ANNUAL INFORMATION FORM

MCM SPLIT SHARE CORP.

Priority Equity Shares and Class A Shares

April 27, 2011

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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”, “expect”, “intend” and similar expressions to the extent they relate to the Fund (as defined below) or MCM (as defined below). 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. Although the forward-looking statements contained in this annual information form 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.

THE FUND

MCM Split Share Corp. (the "Fund") is a mutual fund corporation incorporated under the laws of the Province of Ontario on December 5, 1997. The Company operates under the name "Mulvihill Premium Split Share Fund". The manager and investment manager of the Fund is Mulvihill Capital Management Inc. ("MCM", "Manager" or "Investment Manager") (as successor by amalgamation with Mulvihill Fund Services Inc. on September 1, 2010).

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 phone numbers, website address and e-mail address of MCM are (416) 681-3900 (toll-free at 1-800-725-7172), www.mulvihill.com and info@mulvihill.com, respectively.

Share Offerings and Reorganization

On February 13, 1998, the articles of incorporation of the Fund were amended to create the preferred shares (the "Preferred Shares") and the class A shares (the "Class A Shares") of the Fund. On February 24, 1998, the Fund completed its initial public offering of 4,750,000 Preferred Shares at a price of $15.00 per Preferred Share and 4,750,000 Class A Shares at a price of $15.00 per Class A Share. On November 30, 2004, the Fund completed a follow-on offering of 1,785,000 Preferred Shares at a price of $15.65 per Preferred Share and 1,785,000 Class A Shares at a price of $9.75 per Class A Share. The Fund's articles were amended on July 30, 1999 to permit the Fund to write covered call options, cash covered put options, the purchase of call options or put options and the entering into of trades by the Fund to close out positions in such permitted derivatives and on December 19, 2007 to effect a reorganization (the "Reorganization") of the Fund. The Reorganization was approved at a meeting of holders of Preferred Shares and Class A Shares on December 12, 2007 and involved the following changes:

(a) in respect of the Preferred Shares and the Class A Shares:

  (i) the final redemption date for the Preferred Shares and the Class A Shares was extended to February 1, 2013 (the "Termination Date");

  (ii) the investment restrictions of the Fund were changed to permit it to invest up to a maximum of 40% of its net assets in common shares issued by companies selected from the S&P 100 Index and to eliminate the rating agency requirements with respect to portfolio investments;

  (iii) holders of Preferred Shares and Class A Shares were provided with a special retraction right (the "Special Retraction Right") to enable them to retract their shares on January 31, 2008 on the same terms that would have applied had the Fund redeemed all Preferred Shares and Class A Shares in accordance with their existing terms;

(b) in respect of the Preferred Shares:

  (i) the name of the Preferred Shares was changed to "Priority Equity Shares";

  (ii) the Fund adopted the Priority Equity Portfolio Protection Plan (described below), a portfolio protection plan for holders of the Priority Equity Shares;

  (iii) the dividend rate on the Priority Equity Shares was set at 5.50% per annum on the $15.00 original issue price and the capital gains gross-up portion of the dividend entitlement was eliminated; and

  (iv) in connection with the Special Retraction Right, to maintain the same number of Class A Shares and Priority Equity Shares outstanding, the Fund was given the ability to redeem such shares on a pro rata basis; and

(c) in respect of the Class A Shares:

  (i) the Fund amended its investment objectives to pay dividends on the Class A Shares in an amount initially targeted to be approximately 10% of the net asset value ("NAV") of a Class A Share;

(ii) the Fund agreed to pay a service fee on the Class A Shares of 0.40% per annum of the value of the Class A Shares; and

(iii) in connection with the Special Retraction Right, to maintain the same number of Class A Shares and Priority Equity Shares outstanding, the Fund was authorized to consolidate the Class A Shares.

In April 2009, a sharp decline in the value of the shares in the Portfolio (defined below) resulted in a significant reduction in the Fund's NAV and thus required the Fund to implement the Priority Equity Portfolio Protection Plan. See "Description of Share Capital - Priority Equity Shares - Priority Equity Portfolio Protection Plan". As of March 30, 2010, the assets of the Fund were invested solely in cash and cash equivalents.

On March 4, 2011, the Fund announced that it would voluntarily dissolve in advance of the Termination Date. In connection with such voluntary dissolution, on March 31, 2011, the Fund made a dissolution payment to holders of the Priority Equity Shares of $13.1874 per share. No dissolution payment was made to the holders of the Class A Shares. As a result, the Priority Equity Shares and Class A Shares have been delisted from the TSX effective March 31, 2011 and the Fund no longer has any active business or undertaking.

INVESTMENT OBJECTIVES AND STRATEGY

The Fund's investment objectives were: (a) to provide holders of Priority Equity Shares of the Fund with cumulative preferential quarterly cash dividends in the amount of $0.20625 per share; (b) to provide holders of Class A Shares of the Fund with quarterly dividends in an amount initially targeted to be 10% per annum of the NAV of the Class A Shares from time to time; and (c) to return the original issue price of the Priority Equity Shares and the Class A Shares to shareholders at the time of redemption of such shares on the Termination Date.

The Fund invested its net assets in a diversified portfolio consisting principally of common shares issued by some or all of a group of corporations selected from among those included in the S&P/TSX 60 Index (the "Canadian Universe"). In addition, the Fund was permitted to invest up to 40% of its net assets in common shares issued by corporations selected from the S&P 100 Index (the "U.S. Universe"). The shares selected and held by the Fund from among the Canadian Universe and the U.S. Universe are collectively referred to as the "Portfolio".

To generate additional returns above the dividend income earned on the Portfolio, the Fund was permitted, from time to time, to write covered call options in respect of all or part of the securities in the Portfolio and cash covered put options on securities in which the Fund was permitted to invest.

