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Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Mulvihill Capital Management Inc., the manager of the issuer, at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9 or info@mulvihill.com or by calling 416.681.3900, toll-free at 1.800.725.7172 and are also available electronically at www.sedar.com.

## SHORT FORM PROSPECTUS

Warrant Offering

April 8, 2011

# Gold Participation and Income Fund

## Warrants to Subscribe for up to 1,823,754 Units at a Subscription Price of \$13.02

Gold Participation and Income Fund (the “Fund”) will issue to the holders of record of outstanding units (“Units”) of the Fund at the close of business on April 22, 2011, 1,823,754 warrants (“Warrants”) to subscribe for and purchase an aggregate of approximately 1,823,754 Units. This short form prospectus qualifies the distribution of the Warrants and the Units issuable upon the exercise thereof. See “Details of the Offering”.

- Record Date:** April 22, 2011 (the “Record Date”), subject to obtaining all necessary regulatory and exchange approvals.
- Commencement Date:** Warrants may be exercised commencing on April 25, 2011.
- Expiry Date and Time:** Warrants not exercised by 5:00 p.m. (Toronto time) on September 15, 2011 (the “Expiry Date”) will be void and of no value.
- Subscription Price:** The subscription price (the “Subscription Price”) for the Warrants will be \$13.02, being the most recently calculated net asset value (“NAV”) per Unit prior to the date of filing the preliminary prospectus, plus the estimated per Unit fees and expenses of the Offering and plus the Warrant Exercise Fee (as defined below).
- Basic Subscription Privilege:** Each holder of a Unit (“Unitholder”) at the close of business (Toronto time) on the Record Date will receive one transferable Warrant for each Unit held. Each Warrant will entitle the holder thereof (a “Warrantholder”) to acquire one Unit upon payment of the Subscription Price on the Expiry Date prior to 5:00 p.m. (Toronto time). See “Details of the Offering – Basic Subscription Privilege”.
- Additional Subscription Privilege:** There is no additional subscription privilege under the Offering. A holder of Warrants may only subscribe for Units pursuant to the Basic Subscription Privilege. See “Details of the Offering – Additional Subscription Privilege”.
- No Minimum Issue Size:** The completion of the Offering is not conditional upon the receipt by the Fund of any minimum amount of subscription proceeds.

The outstanding Units of the Fund are listed on the Toronto Stock Exchange (the “TSX”) under the symbol GPF.UN. On April 7, 2011, the closing price on the TSX of the Units was \$12.45 per Unit. The TSX has conditionally approved the listing of Warrants distributed under this short form prospectus and the Units issuable upon the exercise thereof on the TSX. Listing will be subject to the Fund fulfilling all of the listing requirements of the TSX by June 15, 2011. **There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this short form prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. See “Risk Factors”.**

	Subscription Price <sup>(1)(2)</sup>	Fee to Dealer on Warrant Exercise <sup>(2)(3)</sup>	Net Proceeds to the Fund <sup>(2)(4)</sup>
Per Unit .....	\$13.02	\$0.20	\$12.82
Total .....	\$23,745,277	\$364,751	\$23,380,526

- (1) The Subscription Price will be \$13.02, being the most recently calculated NAV per Unit prior to the date of filing the preliminary prospectus, plus the estimated per Unit fees and expenses of the Offering and plus the Warrant Exercise Fee.
- (2) Assumes that all Warrants are exercised.
- (3) The Fund will pay a fee, referred to herein as the Warrant Exercise Fee, of \$0.20 per Warrant to the dealer whose client exercised the Warrant, subject to a maximum of \$2,500 per beneficial subscriber in respect of Warrants exercised pursuant to the Basic Subscription Privilege. See “Fees and Expenses”.
- (4) Before deducting the estimated fees and expenses of the Offering of \$120,000, which will be paid by the Fund.

The Fund is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of July 27, 2009 (the “Trust Agreement”). The principal offices of the Fund and MCM are located at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9.

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

The Fund seeks to achieve its objectives by investing 100% of its net assets in the gold sector. The Fund may invest up to 50% in Shares of SPDR Gold Trust, an exchange-traded fund that seeks to track the price of gold by investing directly in gold bullion, and up to 75% in a portfolio (the “Managed Gold Portfolio”) of equity securities selected from the S&P/TSX Global Gold Index, a dynamic international benchmark of the world’s leading gold companies.

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

The Fund’s investment objectives are:

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

**There is no assurance that the Fund will be able to achieve its investment objectives. See “Risk Factors” for a discussion of certain factors that should be considered by Warrantholders.**

The value of a Unit will be reduced if the NAV per Unit exceeds \$12.82 and one or more Warrants is exercised. If a Unitholder does not exercise Warrants in such circumstances, such Unitholder’s *pro rata* interest in the assets of the Fund will be diluted. To maintain the Unitholder’s *pro rata* interest in the assets of the Fund, the Unitholder will be required to pay in connection with the exercise of a Warrant an additional amount equal to the Subscription Price. While a Unitholder may sell the Unitholder’s Warrants, no assurance can be given that the proceeds of such sale will compensate the Unitholder for such dilution. See “Details of the Offering — Dilution”.

