purchase plans (“ESPPs”) on a case-by-case basis. The Fund will generally vote for broadly based ESPPs where all of the following apply: (i) there is a limit on employee contribution; (ii) the purchase price is at least 80% of fair market value; (iii) there is no discount purchase price with maximum employer contribution of up to 20% of employee contribution; (iv) the offering period is 27 months or less; and (v) potential dilution is 10% of outstanding securities or less. The Fund will also vote on a case-by-case basis for shareholder proposals targeting executive and director pay, taking into account the issuer’s performance, absolute and relative pay levels as well as the wording of the proposal itself. The Fund will generally vote for shareholder proposals requesting that the issuer expense options or that the exercise of some, but not all options be tied to the achievement of performance hurdles.

(e) *Capital Structure*

The Fund will vote on proposals to increase the number of securities of an issuer authorized for issuance on a case-by-case basis. The Fund will generally vote for proposals to approve increases where the issuer’s securities are in danger of being de-listed or if the issuer’s ability to continue to operate is uncertain. The Fund will generally vote against proposals to approve unlimited capital authorization.

(f) *Constating Documents*

The Fund will generally vote for changes to constating documents that are necessary and can be classified as “housekeeping”. The following amendments will be opposed:

(i) the quorum for a meeting of shareholders is set below two persons holding 25% of the eligible vote (this may be reduced in the case of a small organization where it clearly has difficulty achieving quorum at a higher level, but the Fund will oppose any quorum below 10%);

(ii) the quorum for a meeting of the board of directors should not be less than 50% of the number of directors; and

(iii) the chair of the board has a casting vote in the event of a deadlock at a meeting of directors if that chair is not an independent director.

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

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

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

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

BROKERAGE ARRANGEMENTS

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

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

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

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

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

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

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

TRUSTEE AND CUSTODIAN

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

The Trustee 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 the portfolio.

The Trustee may resign upon 60 days' notice to Unitholders and Strathbridge. 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 Strathbridge 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 Strathbridge. 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 Strathbridge, its successor may be appointed by Strathbridge. The successor must be approved by Unitholders if the Trustee is removed by Unitholders. If no successor has been appointed within 60 days from the date of written notice of such resignation or removal, the Trust Agreement and the Fund will be terminated.

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 the Fund, or to exercise the degree of care, diligence and skill that a reasonably prudent Canadian trust company 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 agents and the directors, officers and employees of either of them 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 receives fees from the Fund for acting as trustee and custodian of the assets of the Fund and performing certain administrative services under the Trust Agreement and is reimbursed for all expenses and liabilities which are properly incurred by the Trustee in connection with the activities of the Fund.

REGISTRAR AND TRANSFER AGENT

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

AUDITORS

The auditors of the Fund are Deloitte LLP, Bay Adelaide Centre, East Tower, 8 Adelaide Street West, Suite 200, Toronto, Ontario, M5H 0A9.

TERMINATION OF THE FUND

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

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

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

Immediately prior to the Termination Date, Strathbridge 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.

FEES AND EXPENSES

Management and Investment Management Fees

Strathbridge is entitled to a fee at an annual rate of 0.10% of the NAV of the Fund for its services as manager and 1.0% of the NAV of the Fund for its services as investment manager of the Fund. Fees payable to Strathbridge are calculated and payable monthly in arrears and subject to applicable taxes.

Service Fee

The Fund will pay a service fee (the "Service Fee") which will be paid 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 value of the Units held by clients of the dealer.