STATUS OF THE FUND

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

DESCRIPTION OF SHARE CAPITAL

Issue of Priority Equity Shares, Class A Shares and Class B Shares

The Fund is authorized to issue an unlimited number of Class A Shares, an unlimited number of Priority Equity Shares and 1,000 Class B Shares.

Description of Units

The Priority Equity Shares and Class A Shares are issued on the basis that there will be one Class A Share outstanding for every Priority Equity Share outstanding (together considered a "Unit"). The number of Units outstanding at any time is equal to the sum of the number of Priority Equity Shares and Class A Shares outstanding divided by two.

Priority Equity Shares

Dividends

The investment objectives of the Fund are to pay a cumulative preferential quarterly dividend of $0.20625 per share to holders of Priority Equity Shares on the last day of January, April, July and October in each year (a "Dividend Payment Date").

Redemptions

All Priority Equity Shares outstanding on the Termination Date will be redeemed by the Fund on such date. As the Fund is voluntarily dissolving, no Priority Equity Shares are expected to be outstanding at such time.

Priority Equity Portfolio Protection Plan

The Fund adopted a strategy (the "Priority Equity Portfolio Protection Plan") to protect holders of the Priority Equity Shares by assisting the Fund with the payment of the original issue price of $15.00 per share (the amount so required to effect such payment from time to time being the "Priority Equity Share Repayment Amount") on the Termination Date.

The Priority Equity Portfolio Protection Plan provides that if the NAV of the Fund declines below a specific level, the Fund will liquidate a portion of its Portfolio and use the net proceeds to acquire (a) qualifying debt securities or (b) certain securities and enter into a forward agreement (collectively, the "Permitted Repayment Securities") to cover the Priority Equity Share Repayment Amount in the event of further declines in the NAV of the Fund. To qualify as Permitted Repayment Securities, debt securities must have a remaining term to maturity of less than one year and be issued or guaranteed by the government of Canada or a province or the government of the United States, or be other cash equivalents with a rating of at least R-1 (mid) by DBRS or the equivalent rating from another rating organization.

Under the Priority Equity Portfolio Protection Plan, the amount of the Fund's net assets, if any, to be allocated to Permitted Repayment Securities (the "Required Amount") will be determined such that (a) the NAV of the Fund, less the value of the Permitted Repayment Securities held by the Fund, is at least 110% of (b) the Priority Equity Share Repayment Amount, less the amount anticipated to be received by the Fund in respect of its Permitted Repayment Securities on the Termination Date.

The Fund may unwind the Priority Equity Portfolio Protection Plan by selling Permitted Repayment Securities and using the net proceeds from such sale to purchase additional portfolio shares if, and then only to the extent that, the value of the Permitted Repayment Securities exceeds the Required Amount. The Fund may also implement the Priority Equity Portfolio Protection Plan at an earlier stage than called for by the plan.

If the Fund enters into a forward agreement (a "Forward Agreement") in connection with the Priority Equity Portfolio Protection Plan, the counterparty to such agreement (the "Counterparty") will agree to pay the Fund on the Redemption Date an amount (the "Forward Amount") in exchange for the Fund agreeing to deliver to the Counterparty on the Termination Date certain equity securities agreed upon by the Fund and the Counterparty (all of which constitute "Canadian securities" as defined in subsection 39(6) of the *Income Tax Act* (Canada) (the "Tax Act")) and purchased by the Fund with the net proceeds of the sale of portfolio shares held by the Fund. The Counterparty to a Forward Agreement is expected to be a Canadian chartered bank or an affiliate. The long-term debt of the Counterparty, or of a guarantor of its obligations to the Fund will be rated at least A by DBRS or will have an equivalent rating from another major rating organization. In connection with any such Forward Agreement, the Fund will either pledge to the Counterparty the securities sold to the Counterparty under the Forward Agreement or deposit other acceptable securities with the Counterparty as security for the obligations of the Fund under the Forward Agreement in accordance with industry practice for this type of transaction. The Forward Agreement will provide for partial dispositions of the Permitted Repayment Securities subject to the Forward Agreement so as to permit the Fund to unwind the Priority Equity Portfolio Protection Plan when permitted to do so by its terms or in the case of retractions of Priority Equity Shares and Class A Shares occurring prior to the Termination Date.

The Fund implemented the Priority Equity Portfolio Protection Plan in April 2009.

Retraction Privileges

Priority Equity Shares may be surrendered at any time for retraction to Computershare Investor Services Inc., the Fund's registrar and transfer agent, but will be retracted only on the monthly Valuation Date (as defined below). Priority Equity Shares surrendered for retraction by a shareholder at least five business days prior to the last day of a month (a "Valuation Date") will be retracted on such Valuation Date and the shareholder will receive payment on or before the eighth business day following such Valuation Date (the "Retraction Payment Date"). If a shareholder makes such surrender after 5:00 p.m. (EST) on the fifth business day immediately preceding a Valuation Date, such shares will be retracted on the Valuation Date in the following month and the shareholder will receive payment for the retracted shares on the Retraction Payment Date in respect of such Valuation Date.

Except as noted below, holders of Priority Equity Shares whose shares are surrendered for retraction will be entitled to receive a retraction price per share (the "Priority Equity Share Retraction Price") equal to 96% of the lesser of (a) the NAV per Unit determined as of such Valuation Date less the cost to the Fund of the purchase of a Class A Share in the market for cancellation, and (b) $15.00. For this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share, and commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A Share. Any declared and unpaid dividends payable on or before a Valuation Date in respect of Priority Equity Shares tendered for retraction on such Valuation Date will also be paid on the Retraction Payment Date.

Holders of Priority Equity Shares also have an annual retraction right under which they may concurrently retract one Priority Equity Share and one Class A Share on the January Valuation Date. The price paid by the Fund for such a concurrent retraction will be equal to the NAV per Unit.