**Subscriptions for Units made in connection with the Offering will be irrevocable and subscribers will be unable to withdraw their subscriptions for Units once submitted. Warrant certificates will not be issued to Unitholders in connection with the Offering.**

The Fund uses the book-entry only system with respect to the Units which is administered by CDS Clearing and Depository Services Inc. (“CDS”). The Fund may also use the book-entry only system with respect to the Warrants, the non-certificated issue system or another system acceptable to the Fund. A Warrantholder may subscribe for Units by instructing the participant in CDS (a “CDS Participant”) holding the subscriber’s Warrants to exercise all or a specified number of such Warrants and concurrently forwarding the Subscription Price for each Unit subscribed for to such CDS Participant. See “Details of the Offering — Basic Subscription Privilege”.

**Warrantholders that wish to acquire Units pursuant to the Offering must provide the CDS Participant holding their Warrants with instructions and the required payment sufficiently in advance of the Expiry Date to permit the proper exercise of their Warrants. CDS Participants will have an earlier deadline for receipt of instructions and payment.**

Computershare Trust Company of Canada (the “Warrant Agent”) has been appointed the warrant agent of the Fund to receive subscriptions and payments from Warrantholders, to act as registrar and transfer agent for the Warrants and to perform certain services relating to the exercise and transfer of Warrants. Warrantholders desiring to exercise Warrants and purchase Units should ensure that subscriptions and payment in full of the Subscription Price are received by the Warrant Agent prior to 5:00 p.m. (Toronto time) on the Expiry Date. See “Details of the Offering — Exercise of Warrants and Warrant Agent”.

Provided that the Fund continues to qualify at all times as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the “Tax Act”) or the Units are listed on a “designated stock exchange” for purposes of the Tax Act (which includes the TSX), Units issued as a result of the exercise of Warrants will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (each, a “registered plan”). Provided that the Warrants are listed on a designated stock exchange, or provided that at all times the Units are qualified investments for registered plans and the Fund is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the relevant registered plan within the meaning of the Tax Act, the Warrants will be a qualified investment under the Tax Act for a registered plan. Holders of trusts governed by a tax-free savings account (and, pursuant to changes proposed in the Federal Budget released on March 22, 2011, annuitants of registered retirement savings plans and registered retirement income funds) should consult their own tax advisors to ensure that Units and Warrants will not be “prohibited investments” as defined in the Tax Act in their particular circumstances. See “Eligibility for Investment”.

**No underwriter has been involved in the preparation of this short form prospectus or has performed any review of the contents of this short form prospectus.**

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## GLOSSARY

<b>1933 Act</b>	the U.S. <i>Securities Act of 1933</i> , as may be amended from time to time.
<b>AIF</b>	means the annual information form of the Fund dated March 31, 2011.
<b>Basic Subscription Privilege</b>	means the right given to Warrant holders to subscribe for Units in accordance with the terms of the Offering and the Warrant Indenture.
<b>business day</b>	any day on which the Toronto Stock Exchange is open for business.
<b>CDS</b>	means CDS Clearing and Depository Services Inc.
<b>CDS Participant</b>	means a participant in CDS.
<b>Closing Market Price</b>	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).
<b>CRA</b>	means the Canada Revenue Agency.
<b>Exercise Period</b>	means any time during the period commencing at market open (Toronto time) on April 25, 2011 and ending at 5:00 p.m. (Toronto time) on the Expiry Date.
<b>Expiry Date</b>	means 5:00 p.m. (Toronto time) on September 15, 2011.
<b>Fund</b>	means Gold Participation and Income Fund.
<b>Investment Manager</b>	means MCM as investment manager of the Fund.
<b>January Redemption Date</b>	means the last day in January of any year on which Units are redeemed.
<b>Managed Gold Portfolio</b>	means a portfolio of equity securities selected from the S&P/TSX Global Gold Index, in which the Fund may invest up to 75% in such portfolio.
<b>Manager</b>	means MCM as manager of the Fund.
<b>Market Price</b>	means the weighted average trading price of the Units on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) for the 10 trading days immediately preceding the applicable Redemption Date.
<b>MCM</b>	means Mulvihill Capital Management Inc.
<b>Monthly Redemption Date</b>	means the last day of any month, excluding January, on which Units are redeemed.
<b>NAV or NAV of the Fund</b>	the net asset value of the Fund which, on any date, will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund, including any income, net realized capital gains or other amounts payable to Unitholders on or before such date. For greater certainty, any future tax assets of the