Operating Expenses

The Fund pays for all expenses incurred in connection with the operation and administration of the Fund. It is expected that these expenses will include, without limitation: (a) mailing and printing expenses for periodic reports to Unitholders; (b) 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; (c) fees payable to the Transfer Agent; (d) fees payable to members of the Advisory Board and the IRC of the Fund; (e) fees payable to the auditor and legal advisors of the Fund; (f) regulatory filing, stock exchange and licensing fees; (g) website maintenance costs; and (h) 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 Strathbridge is entitled to an indemnity by the Fund. The Fund will also be responsible for all commissions and other costs of securities transactions and any extraordinary expenses which may be incurred by it from time to time.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations generally relevant to a Unitholder 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, is not affiliated with the Fund, holds such Units as capital property and has not with respect to Units entered into a "derivative forward agreement". Generally, Units will be considered to be capital property to a Unitholder provided the Unitholder does not hold the Units 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 Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have their Units and all other "Canadian securities" owned or subsequently owned by them, treated as capital property by making an irrevocable election in accordance with the Tax Act.

This summary is also based on the assumption that the Fund will at all times comply with its investment restrictions. This summary assumes that the Fund will at no time be a SIFT trust as defined in the Tax Act.

This summary is based on the current provisions of the Tax Act and the regulations, an understanding of the current published administrative policies and assessing practices of Canada Revenue Agency ("CRA") and all specific proposals to amend the Tax Act and regulations 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 does not describe the income tax consequences relating to the deductibility of interest on money borrowed to acquire Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor's particular circumstances including the province 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, based on their particular circumstances.

Status of the Fund

This summary is based on the assumptions that the Fund has qualified and will continue to qualify at all relevant times as a "mutual fund trust" within the meaning of the Tax Act. To qualify as a mutual fund trust, (a) the Fund must be a Canadian resident "unit trust" for purposes of the Tax Act; (b) the only undertaking of the Fund must be the investing of its funds in property (other than certain real property or interests in certain real property); and (c) the Fund must comply with certain minimum requirements respecting the ownership and dispersal of Units.

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

Taxation of the Fund

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

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.

Generally, the Fund will include gains and deduct losses on income account in connection with investments made through derivative securities, except where such derivatives are used to hedge, and are sufficiently linked with, portfolio securities held on capital account and are not "derivative forward agreements". The Fund will recognize such gains and losses for tax purposes at the time they are realized.

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

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

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

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

The Fund's investment portfolio may include securities that are not denominated in Canadian dollars. Proceeds of disposition of securities, distributions, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars. The Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

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

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 "Units – Distributions", it will generally not be liable in such year for income tax under Part I of the Tax Act.

Taxation of Holders

A Unitholder will generally be required to include in computing income for a taxation year the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder (whether in cash or in Units) in the taxation year including any portion of amounts paid on redemption treated as distributions of income or gains by the Fund. The non-taxable portion of the Fund's net realized capital gains paid or payable to a Unitholder in a taxation year will not be included in the Unitholder's income for the year and will not reduce the adjusted cost base of the Unitholder's Units. Any other amount in excess of the Fund's net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder's income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain.

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

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

Legislative Proposals released by the Minister of Finance (Canada) on July 30, 2019 proposed amendments to the Tax Act that would, effective for taxation years of the Fund beginning on or after March 19, 2019, (a) deny the Fund a deduction for any income of the Fund designated to a Unitholder on a redemption of Units, where the Unitholder's proceeds of disposition are reduced by the designation and (b) deny the Fund a deduction for the portion of a capital gain designated to a Unitholder on a redemption of Units that is greater than the Unitholder's accrued gain on those Units, where the Unitholder's proceeds of disposition are reduced by the designation. If such proposed amendments to the Tax Act are enacted in their current form, any amounts that would otherwise have been designated to redeeming Unitholders may be made payable to the remaining, non-redeeming Unitholders to ensure the Fund will not be liable for non-refundable income tax thereon. Accordingly, the amounts of taxable distributions made to Unitholders of the Fund may be greater than they would have been in the absence of such amendments.

On the disposition or deemed disposition of a Unit, including a redemption, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition, excluding any portion of amounts paid on redemption treated as distributions of income or gains by the Fund, exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base of Units to a Unitholder, when Units are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units owned by the Unitholder as capital property immediately before that time. The cost of Units acquired as a distribution of income or capital gains will generally be equal to the amount of the distribution. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units and will not affect the aggregate adjusted cost base to a Unitholder of Units.

