

PROSPECTUS

Initial Public Offering

November 26, 2010



\$150,000,000 Maximum

12,500,000 Units

\$12.00 per Unit

Canadian Utilities & Telecom Income Fund (the "Fund"), a closed-end investment trust established under the laws of the Province of Ontario, proposes to issue units of the Fund ("Units") at a price of \$12.00 per Unit (the "Offering").

Investment Objectives

The Fund's investment objectives are:

- (i) to pay holders of its Units ("Unitholders") monthly distributions in an amount targeted to be 7.0% per annum on the net asset value ("NAV") of the Fund; and
- (ii) to preserve and enhance the Fund's NAV while reducing portfolio volatility.

The first distribution will be for the period from closing until the end of January 2011 and is expected to be \$0.09688 per Unit. The Fund will invest primarily in equity securities of issuers in the Canadian utilities and telecommunications sectors. To generate additional returns above the distributions earned on its equity securities, the Fund may from time to time selectively write covered call options in respect of up to a maximum of 25% of the securities in the portfolio.

Investment Strategy

The Fund will seek to achieve its investment objectives by investing in a portfolio consisting principally of equity securities of large capitalization (over \$1 billion) utility and, to a lesser degree, telecommunications issuers listed on the Toronto Stock Exchange ("TSX"). Issuers selected for inclusion in the portfolio must have a minimum distribution yield in excess of 2.0% per annum.

The following table lists the current universe of issuers in which the Fund may invest (the "Portfolio Universe"):

BCE Inc.	TransAlta Corporation	Provident Energy Trust
TransCanada Corporation	Inter Pipeline Fund	Just Energy Income Fund
Enbridge Inc.	Emera Incorporated	Manitoba Telecom Services Inc.
Rogers Communications Inc.	Pembina Pipeline Corporation	Capital Power Corporation
TELUS Corporation	Bell Aliant Regional	Fort Chicago Energy Partners L.P.
Shaw Communications Inc.	Communications Income Fund	AltaGas Ltd.
Canadian Utilities Limited	Keyera Facilities Income Fund	Northland Power Income Fund.
Fortis Inc.	Brookfield Renewable Power Fund	Capital Power Income L.P.

Mulvihill Capital Management Inc. ("MCM"), the Fund's investment manager, may also invest up to 20% of the Fund's NAV in equity securities of other utilities and telecommunications issuers listed on a North American stock exchange, subject to a minimum market capitalization of \$250 million and a minimum distribution yield of 2.0% per annum. MCM intends generally to include between 15 and 20 issuers in the Fund's portfolio.

The equity securities in the Portfolio Universe have an average current cash yield of 5.92% per annum and have an average dividend compound annual growth rate of 9.73% over the past 10 years.

Although the Fund does not initially intend to employ any leverage, MCM on behalf of the Fund may use a loan facility and other forms of leverage, to a maximum of 15% of the NAV of the Fund, to acquire additional securities for the portfolio and for working capital purposes. See "Investment Strategy".

Investment Rationale

The Fund has been created to provide a diversified investment in the Canadian utilities and telecommunications sectors with attractive monthly distributions. MCM, the Fund's investment manager, believes, based on its research and analysis, that a large capitalization portfolio of securities in the utilities and telecommunications sectors is an attractive long-term investment for the following reasons:

- **Predictable Cash Flows.** These sectors are typically characterized by a combination of the following attributes, which tend to lead to more predictable cash flows and a greater ability to maintain pricing levels throughout the economic cycle:
 - long-term tangible assets,
 - natural monopolies and/or high barriers to entry,
 - long-term customer contracts, and
 - provide essential services, such as electricity, oil and gas and telecommunications;
- **High and Growing Dividends.** Utility and telecommunications stocks typically provide high dividends and consistent, strong dividend growth; and
- **Defensive Investments.** The utilities and telecommunications sectors are characterized by long-term price stability and reduced volatility in uncertain markets. See "Investment Strategy".