	Fund will not be treated as assets for these purposes.
<b>NAV per Unit</b>	in general, the net asset value of the Fund divided by the number of Units then outstanding. See “Details of the Offering — Dilution”.
<b>NI 81-102</b>	means National Instrument 81-102 – <i>Mutual Funds</i> .
<b>Offering</b>	the offering of up to 1,823,754 Warrants and the up to 1,823,754 Units issuable upon the exercise thereof, as contemplated in this short form prospectus.
<b>Record Date</b>	means April 22, 2011.
<b>Redemption Date</b>	means a January Redemption Date or a Monthly Redemption Date.
<b>Redemption Payment Date</b>	means on or before the 15 <sup>th</sup> day following a Redemption Date.
<b>Service Fee</b>	means the fee, equal to 0.40% per annum of the value of the Units of the Fund held by clients of a dealer, payable by the Fund to each such dealer.
<b>Shares of SPDR Gold Trust</b>	means the gold shares of SPDR Gold Trust.
<b>SPDR Gold Trust</b>	means the SPDR Gold Trust, an exchange-traded fund that seeks to track the price of gold by investing directly in gold bullion.
<b>Subscription Price</b>	means \$13.02, being the most recently calculated NAV per Unit prior to the date of filing the preliminary prospectus, plus the estimated per Unit fees and expenses of the Offering and plus the Warrant Exercise Fee.
<b>Tax Act</b>	means the current provisions of the <i>Income Tax Act</i> (Canada), including current published administrative policies and assessing practices of the CRA made publicly available prior to the date hereof, and the regulations thereunder.
<b>Trust Agreement</b>	means a trust agreement dated as of July 27, 2009 between Mulvihill Capital Management Inc., as manager, and RBC Dexia Investor Services Inc., as trustee, pursuant to which the Fund was established.
<b>Trustee</b>	means RBC Dexia Investor Services Inc. as trustee of the Fund.
<b>TSX</b>	means the Toronto Stock Exchange.
<b>Unit</b>	means a unit of the Fund.
<b>Unitholder</b>	means a holder of Units of the Fund.
<b>United States</b>	the United States of America, its territories and possessions.
<b>U.S. person</b>	has the meaning given to such term in Regulation S under the 1933 Act.
<b>Warrant</b>	a transferable Warrant of the Fund to be issued to Unitholders of record on the Record Date on the terms and conditions of the Warrant Indenture.
<b>Warrant Agent</b>	means Computershare Trust Company of Canada as warrant agent of the Fund.

<b>Warrant Exercise Fee</b>	means the fee payable by the Fund per Warrant to the dealer whose client exercised a Warrant.
<b>Warrant Indenture</b>	means the master warrant indenture dated as of the Closing of the Offering between MCM and Computershare Trust Company of Canada.
<b>Warrantholder</b>	means a holder of a Warrant of the Fund.
<b>\$</b>	means Canadian dollars unless otherwise indicated.

## FORWARD-LOOKING STATEMENTS

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

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the AIF of the Fund dated March 31, 2011; and
- (b) the annual financial statements of the Fund, together with the accompanying report of the auditors, for the year ended December 31, 2010 and the period ended December 31, 2009; and
- (c) the management report of fund performance related to the annual financial statements of the Fund for the year ended December 31, 2010 and the period ended December 31, 2009.

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

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



## THE FUND

Gold Participation and Income Fund is an investment trust established under the laws of the Province of Ontario pursuant to the Trust Agreement dated as of July 27, 2009 between the Manager and the Trustee.

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

### **Summary Description of the Fund**

#### ***Investment Rationale***

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

The Fund seeks to achieve its objectives by investing 100% of its net assets in the gold sector. The Fund may invest up to 50% in Shares of SPDR Gold Trust and up to 75% in the Managed Gold Portfolio.

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

#### ***Investment Objectives***

The Fund’s investment objectives are:

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

#### ***Investment Strategies***

To achieve its investment objectives, the Fund invests in Shares of SPDR Gold Trust and the Managed Gold Portfolio.

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

As the Fund’s investment strategy involves the purchase and sale and writing of options in respect of, securities in the Managed Gold Portfolio, the value of the Fund’s assets allocated to SPDR Gold Trust and the Managed Gold Portfolio will vary, but no more than 75% of the NAV of the Fund will be invested in the Managed Gold Portfolio at any time.

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

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

The Fund may purchase put options on individual securities in the Managed Gold Portfolio, indexed put options or inverse exchange-traded funds in order to protect it 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.

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

### ***Current Portfolio***

The following table presents unaudited information relating to the sector allocation of the Fund's portfolio as of March 31, 2011:

Portfolio in Shares of SPDR Gold Trust	48.48%
Portfolio in the Managed Gold Portfolio	49.72%
Portfolio in Cash & Short Term Investments	1.80%

### ***Prior Warrants and Recent Developments***

In connection with the Fund's initial public offering, which was completed on August 7, 2009, the Fund issued 2,350,000 combined units ("Combined Units"). Each Combined Unit consisted of one Unit and one warrant ("warrant") to subscribe for and purchase Units of the Fund. Altogether, an aggregate of 886,994 Units were issued pursuant to the exercise of such warrants for gross proceeds of over \$10.6 million.