As the Fund has made dissolution payments to holders of its Priority Equity Shares, the NAV of the Fund is currently zero. Accordingly, no payment can be made to a holder of such shares on a retraction.

Priority

The Priority Equity Shares rank in priority to the Class A Shares and the Class B Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Fund.

Class A Shares

Dividends

The policy of the Board of Directors of the Fund with respect to the payment of dividends on the Class A Shares is to pay out in each year to holders of Class A Shares all net realized capital gains, dividends and option premiums (other than option premiums in respect of options outstanding at year end) earned on the Portfolio, net of applicable expenses, taxes and any available loss carry-forwards, that are in excess of the amount of dividends paid to holders of Priority Equity Shares. The Fund will endeavour to declare and pay quarterly dividends to holders of Class A Shares in an amount initially targeted to be 10% per annum of the net asset value of the Class A Shares from time to time, on the last day of April, July and October and to pay the balance, if any, by way of a special year-end dividend on the last day of January in each year. However, there can be no assurance that the Fund will be able to pay dividends to holders of Class A Shares and no dividends will be paid on the Class A Shares as long as the dividends on the Priority Equity Shares are in arrears.

The amount of dividends in any particular calendar quarter will be determined by the Board of Directors of the Fund on the advice of 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 calendar quarter 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 dividends paid in previous calendar quarters. Due to the implementation of the Priority Equity Portfolio Protection Plan, the payment of quarterly distributions on the Class A Shares was suspended effective July 2009.

Redemptions

All Class A Shares outstanding on the Termination Date will be redeemed by the Fund on such date. The redemption price payable by the Fund for a Class A Share on that date will be equal to the greater of: (a) the NAV per Unit minus $15.00; and (b) nil.

In April 2009, a sharp decline in the value of the shares in the Portfolio resulted in a significant reduction in the Fund's NAV and thus required the Fund to implement the Priority Equity Portfolio Protection Plan. See "Description of Share Capital - Priority Equity Shares - Priority Equity Portfolio Protection Plan". As of March 30, 2010, the assets of the Fund were invested solely in cash and cash equivalents.

Retraction Privileges

Class A Shares may be surrendered at any time for retraction to Computershare Investor Services Inc., the Fund's registrar and transfer agent, but will be retracted only on the monthly Valuation Date. Class A Shares surrendered for retraction by a shareholder at least five business days prior to the monthly Valuation Date will be retracted on such Valuation Date and the shareholder will receive payment on or before the eighth business day following such Valuation Date. If a shareholder makes such surrender after 5:00 p.m. (EST) on the fifth business day immediately preceding a Valuation Date, the shares will be retracted on the Valuation Date in the following month and the shareholder will receive payment for the retracted shares on the Retraction Payment Date in respect of such Valuation Date.

Except as noted below, holders of Class A Shares whose shares are surrendered for retraction will be entitled to receive a retraction price per share ("Class A Share Retraction Price") equal to 96% of the difference between (a) the NAV per Unit determined as of such Valuation Date, and (b) the cost to the Fund of the purchase of a Priority Equity Share in the market for cancellation. For this purpose, the cost of the purchase of a Priority Equity Share will include the purchase price of the Priority Equity Share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Priority Equity Share. Any declared and unpaid dividends payable on or before a Valuation Date in respect of Class A Shares tendered for retraction on such Valuation Date will also be paid on the Retraction Payment Date.

Holders of Class A Shares also have an annual retraction right under which they may concurrently retract one Class A Share and one Priority Equity Share on the January Valuation Date. The price paid by the Fund for such a concurrent retraction will be equal to the NAV per Unit.

As the Fund has made dissolution payments to holders of its Priority Equity Shares, the NAV of the Fund is currently zero. Accordingly, no payment can be made to a holder of such shares on a retraction.

Priority

The Class A Shares rank subordinate to the Priority Equity Shares but in priority to the Class B Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Fund.

Suspension of Retractions or Redemptions

The Fund may suspend the retraction or redemption of Priority Equity Shares and Class A Shares or payment of retraction or redemption proceeds (a) during any period when normal trading is suspended on the TSX, or (b) with the prior permission of the Ontario Securities Commission, for any period not exceeding 120 days during which the Fund determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Fund to determine the value of the assets of the Fund. The suspension may apply to all requests for retraction received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All holders of Priority Equity Shares and Class A Shares making such requests shall be advised by the Fund of the suspension and that the retraction will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such shareholders shall have and shall be advised that they have the right to withdraw their requests for retraction. 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 Fund shall be conclusive.

Class B Shares

The holders of Class B Shares are not entitled to receive dividends. The holders of the Class B Shares are entitled to one vote per share. The Class B Shares are retractable at a price of $1.00 per share. The Class B Shares rank subordinate to both the Priority Equity Shares and the Class A Shares with respect to distributions on the dissolution, liquidation or winding-up of the Fund.

MCM owns, beneficially and as of record, all 1,000 issued and outstanding Class B Shares. The Class B Shares have been escrowed with Computershare Trust Company of Canada pursuant to an escrow agreement dated February 12, 1998.

BOOK-ENTRY ONLY SYSTEM

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

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

An owner of Priority Equity Shares or Class A Shares who wishes to exercise retraction 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 retract shares, no later than 5:00 p.m. (EST) on the relevant notice date. An owner who wishes to retract Priority Equity Shares or Class A Shares should ensure that the CDS Participant is provided with notice (the "Retraction Notice") of the owner's intention to exercise the owner's retraction privilege sufficiently in advance of the relevant notice date to permit the CDS Participant to deliver notice to CDS by the required time. The Retraction Notice will be available from a CDS Participant or Computershare Investor Services Inc. Any expense associated with the preparation and delivery of Retraction Notices will be borne by the owner exercising the retraction privilege.