Based on the composition of the Portfolio Universe, the Fund is expected to generate dividend income of approximately 5.92% per annum which, after the deduction of expenses, will be distributed to Unitholders. The Fund's portfolio would be required to generate an additional return of approximately 2.99% per annum, including from dividend growth, realized capital appreciation and option premiums in order for the Fund to maintain its targeted distributions and a stable NAV. Based on (i) the average current volatility of the issuers included in the Portfolio Universe, and (ii) the other assumptions set forth under "Investment Strategy — Covered Option Writing — Income from Covered Call Option Writing", including that the Fund writes at-the-money covered call options on 25% of its portfolio, the Fund's portfolio would be expected to generate cash flow in excess of the above required additional return. The ability of the Fund to generate such returns will depend on the extent to which these assumptions turn out to be accurate. 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 portfolio. MCM 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. See "Investment Objectives".

MCM will be responsible for the management and administration of the Fund and will also implement the Fund's investment strategy. See "Organization and Management Details of the Fund". The principal office of the Fund and MCM is located at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9.

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

Price: \$12.00 per Unit

	<u>Price to the Public⁽¹⁾</u>	<u>Agents' Fees</u>	<u>Net Proceeds to the Fund⁽²⁾</u>
Per Unit	\$12.00	\$0.63	\$11.37
Total Minimum Offering ⁽³⁾⁽⁴⁾	\$25,000,000	\$1,312,500	\$23,687,500
Total Maximum Offering ⁽⁴⁾	\$150,000,000	\$7,875,000	\$142,125,000

Notes:

- (1) The offering price was established by negotiation between the Agents (as defined below) and MCM. The price per Unit is payable in cash or in securities of Exchange Eligible Issuers deposited pursuant to the Exchange Option.
- (2) Before deducting the expenses of issue (estimated to be \$600,000) which, subject to a maximum of 1.5% of the gross proceeds of the Offering, together with the Agents' fees, will be paid out of the proceeds of the Offering.
- (3) There will be no closing of the Offering unless a minimum of 2,083,333 Units are sold. If subscriptions for a minimum of 2,083,333 Units have not been received within 90 days following the date of issuance of a receipt for this prospectus, the Offering may not continue without the consent of the Canadian securities regulators and those who have subscribed for Units on or before such date.
- (4) The Fund has granted the Agents an option (the "Over-Allotment Option"), exercisable until 30 days after the closing of the Offering, to purchase up to 15% of the aggregate number of Units issued at the closing of the Offering on the same terms set forth above. This prospectus qualifies the distribution of the Over-Allotment Option and the Units issuable on the exercise thereof. If the Over-Allotment Option is exercised in full, the total price to the public under the maximum offering of Units will be \$172,500,000, the Agents' fees will be \$9,056,250 and the net proceeds to the Fund will be \$163,443,750.

Commencing in 2012, Unitholders whose Units are surrendered for redemption at least twenty business days prior to the last day in June 2012 or any year thereafter (the "June Redemption Date") will be entitled to receive a redemption price per Unit equal to the NAV per Unit determined as of such date, less costs. For Unitholders whose Units are surrendered for redemption at least ten business days prior to the last day of any other month (a "Monthly Redemption Date" and, together with the June Redemption Date, a "Redemption Date"), the redemption price per Unit will be determined by reference to market price. Units surrendered for redemption by a Unitholder on a Redemption Date will be redeemed on such Redemption Date and the Unitholder will receive payment on or before the 15th day following such Redemption Date. See "Redemption of Units".

The Fund does not have a fixed termination date, however, upon termination, the Fund will distribute its net assets to Unitholders. See "Termination of the Fund".

The Toronto Stock Exchange has conditionally approved the listing of the Units subject to the Fund fulfilling all of the requirements of the Toronto Stock Exchange on or before February 25, 2011.

Provided that the Fund qualifies and 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), the Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (each, a "registered plan"). However, the holder of a tax-free savings account that governs a trust which holds Units will be subject to a penalty tax if the holder 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. See "Investments by Registered Plans".

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 prospective investors in the Units including the use of leverage by the Fund. The Agents may over-allot or effect transactions as described under "Plan of Distribution".

The Fund is not a trust company and, accordingly, the Fund is not registered under the trust company legislation of any jurisdiction as it does not carry on business as a trust company. The Fund is an investment trust which offers and sells its Units to the public. Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that Act or any other legislation.