On December 8, 2010, the TSX accepted the Fund's notice of intention to make a normal course issuer bid. Under the bid, the Fund will have the right to purchase up to a maximum of 318,699 Units (representing approximately 10% of the Fund's public float of 3,186,994 Units as of November 30, 2010), commencing on December 10, 2010. The Fund may not purchase more than 64,540 of its Units (representing approximately 2% of the Fund's 3,226,994 issued and outstanding Units as of November 30, 2010) in any 30-day period under the bid. Purchases made pursuant to the normal course issuer bid will be made in the open market through the facilities of the TSX. The normal course issuer bid will remain in effect until the earlier of December 9, 2011, the termination of the bid by the Fund, or the Fund purchasing the maximum number of Units permitted under the bid. Units purchased by the Fund pursuant to the normal course issuer bid will be cancelled. During the previous year, the Fund purchased 10,000 Units at a weighted average price of \$11.89 per Unit pursuant to the bid.

### **Management and Investment Management**

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

## RATIONALE FOR THE OFFERING

The exercise of Warrants by holders will provide the Fund with additional capital that can be used to take advantage of attractive investment opportunities in the gold sector consistent with its investment objectives and investment strategies and is also expected to increase the trading liquidity of the Units and to reduce the management expense ratio of the Fund.

## DETAILS OF THE OFFERING

The following is a summary only and is subject to, and is qualified in its entirety by reference to the detailed provisions of the Warrant Indenture, to be dated as of the Closing of the Offering, between MCM and Computershare Trust Company of Canada.

### Warrants

Subject to the Fund obtaining all necessary regulatory and exchange approvals, Unitholders at the close of business (Toronto time) on April 22, 2011, the Record Date, will be issued 1,823,754 Warrants to subscribe for and purchase an aggregate of approximately 1,823,754 Units. Each Unitholder will receive one transferable Warrant for each Unit held. Each Warrant will entitle the Warrantholder to acquire one Unit upon payment of the Subscription Price prior to 5:00 p.m. (Toronto time) on the Expiry Date. The Subscription Price will be \$13.02, being the most recently calculated NAV per Unit prior to the date of filing the preliminary prospectus, plus the estimated per Unit fees and expenses of the Offering and plus the Warrant Exercise Fee.

### Exercise of Warrants and Warrant Agent

Warrants may be exercised at any time during the Exercise Period commencing at market open (Toronto time) on April 25, 2011 and ending at 5:00 p.m. (Toronto time) on the Expiry Date. **WARRANTS NOT EXERCISED PRIOR TO 5:00 P.M. (TORONTO TIME) ON THE EXPIRY DATE WILL BE VOID AND OF NO VALUE.** If a Unitholder does not exercise, or sells, the Warrants, then the value of the Unitholder's investment may be diluted as a result of the exercise of Warrants by others. See "Details of the Offering — Dilution".

The Warrant Agent has been appointed the warrant agent of the Fund to receive subscriptions and payments from Warrantholders, to act as registrar and transfer agent for the Warrants and to perform certain services relating to the exercise and transfer of Warrants. The Fund will pay for the services of the Warrant Agent. Warrantholders desiring to exercise Warrants and purchase Units should ensure that subscriptions and payments in full of the Subscription Price are received by the Warrant Agent prior to 5:00 p.m. (Toronto time) on the Expiry Date.

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

### Basic Subscription Privilege

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

The Subscription Price is payable in Canadian funds by certified cheque, bank draft or money order drawn to the order of a CDS Participant, by direct debit from the subscriber's brokerage account or by electronic funds transfer or other similar payment mechanism. All payments must be forwarded to the appropriate office of the CDS Participant. The entire Subscription Price for Units subscribed for must be paid at the time of subscription and must

be received by the Warrant Agent prior to 5:00 p.m. (Toronto time) on the Expiry Date. **If mail is used for delivery of subscription funds, for the protection of the subscriber, “certified mail – return receipt requested” should be used and sufficient time should be allowed to avoid the risk of late delivery. A subscriber subscribing through a CDS Participant must deliver its payment and instructions sufficiently in advance of the Expiry Date to allow the CDS Participant to properly exercise the Warrants on such subscriber’s behalf. Warrantheolders are encouraged to contact their broker or other CDS Participant as each CDS Participant may have a different cut-off time.**

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

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

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

#### **Additional Subscription Privilege**

There is no additional subscription privilege under the Offering. A holder of Warrants may only subscribe for Units pursuant to the Basic Subscription Privilege.

#### **Sale or Transfer of Warrants**

Warrantheolders in Canada may, instead of exercising their Warrants to subscribe for Units, sell or transfer their Warrants. Holders of Warrants who wish to sell or transfer their Warrants through CDS Participants must do so in the same manner as they sell or transfer Units, namely, by providing instructions to the CDS Participant holding their Warrants in accordance with the policies and procedures of the CDS Participant. The TSX has conditionally approved the listing of Warrants distributed under this short form prospectus and the Units issuable upon the exercise thereof on the TSX. Listing will be subject to the Fund fulfilling all of the listing requirements of the TSX by June 15, 2011.