By causing a CDS Participant to deliver to CDS a notice of the owner's intention to retract Priority Equity Shares or Class A Shares, an owner shall be deemed to have irrevocably surrendered such Priority Equity Shares or Class A Shares for retraction and appointed such CDS Participant to act as the owner's exclusive settlement agent with respect to the exercise of the retraction privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any Retraction Notice that 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 retraction privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise retraction 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.

The Fund has the option to terminate registration of the Priority Equity Shares or the Class A Shares through the book-entry only system in which case certificates for the Priority Equity Shares or the Class A Shares in fully registered form would be issued to beneficial owners of such shares or to their nominees.

SHAREHOLDER MATTERS

Meetings of Shareholders

Except as required by law or under certain circumstances as set out below, holders of Priority Equity Shares and Class A Shares will not be entitled to receive notice of, to attend or to vote at any meeting of shareholders of the Fund.

Acts Requiring Shareholder Approval

The following matters require the approval of the holders of Priority Equity Shares and Class A Shares, each voting separately as a class, by a two-thirds majority vote (other than items (c) and (f) which require approval of a simple majority vote) at a meeting called and held for such purpose:

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

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

(c) the entering into by the Fund of transactions involving derivatives other than the writing of covered call options, cash covered put options, the purchase of call options or put options and the entering into of trades by the Fund to close out positions in such permitted derivatives;

(d) any change in the basis of calculating fees or other expenses that are charged to the Fund which could result in an increase in charges to the Fund;

(e) a change of the manager of the Fund, other than a change resulting in an affiliate of such person assuming such position or, except as described, a change in the investment manager of the Fund, other than a change resulting in an affiliate of such person assuming such position;

(f) a decrease in the frequency of calculating NAV;

(g) certain material reorganizations with, or transfer of assets to or from another mutual fund;

(h) a termination of the Investment Management Agreement (except as described under "Investment Management Agreement"); and

(i) an amendment, modification or variation in the provisions or rights attaching to the Priority Equity Shares, Class A Shares or Class B Shares.

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

Each Priority Equity Share and each Class A Share will have one vote at such a meeting. Ten percent of the outstanding Priority Equity Shares and Class A Shares, respectively, represented in person or by proxy at the meeting will constitute a quorum. If no quorum is present, the holders of Priority Equity Shares and Class A Shares then present will constitute a quorum at an adjourned meeting.

Reporting to Shareholders

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

INVESTMENT RESTRICTIONS

The Fund is subject to certain investment criteria that, among other things, limit the common shares and other securities the Fund may acquire to comprise the Portfolio. The Fund's investment criteria may not be changed

without the separate approval of the holders of the Priority Equity Shares and the Class A Shares by a two-thirds majority vote at a meeting called for such purpose. The Fund's investment criteria provide that the Fund may not:

(a) except as provided in paragraphs (b) and (e), purchase securities of an issuer unless:

  (i) such securities are common shares or are instalment receipts for common shares or are convertible into or exchangeable for or carry the right to purchase common shares of the issuer;

  (ii) such securities are issued by corporations selected from the Canadian Universe or the U.S. Universe;

  (iii) not more than 10% of the NAV of the Fund is, at any time, invested in the securities of any one corporation; and

  (iv) not more than 40% of the NAV of the Fund is, at any time, invested in securities issued by corporations selected from the U.S. Universe;

(b) purchase debt securities unless such securities have a remaining term to maturity of less than one year and are issued or guaranteed by the government of Canada or a province or the government of the United States or are short-term commercial paper with a rating of at least R-1 (mid) by the Rating Agency or the equivalent rating from another approved rating organization;

(c) write a call option in respect of any security unless such security is actually held by the Fund at the time the option is written;

(d) dispose of a security included in the Portfolio 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 unless (i) the Fund is permitted to invest in such security, and (ii) so long as the options are exercisable, the Fund continues to hold cash equivalents sufficient to acquire the security underlying the options at the aggregate strike price of such options;

(f) purchase call options or put options except as specifically permitted under National Instrument 81-102 - *Mutual Funds* ("NI 81-102");

(g) make or retain investments which, if the Fund is a registered investment within the meaning of the Tax Act, render it liable to tax under Part XI of such Tax Act; or

(h) enter into any arrangement (including the acquisition of securities for the Portfolio and the writing of covered call options) where the main reason for entering into the arrangement is to enable the Fund to receive a dividend on such securities in circumstances where, under the arrangement, someone other than the Fund bears the risk of loss or enjoys the opportunity for gain or profit with respect to such securities in any material respect.

In addition, but subject to these investment criteria, the Fund has adopted the standard investment restrictions and practices set forth in NI 81-102. A copy of such standard investment restrictions and practices will be provided by the Fund to any person on request.

The Fund has obtained an exemption from certain of the provisions of NI 81-102 including:

(a) Section 10.3 – to permit the Fund to calculate the retraction price per share in the manner described in this annual information form and on the applicable Valuation Date;

(b) Section 10.4 – to permit the Fund to make retraction payments within eight business days following the applicable Valuation Date;

(c) Subsection 12.1(1) – to relieve the Fund from the requirement to file the prescribed compliance reports; and

(d) Section 14.1 – to relieve the Fund from the requirement relating to the record date for the payment of distributions of the Fund, provided that it complies with the applicable requirements of the TSX.

CALCULATION OF NET ASSET VALUE AND NET ASSET VALUE PER UNIT

The NAV of the Fund on a particular date will be equal to (a) the aggregate value of the assets of the Fund, less (b) the aggregate value of the liabilities, excluding Priority Equity Shares, of the Fund, including any dividends declared and not paid that are payable to shareholders on or before such date, less (c) the stated capital of the Class B Shares ($1,000). The "NAV per Unit" on any day is obtained by dividing the NAV of the Fund on such day by the number of Units outstanding on that day.