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

Subscriptions for Units will be received subject to acceptance or rejection in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about December 17, 2010, but no later than December 31, 2010. Registrations and transfers of Units will be effected only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership. See "Plan of Distribution" and "Attributes of the Units — Book-Entry-Only and Book-Based Systems".

TABLE OF CONTENTS

<p>PROSPECTUS SUMMARY 1</p> <p>INFORMATION FROM THIRD PARTY SOURCES 9</p> <p>FORWARD-LOOKING STATEMENTS 9</p> <p>SUMMARY OF FEES AND EXPENSES 10</p> <p>GLOSSARY 11</p> <p>OVERVIEW OF THE LEGAL STRUCTURE OF THE FUND 13</p> <p style="padding-left: 20px;">Status of the Fund 13</p> <p>INVESTMENT OBJECTIVES 13</p> <p>INVESTMENT STRATEGY 13</p> <p style="padding-left: 20px;">Covered Option Writing 18</p> <p>OVERVIEW OF THE SECTORS IN WHICH THE FUND INVESTS 22</p> <p>INVESTMENT RESTRICTIONS 22</p> <p>FEES AND EXPENSES 24</p> <p style="padding-left: 20px;">Initial Expenses 24</p> <p style="padding-left: 20px;">Ongoing Fees and Expenses 24</p> <p>RISK FACTORS 25</p> <p style="padding-left: 20px;">Concentration Risk 25</p> <p style="padding-left: 20px;">Portfolio Securities 25</p> <p style="padding-left: 20px;">Recent Global Financial Developments 25</p> <p style="padding-left: 20px;">No Assurances of Achieving Investment Objectives 25</p> <p style="padding-left: 20px;">Use of Options and Other Derivative Instruments 26</p> <p style="padding-left: 20px;">Currency Hedging 26</p> <p style="padding-left: 20px;">Reliance on the Investment Manager 26</p> <p style="padding-left: 20px;">Interest Rate Fluctuations 26</p> <p style="padding-left: 20px;">Trading at a Discount 26</p> <p style="padding-left: 20px;">Significant Redemptions 27</p> <p style="padding-left: 20px;">Operating History 27</p> <p style="padding-left: 20px;">Status of the Fund for Securities Law Purposes 27</p> <p style="padding-left: 20px;">Securities Lending 27</p> <p style="padding-left: 20px;">Leverage 27</p> <p style="padding-left: 20px;">Tax Changes 28</p> <p style="padding-left: 20px;">Taxation of the Fund 28</p> <p>DISTRIBUTION POLICY 30</p>	<p>PURCHASES OF UNITS 30</p> <p style="padding-left: 20px;">Method to Purchase Units 30</p> <p style="padding-left: 20px;">Procedure 31</p> <p style="padding-left: 20px;">Determination of Exchange Ratio 31</p> <p style="padding-left: 20px;">Withdrawal of Exchange Option Elections 32</p> <p style="padding-left: 20px;">Maximum Offering 32</p> <p style="padding-left: 20px;">Exchange Eligible Issuers 32</p> <p>REDEMPTION OF UNITS 33</p> <p style="padding-left: 20px;">Exercise of Redemption Right 34</p> <p style="padding-left: 20px;">Resale of Units Tendered for Redemption 35</p> <p style="padding-left: 20px;">Suspension of Redemptions 35</p> <p style="padding-left: 20px;">Purchase for Cancellation 35</p> <p>INCOME TAX CONSIDERATIONS 36</p> <p style="padding-left: 20px;">Status of the Fund 36</p> <p style="padding-left: 20px;">Taxation of the Fund 37</p> <p style="padding-left: 20px;">Taxation of Holders 39</p> <p style="padding-left: 20px;">Exchange Option 40</p> <p>INVESTMENTS BY REGISTERED PLANS 40</p> <p>ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND 41</p> <p style="padding-left: 20px;">The Manager and Investment Manager ... 41</p> <p style="padding-left: 20px;">The Advisory Board 44</p> <p style="padding-left: 20px;">Conflicts of Interest 45</p> <p style="padding-left: 20px;">Independent Review Committee 45</p> <p style="padding-left: 20px;">The Trustee 46</p> <p style="padding-left: 20px;">The Custodian 47</p> <p style="padding-left: 20px;">Auditors 47</p> <p style="padding-left: 20px;">Registrar and Transfer Agent and Exchange Agent 47</p> <p style="padding-left: 20px;">Promoter 47</p> <p>CALCULATION OF NET ASSET VALUE 48</p> <p style="padding-left: 20px;">Calculation of Net Asset Value and NAV per Unit 48</p> <p style="padding-left: 20px;">Valuation Policies and Procedures 48</p> <p style="padding-left: 20px;">Reporting of Net Asset Value 49</p> <p>ATTRIBUTES OF THE UNITS 49</p> <p style="padding-left: 20px;">Description of the Securities Distributed 49</p>
--	--