#### **Dilution**

The value of a Unit will be reduced if the NAV per Unit exceeds \$12.82 (being the Subscription Price payable on the exercise of a Warrant less the Warrant Exercise Fee) and one or more Warrants is exercised. If the NAV per Unit exceeds \$12.82, then a Unitholder will face dilution of its investment to the extent Warrantheolders exercise their Warrants and acquire Units. If a Unitholder does not exercise Warrants in such circumstances, such Unitholder’s *pro rata* interest in the assets of the Fund will be diluted.

Due to the dilutive effect on the value of the Units when Warrants are exercised, Unitholders should carefully consider the exercise of the Warrants or the sale of the Warrants prior to 5:00 p.m. (Toronto time) on the Expiry Date. The failure to take either such action in the circumstances described above will result in the loss of value to the investor. To maintain the Unitholder’s *pro rata* interest in the assets of the Fund, the Unitholder will be required to pay in connection with the exercise of a Warrant an additional amount equal to the Subscription Price. While a Unitholder may sell the Unitholder’s Warrants, no assurance can be given that the proceeds of such sale will compensate the Unitholder for such dilution. The factors that would be expected to influence the price of a Warrant include the difference between the Subscription Price and the NAV per Unit calculated on a diluted basis, price volatility, distributions payable on the Units and the remaining time to expiry of the Warrant.

## **Anti-dilution Provisions**

The Warrant Indenture contains anti-dilution provisions such that the subscription rights in effect under the Warrants for Units issuable upon the exercise of the Warrants will be subject to adjustment from time to time if, prior to the expiry time of 5:00 p.m. (Toronto time) on the Expiry Date, the Fund:

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

## **Delivery Form and Denomination of Warrants**

The Fund may use the book-entry only system administered by CDS with respect to the Warrants, the non-certificated issue system or another system acceptable to the Fund. Unitholders hold their Units through a CDS Participant and will not receive physical certificates evidencing their ownership of Warrants and all Warranholders will hold their Warrants through a CDS Participant. The Fund expects that each Unitholder will receive a confirmation of the number of Warrants issued to it under the Offering from its CDS Participant in accordance with the practices and procedures of that CDS Participant. CDS will be responsible for establishing and maintaining accounts for its participants holding Warrants.

None of the Fund, the Manager or the Warrant Agent will have any liability for: (a) the records maintained by CDS or CDS Participants relating to the Warrants or the accounts maintained by them; (b) maintaining, supervising or reviewing any records relating to the Warrants; or (c) any advice or representations made or given by CDS or CDS Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or its participants.

The ability of a person having an interest in Warrants to pledge such interest or otherwise take action with respect to such interest (other than through a CDS Participant) may be limited due to the lack of a physical certificate. Warranholders must arrange purchases, transfers and exercises of Warrants through CDS Participants.

## **FEES AND EXPENSES**

### ***Expenses of the Offering***

The expenses of the Offering (including the costs of preparing and printing this short form prospectus, legal expenses, expenses of the auditors and translation fees), which are estimated to be \$120,000 in the aggregate, will be paid by the Fund.

### ***Warrant Exercise Fee***

The Fund will pay a Warrant Exercise Fee of \$0.20 per Warrant to the dealer whose client exercised the Warrant. The Warrant Exercise Fee payable is subject to a maximum of \$2,500 per beneficial subscriber in respect of Warrants exercised by or on behalf of any single beneficial subscriber pursuant to the Basic Subscription Privilege.

### ***Management Fees***

The Fund pays the Manager a management fee equal to 0.10% per annum of the NAV, calculated and payable monthly, plus any applicable taxes.

### ***Investment Management Fees***

The Fund pays the Investment Manager an investment management fee equal to 0.70% per annum of the NAV, calculated and payable monthly, plus any applicable taxes.

### ***Service Fee***

The Fund pays a Service Fee to each dealer whose clients hold Units. The Service Fee is calculated and paid at the end of each calendar quarter and is equal to 0.40% annually of the value of the Units held by clients of the dealer.

### ***Ongoing Expenses***

The Fund pays for all fees and expenses incurred in connection with its operation and administration. In addition to those expenses described in the AIF incorporated by reference herein, these expenses will include fees payable to the Warrant Agent.

## **DESCRIPTION OF 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.

The following is a summary of certain provisions of the Units which are more fully described in the AIF.

### ***Distributions***

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

It is expected that distributions over the life of the Fund will be derived primarily from net realized capital gains.

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

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

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

**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. Units surrendered for redemption by a Unitholder at least 20 business days prior to the last day in January of 2011 or any year thereafter will be redeemed on a January Redemption Date. Units surrendered for redemption by a Unitholder at least 10 business days prior to the last day of any other month will be redeemed on a 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 the Redemption Payment Date. If a Unitholder surrenders Units after 5:00 p.m. (Toronto time) on the applicable cut-off date, the Units will be redeemed on the following Redemption Date.