In general, the adjusted cost base of all Units held by a Unitholder is the total amount paid for the Units, regardless of when the Unitholder bought them, less any non-taxable distributions (other than the non-taxable portion of capital gains) such as a return of capital and less the adjusted cost base of any Units of the Fund previously disposed of by the Unitholder.

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

Eligibility for Investment

Provided that the Fund qualifies and continues to qualify at all times as a mutual fund trust within the meaning of the Tax Act or that the 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").

However, if the Units are a "prohibited investment" for a tax-free savings account, registered retirement savings plan, registered disability savings plan, registered education savings plan, or registered retirement income fund, the holder of a tax-free savings account or registered disability savings plan, subscriber of a registered education savings plan or annuitant under a registered retirement savings plan or registered retirement income fund, will be subject to a penalty tax as set out in the Tax Act. An investment in the Units will not generally be a "prohibited investment" unless the holder, subscriber or annuitant does not deal at arm's length with the Fund for purposes of the Tax Act or if the holder, subscriber or annuitant has a significant interest (within the meaning of the Tax Act) in the Fund. Holders of tax-free savings accounts or registered disability savings plans, subscribers of registered educations savings plans, and annuitants under registered retirement savings plans and registered retirement income funds should consult their own tax advisors to ensure that no Units would be a "prohibited investment" in their particular circumstances.

Exchange of Tax Information

The Fund is required to comply with due diligence and reporting obligations imposed under amendments to the Tax Act that implemented the Canada-United States Enhanced Tax Information Exchange Agreement. As long as the Units continue to be listed on the TSX, the Fund should not have any U.S. reportable accounts and, as a result, should not be required to provide information to the CRA in respect of securityholders. However, dealers through which securityholders hold their Units are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Securityholders (and, if applicable, the controlling person(s) of a securityholder) may be requested to provide information to their dealer to identify U.S. persons holding the Units. If a securityholder, or its controlling person(s), is a "Specified U.S. Person" (including a U.S. citizen who is a resident of Canada) or if a securityholder does not provide the requested information and indicia of U.S. status is present, Part XVIII of the Tax Act will generally require information about the securityholder's investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a registered plan. The CRA will then provide that information to the U.S. Internal Revenue Service.

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

RISK FACTORS

An investment in the Fund may be deemed to be speculative and involves significant risks. 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 Units of the Fund which prospective investors should consider before purchasing such securities.

Concentration Risk

The Fund was created to invest in the securities of utility and telecommunications issuers and is not expected to have significant exposure to any other investments or assets. The Fund's holdings are concentrated in utilities and telecommunications-related securities and they are not diversified.

Portfolio Securities

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

No Assurances of Achieving Investment Objectives

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

Use of Options and Other Derivative Instruments

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

The use of options may have the effect of limiting or reducing the total returns of the Fund if the Manager'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 portfolio that is subject to covered call options to meet its targeted distributions. In addition, the premiums associated with writing covered call options may be outweighed by the foregone opportunity of remaining invested directly in the securities comprising the 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 that the counterparty (whether a clearing corporation in the case of exchange-traded instruments, or other third party in the case of over-the-counter instruments) may be unable to meet its obligations under the transaction and may default on such obligations.

Currency Hedging

Currency hedges entail a risk of illiquidity and, to the extent that the U.S. dollar appreciates in Canadian dollar terms, the risk that the use of hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting or reducing the total returns to the Fund if the Investment Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, the costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances. Currency hedges also involve the risk of the possible default by the other party to the transaction (whether a clearing corporation in the case of exchange-traded instruments or other third party in the case of over-the-counter instruments) in that it may be unable to meet its obligations.

Reliance on the Manager

Strathbridge will manage the investment portfolio of the Fund in a manner consistent with the investment objectives, investment strategies and investment restrictions of the Fund. The officers of Strathbridge 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 Strathbridge throughout the term of the Fund.