TABLE OF CONTENTS
(continued)

Book-Entry-Only and Book-Based Systems	50
UNITHOLDER MATTERS	51
Meetings of Unitholders.....	51
Matters Requiring Unitholder Approval.....	51
Reporting to Unitholders.....	52
TERMINATION OF THE FUND	53
USE OF PROCEEDS	53
PLAN OF DISTRIBUTION.....	53
Non-Resident Unitholders.....	54
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	55
PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD.....	55
MATERIAL CONTRACTS.....	57
EXPERTS.....	57
PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION.....	57
AUDITORS' CONSENT	F-1
AUDITORS' REPORT	F-2
CANADIAN UTILITIES & TELECOM INCOME FUND STATEMENT OF FINANCIAL POSITION.....	F-3
CANADIAN UTILITIES & TELECOM INCOME FUND NOTES TO FINANCIAL STATEMENT	F-4
CERTIFICATE OF THE FUND, THE MANAGER AND THE PROMOTER.....	C-1
CERTIFICATE OF THE AGENTS.....	C-2

PROSPECTUS SUMMARY

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

Canadian Utilities & Telecom Income Fund

Issuer: The Fund is a closed-end investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of November 26, 2010. See “Overview of the Legal Structure of the Fund”.

Offering: The Fund is offering Units of the Fund (“Units”).

Maximum Issue: \$150,000,000 (12,500,000 Units)

Minimum Issue: \$25,000,000 (2,083,333 Units)

Price: \$12.00 per Unit

Investment Objectives: The Fund’s investment objectives are:

- (i) to pay holders of its Units (“Unitholders”) monthly distributions in an amount targeted to be 7.0% per annum on the net asset value (“NAV”) of the Fund; and
- (ii) to preserve and enhance the Fund’s NAV while reducing portfolio volatility.

The first distribution will be for the period from closing until the end of January 2011 and is expected to be \$0.09688 per Unit. The Fund will invest primarily in equity securities of issuers in the Canadian utilities and telecommunications sectors. To generate additional returns above the distributions earned on its equity securities, the Fund may from time to time selectively write covered call options in respect of up to a maximum of 25% of the securities in the portfolio. See “Investment Objectives”.

Investment Strategy: The Fund will seek to achieve its investment objectives by investing in a portfolio consisting principally of equity securities of large capitalization (over \$1 billion) utility and, to a lesser degree, telecommunications issuers listed on the Toronto Stock Exchange (“TSX”). Issuers selected for inclusion in the portfolio must have a minimum distribution yield of 2.0% per annum.

A list of the current universe of issuers in which the Fund may invest (the “Portfolio Universe”) is provided below. See “Investment Strategy – Overview of the Investment Structure”.

Mulvihill Capital Management Inc. (“MCM”), the Fund’s investment manager, may also invest up to 20% of the Fund’s NAV in equity securities of other utilities and telecommunications issuers listed on a North American stock exchange, subject to a minimum market capitalization of \$250 million and a minimum distribution yield of 2.0% per annum. MCM intends generally to include between 15 and 20 issuers in the Fund’s portfolio.

The equity securities in the Portfolio Universe have an average current cash yield of 5.92% per annum and have an average dividend

compound annual growth rate of 9.73% over the past 10 years.