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

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

- (a) 95% of the Market Price, 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.

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

**CONSOLIDATED CAPITALIZATION**

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

	<u>Authorized</u>	<u>Outstanding as at March 31, 2011<sup>(1)</sup></u> (unaudited)	<u>Outstanding as at March 31, 2011 after giving effect to the Offering<sup>(1)(2)</sup></u>
Units .....	Unlimited	\$23,976,363 (1,823,754 Units)	\$47,236,889 (3,647,508 Units)
Total Capitalization .....		\$23,976,363	\$47,236,889

<sup>(1)</sup> For this purpose, Units are valued at closing market prices.

<sup>(2)</sup> Based on the number of Units outstanding as at March 31, 2011, less the payment of the fees and expenses of the Offering, estimated to be \$120,000, and assuming the exercise of all Warrants issued hereunder at the Subscription Price and the payment of the Warrant Exercise Fees by the Fund.

**NET ASSET VALUE, TRADING PRICE AND VOLUME**

The Units are listed on the TSX under the symbol GPF.UN. On April 7, 2011, the closing price on the TSX of the Units was \$12.45 per Unit. On April 7, 2011, the NAV per Unit was \$13.39.

The following table sets forth the NAV per Unit and the market price range and trading volume of the Units on the TSX for the twelve-month period prior to the date of this short form prospectus. All such information, other than the NAV per Unit, was obtained from Bloomberg. The Fund, MCM and the Warrant Agent do not assume any responsibility for the accuracy of the information obtained from Bloomberg.

Period	NAV per Unit <sup>(1)</sup>		Units		
	High	Low	Market Price		Volume
			High	Low	
<b>2010</b>					
<i>April</i>	\$12.29	\$11.99	\$12.00	\$10.92	79,559
<i>May</i>	\$12.53	\$12.08	\$12.56	\$11.29	133,572
<i>June</i>	\$12.66	\$12.40	\$12.83	\$11.56	72,678
<i>July</i>	\$12.32	\$12.13	\$12.21	\$11.46	75,998
<i>August</i>	\$13.27	\$12.23	\$12.74	\$11.80	480,353
<i>September</i>	\$13.37	\$12.92	\$13.28	\$12.20	158,380
<i>October</i>	\$13.64	\$13.07	\$13.30	\$12.80	219,795
<i>November</i>	\$13.90	\$13.44	\$14.04	\$12.93	160,416
<i>December</i>	\$13.80	\$13.35	\$14.20	\$13.20	93,846
<b>2011</b>					
<i>January</i>	\$12.77	\$12.06	\$13.75	\$11.81	70,576
<i>February</i>	\$13.05	\$12.55	\$13.00	\$11.92	94,029
<i>March</i>	\$13.15	\$12.56	\$12.65	\$11.74	25,948
<i>April<sup>(2)</sup></i>	\$13.39	\$13.39	\$12.50	\$12.24	51,700

(1) The NAV per Unit is presented on a diluted basis where applicable, and is calculated and published on a weekly basis. During the period from and after March 1, 2010 and up to and including August 6, 2010, if, at a valuation time, the basic NAV per Unit (obtained by dividing the NAV of the Fund at such time by the number of Units outstanding) was greater than \$11.70 (being the subscription price payable on the exercise of one of the warrants of the Fund then outstanding less the warrant exercise fee for such warrant), a diluted NAV per Unit was calculated by adding to the denominator the total number of Units issuable upon the exercise of the warrants then outstanding and by adding to the numerator the product of such Units and \$11.70 and the diluted NAV per Unit was deemed to be the resulting quotient.

(2) Up to and including April 7, 2011.

### USE OF PROCEEDS

The net proceeds from the exercise of the Warrants offered hereby are estimated to be \$23,260,526 (assuming that all Warrants are exercised and after payment of the fees and expenses of the Offering and all applicable Warrant Exercise Fees). Such proceeds will be invested by the Fund in accordance with its investment objectives, strategy and restrictions. For further information on the anticipated use of proceeds, see “The Fund — Rationale for the Offering”.

### PLAN OF DISTRIBUTION

The TSX has conditionally approved the listing of Warrants distributed under this short form prospectus and the Units issuable upon the exercise thereof on the TSX. Listing will be subject to the Fund fulfilling all of the listing requirements of the TSX by June 15, 2011. The Fund will deliver a copy of the final short form prospectus to Unitholders of record on the Record Date.

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

### U.S. Unitholders

The Units are not registered under the 1933 Act. The Offering is made in Canada and not in the United States. The Offering is not, and under no circumstances is to be construed as, an offering of any Units for sale in the United States or an offering to or for the account or benefit of any U.S. person or a solicitation therein of an offer to buy securities. Accordingly, the Warrants may not be distributed to Unitholders located in the United States, and no subscriptions will be accepted from any person, or his agent, who appears to be, or whom the Fund has reason to believe is, resident in the United States.