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

Valuation Policies and Procedures

In determining the NAV of the Fund at any time:

(e) 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 Fund determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Fund determines to be the reasonable value thereof;

(f) 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 Fund, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;

(g) the value of any security, the resale of which is restricted or limited, shall be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;

(h) 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;

(i) 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 Fund, including, but not limited to, the Fund or any of its affiliates;

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

(k) the value of any security or property to which, in the opinion of the Fund, the above valuation principles cannot be applied shall be the fair value thereof determined in such manner as the Fund 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, the *Canadian Institute of Chartered Accountants Handbook* (the "CICA Handbook") requires that portfolio securities in an active market be valued using the latest available bid price. The primary

differences between the valuation policy of the Fund and the approach in the CICA Handbook is that the Fund will generally determine the fair value of its equity securities traded on a stock exchange by using the closing price on the exchange. For bonds, debentures and other debt obligations (excluding money-market instruments), the Fund will generally use the average of the bid and ask prices to determine the fair value.

RESPONSIBILITY FOR OPERATIONS

The Manager

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

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

Pursuant to a management agreement made between the Fund and MCM (as successor by amalgamation with Mulvihill Fund Services Inc. on September 1, 2010) dated February 12, 1998, as amended on January 31, 2008 (the "Management Agreement"), MCM is the Manager of the Fund and, as such, is responsible for providing or arranging for required administrative services to the Fund including: authorizing the payment of operating expenses incurred on behalf of the Fund; preparing financial statements, financial and accounting information as required by the Fund; ensuring that shareholders are provided with interim and semi-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 shareholders and the Canadian securities regulatory authorities; determining the amount of dividends to be paid by the Fund; and negotiating contractual agreements with third-party providers of services, including registrars, transfer agents, auditors and printers.

MCM shall exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of shareholders, and shall exercise the degree of care, diligence and skill that a reasonably prudent manager would exercise in similar circumstances.

MCM may resign as Manager of the Fund upon 60 days' notice to shareholders and the Fund or such lesser notice as the Fund may accept. If MCM resigns it may appoint its successor, but its successor must be approved by shareholders unless it is an affiliate of MCM. If MCM commits certain events of bankruptcy or insolvency or is in material breach or default of its obligations under the Management Agreement and such breach or default has not been cured within 30 days after notice of the same has been given to MCM, the Fund shall give notice to shareholders and the shareholders may remove MCM and appoint a successor manager. Except as described above, MCM cannot be terminated as manager of the Fund.

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

The management services of MCM under the Management Agreement are not exclusive and nothing in the Management Agreement prevents MCM 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 the Manager

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

Name and Municipality of Residence	***Principal Occupation***
John P. Mulvihill Toronto, Ontario	Chairman, President, Chief Executive Officer, Secretary and Director, MCM
John D. Germain Etobicoke, Ontario	Senior Vice-President, Chief Financial Officer and Director, MCM
David E. Roode Toronto, Ontario	President, Fund Services and Director, MCM
Supriya Kapoor Toronto, Ontario	Vice-President – Chief Compliance Officer, MCM
Peggy Shiu Toronto, Ontario	Vice-President – Portfolio Manager, MCM
Jack Way Toronto, Ontario	Vice-President – Portfolio Manager, MCM
Jeff Dobson Milton, Ontario	Vice-President – Portfolio Manager, MCM
Aaron Ho Markham, Ontario	Vice-President – Finance, MCM

John P. Mulvihill, Supriya Kapoor, Peggy Shiu and Jack Way have held their position with MCM during the five years preceding the date hereof. In May 2010, David Roode joined MCM from the Brompton Group where he had been since 2002, most recently as Senior Vice-President of Brompton Funds since 2005. John D. Germain joined MCM in March 1997, was made a director on September 1, 2010 became Senior Vice-President on May 1, 2009 and Chief Financial Officer on October 8, 2010. Jeff Dobson joined MCM in April 2001 and was made a Vice-President on September 7, 2010. In July 2008, Aaron Ho rejoined MCM from Citigroup Fund Services Canada Inc. where he had been since January 2007 and was made a Vice-President on October 1, 2010.

As of March 31, 2011, John P. Mulvihill owned of record and beneficially 95,073 shares (100%) of MCM Group Holdings Inc., which is the sole shareholder of MCM.

The Investment Manager

MCM manages the Fund's investment Portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an investment management agreement made between the Fund and MCM dated February 12, 1998, as amended January 31, 2008 (the "Investment Management Agreement").

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

John P. Mulvihill, Chairman, President, Chief Executive Officer, Secretary and Director of MCM, is the senior portfolio manager of MCM and has over 35 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 MCM, has been with MCM since March 1997. Prior to joining MCM, he had been employed at Merrill Lynch Canada Inc. since 1992. For the last two years of his employment at Merrill Lynch Canada Inc., he was a member of the Fixed Income Trading Group.

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

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

Peggy Shiu, Vice-President, has been with MCM since April 1995 and has extensive experience in the Canadian, U.S. and ADR equity markets.

Jack Way, Vice-President, has been with MCM since August 1998 and brings an extensive background in asset management with over 25 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 MCM since 1990 primarily working in fixed income. Since 2008 he has worked extensively on trading equity options and foreign currency hedging.

Investment Management Agreement

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

Under the Investment Management Agreement, MCM is required to act at all times on a basis which is fair and reasonable to the Fund, to act honestly and in good faith with a view to the best interests of the shareholders 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 MCM shall not be liable in any way for any default, failure or defect in any of the securities of the Fund, nor shall it be liable if it has satisfied the duties and standard of care, diligence and skill set forth above. MCM will, however, incur liability in cases of wilful misconduct, 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 Date. The Fund may terminate the Investment Management Agreement only if MCM has committed certain events of bankruptcy or insolvency or is in material breach or default of the provisions and such breach has not been cured within 30 days after notice has been given to MCM by the Fund.