Interest Rate Fluctuations

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

Trading at a Discount

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

Significant Redemptions

Units are redeemable monthly based on market price and annually for a price based on NAV per Unit. 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.

Securities Lending

The Fund may engage in securities lending as described under "Investment Objectives and 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.

Leverage

Strathbridge, on behalf of the Fund, may use a loan facility and other forms of leverage, to a maximum of 15% of the NAV of the Fund at the time of borrowing, when market conditions provide opportunities to increase the potential returns of the portfolio by taking advantage of the spread between the potential return on additional investments in the portfolio and the cost of borrowing the purchase price for such investments and for working capital purposes.

The obligations under forms of leverage may be secured by the assets of the Fund. By adding additional leverage, these strategies have the potential to enhance returns but also involve additional risks. There can be no assurance that the leveraging strategy employed for the Fund will enhance returns. The use of leverage may reduce returns (both distributions and capital) to Unitholders. If the instruments in the portfolio suffer a substantial decrease in value, the leverage component will cause a decrease in value of the portfolio in excess of that which would otherwise be experienced. In addition, if the aggregate amount of leverage under the forms of leverage exceed at any time 15% of the NAV of the portfolio, the Fund will be required to sell investments or enter into other transactions in order to reduce the aggregate amount of leverage to such 15% level. Such transactions may be required to be effected at prices or values or on terms that may adversely affect the value of the portfolio and, consequently, the return to the Fund. If a loan facility is called by a lender, the Fund may have to liquidate its assets to pay back debt at a time when market conditions are not favourable, resulting in a loss.

The expenses and fees incurred in respect of forms of leverage may exceed the incremental capital gains/losses and income generated by the incremental investments for the portfolio. In addition, the Fund may not be able to renew a loan facility or other forms of leverage on acceptable terms at the expiry of its term or in the event of early termination. The Fund may utilize the maximum amount of leverage permitted by the investment restrictions described under "Investment Restrictions".

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.

Taxation of the Fund

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

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

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 gains or losses sustained on closing out options as capital gains and capital losses in accordance with CRA's published administrative practice. CRA's practice is not to grant advance income tax rulings on the characterization of items as capital or income and no advance income tax ruling has been applied for or received from CRA.

The Fund uses derivative instruments for converting non-Canadian currency exposure to the Canadian dollar. Gains or losses realized on derivatives by virtue of the fluctuation of foreign currencies against the Canadian dollar will, where such derivatives are sufficiently linked with and hedge currency exposure in respect of, underlying securities, be treated and reported for purposes of the Tax Act on capital or income account depending on the nature of the securities to which the hedge is linked and whether the derivative is a "derivative forward agreement" within the meaning of the Tax Act, and designations with respect to its income and capital gains will be made and reported to Unitholders on this basis.

If any dispositions or transactions of the Fund in respect of derivatives, covered options and securities in the portfolio are reported on capital account but are subsequently determined to be on income account, the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders could increase. Any such redetermination by the CRA may result in the Fund being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce NAV, NAV per unit and/or the trading prices of the Units.

Under the SIFT Rules, trusts or partnerships (defined as "SIFT trusts" and "SIFT partnerships", respectively) the securities of which are listed or traded on a stock exchange or other public market and that hold one or more "non-portfolio properties" (as defined) are effectively taxed on income and capital gains in respect of such non-portfolio properties at combined rates comparable to the rates that apply to income earned and distributed by Canadian corporations. 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 "Canadian Federal Income Tax Considerations" would be materially and adversely different in certain respects.

Certain issuers of securities included in the portfolio of the Fund may be SIFT trusts or SIFT partnerships. In such event, the after-tax returns realized by Unitholders may be reduced to the extent that the Fund receives distributions of income or capital gains from such SIFT trusts or SIFT partnerships. In addition, it is possible that SIFT trusts or SIFT partnerships may seek to restructure their affairs and organizational structures in a manner that could have an impact upon the returns to the Fund.