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

### **Other Foreign Unitholders and Undeliverable Documents**

Unitholders whose recorded addresses are outside of Canada (but not in the United States) will be permitted to subscribe for Units pursuant to the terms of the Offering or, if they do not wish to exercise any of their Warrants to subscribe for Units, will be permitted to sell or otherwise transfer their Warrants through a CDS Participant provided that they represent to the Fund that the receipt by them of Warrants and the issuance to them of Units upon the exercise of Warrants is not in violation of the laws of their jurisdiction of residence.

By exercising Warrants, holders exercising through CDS Participants will be deemed to be confirming to the Fund that such holders are eligible to receive Warrants and to exercise Warrants to subscribe for Units under the Offering.

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

If any offering documents in connection with the Warrants are returned to a CDS Participant prior to the Expiry Date as undeliverable, the Manager expects that the applicable Warrants will be sold and the net proceeds held by the applicable CDS Participant for the account of the Unitholder whose offering documents were returned. In the event such proceeds are not claimed before 5:00 p.m. (Toronto time) on the Expiry Date, such proceeds will be paid to the Fund.

### **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The Manager and the Investment Manager receive the fees described under "Fees and Expenses" for their services to the Fund and will be reimbursed by the Fund for all expenses incurred in connection with their roles in the operation and administration of the Fund.

### **RISK FACTORS**

Certain risk factors relating to the Fund, the Warrants and the Units are described below. In addition to the risks described in this short form prospectus, the AIF contains a detailed discussion of risks and other considerations relating to an investment in the Fund of which investors should be aware. Additional risks and uncertainties not

currently known to the Manager, or that are currently considered immaterial, may also impair the operations of the Fund. If any such risk actually occurs, the business, financial condition, liquidity or results of the operations of the Fund and the ability of the Fund to make distributions on the Units could be materially adversely affected.

### **Dilution to Existing Unitholders**

The value of a Unit will be reduced if the NAV per Unit exceeds \$12.82 and one or more Warrants is exercised. If a Unitholder does not exercise Warrants in such circumstances, such Unitholder's *pro rata* interest in the assets of the Fund will be diluted. To maintain the Unitholder's *pro rata* interest in the assets of the Fund, the Unitholder will be required to pay in connection with the exercise of a Warrant an additional amount equal to the Subscription Price. While a Unitholder may sell the Unitholder's Warrants, no assurance can be given that the proceeds of such sale will compensate the Unitholder for such dilution.

### **No Public Market for Warrants**

The TSX has conditionally approved the listing of Warrants distributed under this short form prospectus and the Units issuable upon the exercise thereof on the TSX. Listing will be subject to the Fund fulfilling all of the listing requirements of the TSX by June 15, 2011. There is currently no public market for the Warrants and there can be no assurance that an active public market will develop or be sustained after completion of the Offering.

### **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.

## **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Fund, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally relevant to Warrantholders who acquire Warrants under the Offering. This summary is applicable to a Warrantholder 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, and holds Warrants and any Units acquired on the exercise of Warrants as capital property (a "Holder"). Generally, Warrants and such Units will be considered to be capital property to a Holder provided the Holder does not hold them in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold Units (but not Warrants) as capital property may, in certain circumstances, be entitled to have their Units, and all other "Canadian securities" as defined in the Tax Act owned or subsequently owned by such Holders, treated as capital property by making an irrevocable election in accordance with the Tax Act. As the Warrants are not "Canadian securities", such election will not apply to them.

This summary is based on the assumption that the Fund has at all times complied, and will at all times comply, with its investment restrictions and has qualified as a "mutual fund trust" under the Tax Act from the beginning of its first taxation year and will continue to so qualify at all material times. This summary assumes that the Fund will at no time be a SIFT trust as defined in the Tax Act. This summary is also based on the advice of the Manager respecting certain factual matters.

This summary is based on the current provisions of the Tax Act, counsel's understanding of the published administrative policies and assessing practices of Canada Revenue Agency ("CRA") publicly available prior to the date hereof, and all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (such proposals are referred to herein 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 Warrants or Units acquired on the exercise of Warrants. Moreover, the income and other tax consequences of acquiring, holding or disposing of Warrants and such 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 Warrants, based on their particular circumstances.**

### *Taxation of Warrantholders*

No amount will be required to be included in computing the income of a Holder as a consequence of acquiring Warrants under the Offering, provided that the income of the Fund for its taxation year ending in 2011 does not exceed the cash distributions from the Fund for 2011. However, Holders will be required to reduce the adjusted cost base of their Units by the aggregate fair market value of all the Warrants acquired under the Offering. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain recognized by the Holder and the Holder's adjusted cost base of the Unit will be increased by the amount of such deemed capital gain. The cost of a Warrant received under the Offering will be nil.