Except as set out below, MCM may not terminate the Investment Management Agreement or assign the same except to an affiliate of MCM, without approval of the shareholders of the Fund. MCM may terminate the Investment Management Agreement if 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 the same to the Fund or if there is a material change in the fundamental investment objectives, strategy or criteria of the Fund.

MCM is entitled to fees for its services as Investment Manager under the Investment Management Agreement and will be reimbursed for all reasonable costs and expenses incurred by MCM on behalf of the Fund. In addition, MCM and each of its directors, officers, employees and agents will be indemnified by the Fund for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim

that is made against MCM or any of its officers, directors, employees or agents in the exercise of its duties as investment manager of the Fund, except those resulting from MCM's wilful misconduct, bad faith, negligence or breach of its obligations under the Investment Management Agreement and provided the Fund has reasonable grounds to believe the action or inaction that gave rise to such claim was in the best interests of the Fund.

CONFLICTS OF INTEREST

Principal Holders of Securities

CDS and Co., the nominee of CDS, holds all of the Units a registered owner for various brokers and other persons on behalf of their clients and others. As at March 30, 2011, MCM owned 100% of the Class B Shares and to the knowledge of the Manager, no person owned beneficially, directly or indirectly, more than 10% of the Preferred and Class A Shares of the Fund.

As at March 30, 2011, 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 beneficially owned, in aggregate, less than 10% of the outstanding Units of the Fund.

FUND GOVERNANCE

Independent Review Committee

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

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

The Fund and the other investment funds managed by the Manager (collectively, the "Mulvihill Funds") compensate the members of the IRC for their services. The Manager allocates such compensation among the Mulvihill Funds on an equitable and reasonable basis. The compensation paid by the Fund to the members of the IRC for the year ended January 31, 2011 was $6,602.

Directors and Officers of the Fund

The following are the names, municipalities of residence, positions and principal occupations of the directors and officers of the Fund:

Name and Municipality of Residence	***Position with the Fund***	***Principal Occupation***
John P. Mulvihill Toronto, Ontario	Chairman, President, Chief Executive Officer, Secretary and Director	Chairman, President, Chief Executive Officer, Secretary and Director, MCM
Michael M. Koerner[(1)(2)] Toronto, Ontario	Director, IRC Member	President, Canada Overseas Investments, Ltd. (private investment company)
Robert W. Korthals[(1)(2)] Toronto, Ontario	Director, IRC Member	Corporate Director
Robert G. Bertram[(1)(2)] Aurora, Ontario	Director, IRC Member	Corporate Director

Name and Municipality of Residence	*Position with the Fund*	*Principal Occupation*
John D. Germain Etobicoke, Ontario	Chief Financial Officer and Director	Senior Vice-President, Chief Financial Officer and Director, MCM

(1) Independent director.
(2) Member of the Audit Committee

During the past five years all of the directors and officers have held the principal occupations noted opposite their respective names, or other occupations with their current employer or a predecessor company with the exception of Robert G. Bertram, who served as Executive Vice-President of the Ontario Teachers' Pension Plan Board from 1990 until 2008 and John D. Germain who became Senior Vice-President on May 1, 2009, Director on September 1, 2010 and Chief Financial Officer on October 8, 2010. The independent directors of the Fund are paid an annual fee of $5,000 and a fee for each board meeting attended of $300.

Each of the directors, other than Mr. Germain and Mr. Bertram, has served as a director of the Fund since its initial public offering. Mr. Bertram was elected a director on January 1, 2009 and Mr. Germain was elected a director on October 8, 2010. Each of the directors has been elected to serve until the next annual meeting of shareholders or until his or her successor is appointed.

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

The Board consists of five directors, three of whom are independent of the Fund. The Board believes that the number of directors is appropriate for the Fund and only directors independent of the Fund 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 director. Individual directors may engage an outside advisor at the expense of the Fund in appropriate circumstances subject to the approval of the Board.

To assist the Board in its monitoring of the Fund's financial reporting and disclosure, the Board established a committee of the Board known as the Audit Committee. The Audit Committee consists of three members, all of whom are independent of the Fund. The responsibilities of the Audit Committee include, but are not limited to, review of the annual financial statements and the annual audit performed by the external auditor, oversight of management's reporting on internal control and oversight of the Fund's compliance with tax and securities laws and regulations. The Audit Committee has direct communication channels with the external auditors of the Fund which it may use to discuss and review specific issues as appropriate.

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

MCM 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, MCM has an asset mix committee consisting of the following: John Mulvihill, John Germain, Jack Way, Peggy Shiu and John 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 MCM's long-term market outlook. These views are integrated into the investment decision making process at the portfolio management level. The asset mix committee of MCM oversees

investment decisions made by the portfolio managers of the Fund and reports to John Mulvihill, the chairman, president, chief executive officer, secretary and director of MCM.

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 MCM. Policies, procedures and guidelines regarding investing in derivatives, including objectives and goals for derivatives trading and the risk management procedures applicable to such trading are reviewed by Mulvihill on a regular basis. If the 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.

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

Because shareholders may only retract their Priority Equity Shares or Class A Shares 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 MCM or a related entity and the interests of the shareholders of the Fund.

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@mulvihill.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 Mulvihill's website at www.mulvihill.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, shareholders can contact us at 1-800-725-7172 or info@mulvihill.com.

CUSTODIAN

Pursuant to an agreement (the "Custodian Agreement") dated February 12, 1998 with the Fund, RBC Dexia Investor Services Trust, as successor to The Royal Trust Company, acts as the custodian (the "Custodian") of the assets of the Fund and is responsible for processing redemptions, calculating NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund. Pursuant to the terms of the Custodian Agreement, the assets of the Fund may also be held by sub-custodians. Either party may terminate the Custodian Agreement by giving the other party 30 days' notice.