Rules in the Tax Act applicable to "loss restriction events" (as defined in the Tax Act) may have an impact on the Fund generally to the extent that any person, together with other persons with whom that person is affiliated within the meaning of the Tax Act, or any group of persons acting in concert, acquires Units having a fair market value that is greater than 50% of the fair market value of all the Units of the Fund. If such circumstances occur, the Fund will have a deemed tax year end and any undistributed income and realized capital gains (net of any applicable losses) would be expected to be made payable to all Unitholders as a distribution on their Units (or tax thereon paid by the Fund in respect of such year).

Recent Global Market Conditions

Global financial markets have experienced substantial volatility in recent years. Significant sources of this volatility have included the revaluation of assets on the balance sheets of international financial institutions resulting in a reduction in liquidity among financial institutions and generally reduced availability of credit, substantial intervention by central banks as well as global governments in financial markets, low economic growth in various markets and economies, substantial changes in currency valuations and commodity prices and concerns regarding both inflation and deflation. Further, continued concerns about global health risks or epidemics/pandemics, the European Sovereign debt crisis, uncertainty surrounding the ratification and implementation of the United States-Mexico-Canada Agreement, developments in the Middle East and North Korea, strained trade relations between and trade barriers instituted by the U.S. and a number of other countries (including Canada), matters related to the United Kingdom's withdrawal from the EU, tightening monetary policy in the U.S., and matters related to the U.S. government debt limits, may adversely impact the global equity markets, which may adversely affect the prospects of the Fund and value of the Fund. A substantial drop in the market in which the Fund invests could be expected to have a negative effect on the value of the Units of the Fund.

More recently, an outbreak of the respiratory disease designated as a novel coronavirus in December 2019 has caused substantial volatility and declines in global financial markets, which have caused losses for investors. The impact of this novel coronavirus pandemic, and other epidemics and pandemics that may arise in the future, may be short term or may last for an extended period of time, and in either case may result in a substantial economic downturn or recession.

Cyber Security Risk

Cyber security risk is the risk of harm, loss and liability resulting from a breach or failure of information technology systems. Breaches or failures of information technology systems ("Cyber Security Events") can result from deliberate attacks or unintentional events and may arise from external or internal sources. Deliberate cyber attacks include gaining unauthorized access to digital systems (through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, equipment or systems, or causing operational disruption. Deliberate cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

The primary risk to the Fund from the occurrence of Cyber Security Events include disruption in operations, reputational damage, disclosure of confidential information, regulatory penalties, additional compliance costs associated with corrective measures, and/or financial loss. The Fund's third party service providers (e.g., custodian, administrator, transfer agent) or the issuers that the Fund invests in may also be subject to a Cyber Security Event which could adversely affect the Fund and its operations. The Fund cannot control the cyber security plans and systems put in place by its service providers or any other third party whose operations may affect the Fund or its Unitholders and they could be adversely affected as a result.

Credit Risk

The Fund is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations. The Fund manages these risks through the use of various risk limits and trading strategies.

The Fund is also exposed to counterparty credit risk on derivative financial instruments. The counterparty credit risk for derivative financial instruments is managed by dealing with counterparties that have a credit rating that is not below the level of approved credit ratings as set out in NI 81-102.

Liquidity Risk

Liquidity risk is the possibility that investments in the Fund cannot be readily converted into cash when required. To manage this risk, the Fund invests the majority of its assets in investments that are traded in an active market and which can be easily disposed. In addition, the Fund aims to retain sufficient cash and short-term investments to maintain liquidity and to meet its obligations when due.

MATERIAL CONTRACTS

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

(a) the Trust Agreement; and

(b) the Investment Management Agreement.

Copies of the foregoing agreements may be inspected during business hours at the principal office of the Fund.

ADDITIONAL INFORMATION

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

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

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

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