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

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

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

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

### **ELIGIBILITY FOR INVESTMENT**

Provided that the Fund continues to qualify at all times as a mutual fund trust within the meaning of the Tax Act or Units are listed on a "designated stock exchange" for purposes of the Tax Act (which includes the TSX), Units acquired on the exercise of Warrants will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (each, a "registered plan"). Provided that Warrants are listed on a designated stock exchange, or provided that at all times Units are qualified investments for registered plans and the Fund is not, and deals at arm's length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the relevant registered plan within the meaning of the Tax Act, Warrants will be a qualified investment under the Tax Act for a registered plan.

However, if the Units or Warrants are a "prohibited investment" for a trust governed by a tax-free savings account (or, pursuant to changes proposed in the Federal Budget released on March 22, 2011, a registered retirement savings plan or registered retirement income fund), the holder of a trust governed by a tax-free savings account that holds Units or Warrants (or an annuitant of 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 or Warrants will not generally be a “prohibited investment” unless the holder of a tax-free savings account (or annuitant of a registered retirement savings plan or registered retirement income fund) does not deal at arm’s length with the Fund for purposes of the Tax Act or if the holder (or annuitant) has a significant interest (within the meaning of the Tax Act) in the Fund or in a corporation, partnership or trust with which the Fund does not deal at arm’s length for purposes of the Tax Act. Holders of tax-free savings accounts (and annuitants of registered retirement savings plans and registered retirement income funds) should consult their own tax advisors to ensure that neither Units nor Warrants would be a “prohibited investment” in their particular circumstances.

#### **REGISTRAR AND TRANSFER AGENT AND WARRANT 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. Under the Warrant Indenture, the warrant agent and the registrar and transfer agent for the Warrants is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario.

#### **AUDITORS**

The auditors of the Fund are Deloitte & Touche LLP, Chartered Accountants, Licensed Public Accountants, located at Bay Wellington Tower – Brookfield Place, 181 Bay Street, Suite 1400, Toronto, Ontario, M5J 2V1.

#### **INTERESTS OF EXPERTS**

The matters referred to under “Canadian Federal Income Tax Considerations” and certain other legal matters relating to the Offering and the Warrants and the Units issuable upon the exercise of the Warrants to be distributed pursuant to this short form prospectus will be passed upon by Osler, Hoskin & Harcourt LLP on behalf of the Fund. As of the date hereof, the partners and associates of Osler, Hoskin & Harcourt LLP, as a group, beneficially owned, directly or indirectly, less than one percent of the outstanding Units of the Fund.

The Fund’s auditors, Deloitte & Touche LLP, have prepared a report to the Unitholders of the Fund dated March 2, 2011 which is incorporated by reference herein. Deloitte & Touche LLP has advised the Manager that they are independent in accordance with their rules of professional conduct.

#### **CONTRACTUAL RIGHT OF ACTION FOR RESCISSION**

Pursuant to the terms of the Warrant Indenture, the Fund has granted to each Warrantholder who elects to purchase Units pursuant to the Basic Subscription Privilege a contractual right of rescission. Pursuant to such right, a Warrantholder who elects to exercise Warrants pursuant to the Basic Subscription Privilege may rescind such exercise by delivering a notice of rescission (in the form attached to the Warrant Indenture) to the Warrant Agent no later than midnight (Toronto time) on the second business day after a valid subscription is received by the Warrant Agent (being the date on which both the instruction to exercise the Warrants and payment in full of the Subscription Price is received by the Warrant Agent). Each Warrantholder validly electing to rescind an exercise of Warrants will receive a full refund of the Subscription Price paid in connection with such exercise and will not receive any Units. Any Warrants rescinded will be cancelled. The contractual right of rescission granted to each Warrantholder is in addition to any other right or remedy available to the Warrantholder at law.

#### **PURCHASERS’ STATUTORY RIGHTS**

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

## AUDITORS' CONSENT

We have read the short form prospectus (the "Prospectus") of the Gold Participation and Income Fund (the "Fund") dated April 8, 2011, relating to the issue of Warrants to subscribe for Units of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the Prospectus, of our report dated March 2, 2011 to the unitholders of the Fund on the statement of investments as at December 31, 2010, the statements of net assets as at December 31, 2010 and 2009, and the statements of financial operations, of changes in net assets and of net gain on sale of investments for the year ended December 31, 2010 and for the period from August 7, 2009, the inception date of the Fund, to December 31, 2009.

Toronto, Ontario  
April 8, 2011

(Signed) Deloitte & Touche LLP  
Chartered Accountants  
Licensed Public Accountants

**CERTIFICATE OF THE FUND AND THE MANAGER**

Dated: April 8, 2011

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

**MULVIHILL CAPITAL MANAGEMENT INC.  
(as manager on behalf of GOLD PARTICIPATION AND INCOME FUND)**

(Signed) JOHN P. MULVIHILL  
Chief Executive Officer

(Signed) JOHN D. GERMAIN  
Chief Financial Officer

On behalf of the Board of Directors of  
Mulvihill Capital Management Inc.

(Signed) JOHN P. MULVIHILL  
Director

(Signed) JOHN D. GERMAIN  
Director

(Signed) DAVID E. ROODE  
Director