The address of the Custodian is 155 Wellington Street West, Toronto, Ontario, M5V 3L3. The Custodian is entitled to receive fees from the Fund and to be reimbursed for all expenses and liabilities which are properly incurred by the Custodian in connection with the activities of the Fund.

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc. at its principal offices in Toronto is the registrar and transfer agent for the Priority Equity Shares and the Class A Shares. The register of the Fund is kept in Toronto, Ontario.

AUDITORS

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

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations generally relevant to investors who, for purposes of the Tax Act, are resident in Canada, hold their Priority Equity Shares or their Class A Shares as capital property, and deal at arm's length with and are not affiliated with the Fund. This summary is based upon the facts set out in this annual information form, the current provisions of the Tax Act, the regulations and the Fund's understanding of the current administrative practices and assessing policies of the Canada Revenue Agency (the "CRA") published prior to the date hereof. This summary is based on the assumption that the Class A Shares and the Priority Equity Shares will at all times be listed on the TSX. This summary is based on the assumption that the Fund was not established and will not be maintained primarily for the benefit of non-residents of Canada and that not more than 50% (based on fair market value) of the shares of the Fund will be held by non-residents of Canada or by partnerships that are not Canadian partnerships as defined in the Tax Act, or any combination of the foregoing. This summary is based upon the assumption that the investment objectives and permitted investments will be as set out under the heading "Investment Restrictions" and that the Fund will at all times comply with such investment objectives and hold only permitted investments. This summary is also based on the assumption that the Fund will not invest in securities of any entity that would be a controlled foreign affiliate of the Fund for purposes of the Tax Act. This summary also takes into account all specific proposals to amend the Tax Act announced prior to

the date hereof by the Minister of Finance (Canada) (the "Proposed Amendments"). No assurances can be given that the Proposed Amendments will become law as proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations and does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, other than the Proposed Amendments. This summary does not deal with foreign, provincial or territorial income tax considerations, which might differ from the federal considerations. This summary does not apply to shareholders that are "financial institutions" as defined in section 142.2 of the Tax Act.

This summary is of a general nature only and does not constitute legal or tax advice to any particular investor and does not describe the income tax considerations relating to the deductibility of interest on any money borrowed by an investor to acquire shares of the Fund. Accordingly, investors are advised to consult their own tax advisors with respect to their individual circumstances.

Tax Treatment of the Fund

The Fund currently continues to qualify as a "mutual fund corporation" as defined in the Tax Act. As a mutual fund corporation, the Fund is entitled in certain circumstances to a refund of tax paid by it in respect of its net realized capital gains. Also, as a mutual fund corporation, the Fund maintains a capital gains dividend account in respect of capital gains realized by the Fund and from which it may elect to pay dividends ("capital gains dividends") which are treated as capital gains in the hands of the shareholders of the Fund.

The Fund will be required to include in computing its income all dividends received but will generally be entitled to deduct all dividends received from taxable Canadian corporations in computing its taxable income. The Fund is a "financial intermediary corporation" (as defined in the Tax Act) and, as such, is not subject to tax under Part IV.1 of the Tax Act on dividends received by the Fund nor is it generally liable to tax under Part VI.1 on dividends paid by the Fund on "taxable preferred shares" (as defined in the Tax Act). As a mutual fund corporation (which is not an "investment corporation" as defined in the Tax Act), the Fund will generally be subject to a refundable tax of $33^{1}/_{3}\%$ under Part IV of the Tax Act on taxable dividends received during the year to the extent such dividends are deductible in computing taxable income of the Fund. This tax is fully refundable upon payment of sufficient dividends other than capital gains dividends ("Ordinary Dividends") by the Fund.

Premiums received on call options written by the Fund will constitute capital gains of the Fund in the year received, and gains or losses realized upon dispositions of securities of the Fund (whether upon the exercise of call options written by the Fund or otherwise) 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. The Fund has purchased the Portfolio with the objective of earning dividends over the life of the Fund and will write covered call options with the objective of increasing the yield on the Portfolio beyond the dividends received on the Portfolio. In accordance with the CRA's published administrative practice, transactions undertaken by the Fund in respect of options and shares in the Portfolio will be treated and reported for purposes of the Tax Act on capital account and designations by the Fund with respect to its income and capital gains, as described below, will be made and reported to shareholders on this basis.

The policy of the Fund is to pay quarterly dividends and, in addition, to pay a special year-end dividend to holders of Class A Shares where the Fund has net taxable capital gains upon which it would otherwise be subject to tax (other than taxable capital gains realized on the writing of options that are outstanding at year end) or would not otherwise obtain a refund of refundable tax in respect of dividend income. While the principal sources of income of the Fund are expected to be dividends from taxable Canadian corporations and taxable capital gains, to the extent that the Fund earns income from other sources, including interest or dividends from corporations other than taxable Canadian corporations (such as dividends from corporations selected from the U.S. Universe and included in the Portfolio) and income upon interim investment of its reserves, the Fund will be subject to income tax on such income and no refund will be available in respect thereof.

Given the investment and dividend policy of the Fund and taking into account expenses, the Fund does not expect to bear any appreciable non-refundable income tax other than income tax on dividends from corporations other than taxable Canadian corporations.

The Fund may acquire Permitted Repayment Securities in connection with the Priority Equity Portfolio Protection Plan. The holding of Permitted Repayment Securities may result in the Fund earning taxable income or gain.

The Fund may enter into one or more Forward Agreements in connection with the Priority Equity Portfolio Protection Plan. The Fund will not realize income, gain or loss as a result of entering into such a Forward Agreement. If the obligations of the Fund and the Counterparty under such a Forward Agreement are settled by making cash payments, a payment made or received by the Fund may be treated as an income outlay or receipt, as applicable. Gains or losses realized by the Fund on the sale or other disposition of the Permitted Repayment Securities subject to a Forward Agreement will be treated as capital gains or capital losses.

Upon maturity of such a Forward Agreement, if the Fund delivers underlying shares to the Counterparty and receives from the Counterparty the price stipulated in the Forward Agreement, then provided (a) all such shares are Canadian securities, as defined in subsection 39(6) of the Tax Act, and (b) the Fund files the election referred to above, any gains or losses realized by the Fund upon disposition of such shares will be treated as capital gains or capital losses.

Tax Treatment of Shareholders

Shareholders of the Fund must include in income Ordinary Dividends paid by the Fund. For individual shareholders, Ordinary Dividends will be subject to the usual gross-up and dividend tax credit rules with respect to taxable dividends paid by taxable Canadian corporations under the Tax Act including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by the Fund as eligible dividends in accordance with the provisions of the Tax Act. Ordinary Dividends received by a corporation other than a "specified financial institution" (as defined in the Tax Act) will also normally be deductible in computing its taxable income.

The Fund may enter into a Forward Agreement in connection with the Priority Equity Portfolio Protection Plan. If the Counterparty under such an agreement is a specified financial institution, Ordinary Dividends received by a corporation following the entry into such Forward Agreement will not be deductible in computing the corporation's taxable income.

In the case of a holder that is a specified financial institution, Ordinary Dividends received on a particular class of shares will be deductible in computing its taxable income only if either:

(a) the specified financial institution did not acquire the shares in the ordinary course of its business, or

(b) at the time of receipt of the dividend by the specified financial institution, dividends are received in respect of not more than 10% of the issued and outstanding shares of that class by:

    (i) the specified financial institution, or

    (ii) the specified financial institution and persons with whom it does not deal at arm's length (within the meaning of the Tax Act).

For these purposes, a beneficiary of a trust will be deemed to receive the amount of any dividend received by the trust and designated to that beneficiary, effective at the time the dividend was received by the trust, and a member of a partnership will be considered to have received that partner's share of a dividend received by the partnership, effective at the time the dividend was received by the partnership.

Ordinary Dividends on Priority Equity Shares held by Canadian corporations will generally be subject to a 10% tax under Part IV.1 of the Tax Act when received by a corporation (other than a "private corporation" or a "financial intermediary corporation", as defined in the Tax Act) to the extent that such dividends are deductible in computing the corporation's taxable income.

A shareholder which is a private corporation or any other corporation controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable to pay a $33^1/_3$% refundable tax under Part IV of the Tax Act on Ordinary Dividends received on the shares to the extent that such dividends are deductible in computing the corporation's taxable income. Where Part IV.1 tax also applies to a dividend received by a particular corporation on the dividend, the rate of Part IV tax payable by such corporation is reduced to $23^1/_3$%.

The amount of any capital gains dividend received by a shareholder from the Fund will be considered to be a capital gain of the shareholder from the disposition of capital property in the taxation year of the shareholder in which the capital gains dividend is received.

The policy of the Fund is to pay quarterly dividends and, in addition, to pay a special year-end dividend to holders of Class A Shares where the Fund has net taxable capital gains upon which it would otherwise be subject to tax (other than taxable capital gains in respect of options that are outstanding at year end) or would not otherwise obtain a refund of refundable tax in respect of dividend income. Therefore, a person acquiring shares may become taxable on income and capital gains that accrued before such person acquired shares and on realized capital gains that have not been distributed before such time.

Upon the redemption, retraction or other disposition of a share, a capital gain (or a capital loss) will be realized to the extent that the proceeds of disposition of the share exceed (or are less than) the aggregate of the adjusted cost base of the share and any reasonable costs of disposition. If the holder is a corporation, any capital loss arising on the disposition of a share may in certain circumstances be reduced by the amount of any Ordinary Dividends received on the share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary.

The adjusted cost base of each share will generally be the weighted average of the cost of the shares of that class acquired by a holder at a particular time and the aggregate adjusted cost base of any shares of that class already held.

One-half of a capital gain (the taxable capital gain) is included in computing income and one-half of a capital loss (the allowable capital loss) is deductible against taxable capital gains.

Shares will qualify as "Canadian securities" for purposes of the irrevocable election of guaranteed capital gains treatment provided for under certain circumstances under the Tax Act. Investors considering making such an election should consult their tax advisors.

Eligibility for Investment

Provided that the Fund qualifies as a mutual fund corporation under the Tax Act or if the Priority Equity Shares or Class A Shares are listed on a "designated stock exchange" for purposes of the Tax Act (which includes the TSX), such shares 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.

However, if the Priority Equity Shares or Class A Shares are a "prohibited investment" for a tax-free savings account, the holder of a tax-free savings account that governs a trust that holds Priority Equity Shares or Class A Shares will be subject to a penalty tax as set out in the Tax Act. An investment in the Priority Equity Shares or Class A Shares will not generally be a "prohibited investment" unless the holder of a tax-free savings account does not deal at arm's length with the Fund for purposes of the Tax Act or if the holder has a significant interest (within the meaning of the Tax Act) in the Fund or in a corporation, partnership or trust with which the Fund does not deal at arm's length for purposes of the Tax Act. Holders of tax-free savings accounts should consult their own tax advisors to ensure that neither Priority Equity Shares nor Class A Shares would be a "prohibited investment" in their particular circumstances.

RISK FACTORS

Risk factors have not been listed in this annual information form as the Fund ceased to carry on any business on March 31, 2011.

MATERIAL CONTRACTS

The following documents can reasonably be regarded as material to holders of Priority Equity Shares and Class A Shares:

(a) the articles of incorporation and articles of amendment of the Fund;

(b) the Management Agreement;

(c) the Investment Management Agreement; and

(d) the Custodian Agreement.

Copies of the foregoing 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 reports of fund performance and financial statements.

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