Although the Fund does not initially intend to employ any leverage, MCM on behalf of the Fund may use a loan facility and other forms of leverage, to a maximum of 15% of the NAV of the Fund, to acquire additional securities for the portfolio and for working capital purposes. See “Investment Strategy”.

Investment Rationale:

The Fund has been created to provide a diversified investment in the Canadian utilities and telecommunications sectors with attractive monthly distributions. MCM, the Fund’s investment manager, believes, based on its research and analysis, that a large capitalization portfolio of securities in the utilities and telecommunications sectors is an attractive long-term investment for the following reasons:

- **Predictable Cash Flows.** These sectors are typically characterized by a combination of the following attributes, which tend to lead to more predictable cash flows and a greater ability to maintain pricing levels throughout the economic cycle:
 - long-term tangible assets,
 - natural monopolies and/or high barriers to entry,
 - long-term customer contracts, and
 - provide essential services, such as electricity, oil and gas and telecommunications;
- **High and Growing Dividends.** Utility and telecommunications stocks typically provide high dividends and consistent, strong dividend growth; and
- **Defensive Investments.** The utilities and telecommunications sectors are characterized by long-term price stability and reduced volatility in uncertain markets. See “Investment Strategy”.

Based on the composition of the Portfolio Universe, the Fund is expected to generate dividend income of approximately 5.92% per annum which, after the deduction of expenses, will be distributed to Unitholders. The Fund’s portfolio would be required to generate an additional return of approximately 2.99% per annum, including from dividend growth, realized capital appreciation and option premiums in order for the Fund to maintain its targeted distributions and a stable NAV. Based on (i) the average current volatility of the issuers included in the Portfolio Universe, and (ii) the other assumptions set forth under “Investment Strategy – Covered Option Writing – Income from Covered Call Option Writing”, including that the Fund writes at-the-money covered call options on 25% of its portfolio, the Fund’s portfolio would be expected to generate cash flow in excess of the above required additional return. The ability of the Fund to generate such returns will depend on the extent to which these assumptions turn out to be accurate. 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 portfolio. MCM 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. See “Investment Objectives”.

Distribution Policy:

The Fund intends to pay monthly cash distributions on the last day of each month in an amount targeted to be 7.0% per annum on 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 NAV prior to the declaration date for the distribution. There can be no assurance that the Fund will be able to make distributions at its targeted rate. See “Distribution Policy” and “Income Tax Considerations”.

The Portfolio Universe:

The Fund has been created to provide investors with exposure to the Canadian utilities and telecommunications sectors.

The utilities sector includes those companies that are involved in the generation, transmission or distribution of electricity, water and oil and gas from facilities that are owned or operated under contract. Often these companies are subject to government oversight or regulation and therefore have stable revenue streams. The Canadian utility sector is represented by the S&P/TSX Capped Utility Index (TSX: TTUT) which currently has ten constituents based on the Global Industry Classification system maintained by Standard & Poor’s.

The telecommunications sector includes those companies that provide data and voice communication services and typically television and video services through fixed line and wireless networks. The Canadian telecommunications sector is represented by the S&P/TSX Capped Telecommunications Services Index (TSX: TTTS) which currently has five constituents based on the Global Industry Classification system maintained by Standard & Poor’s.

The high levels of cash flow generated from issuers in the utilities and telecommunications sectors result in a higher average dividend yield for the Portfolio Universe compared to the S&P/TSX Composite Index. Dividend and dividend growth have a significant impact on the total return on an investment. The Portfolio Universe has demonstrated a strong ten-year total return compound annual growth rate. A Significant portion of this return is due to dividends.

The securities included in the Portfolio Universe have a lower average beta than other sectors which is one reason they are viewed as defensive stocks. Beta is a financial term used as a measure of a security’s or a portfolio’s returns in relation to the market. A positive beta means the security’s returns will generally follow the market whereas a negative beta means the security’s returns will generally move in the opposite

direction to the market. For example, a beta of 0.70 would mean one might expect the security to experience 70% of the market's movement upwards and only 70% of any market downturn.

For further information regarding each of the securities in the Portfolio Universe, such as average trailing 30-day volatility level, dividend yield and ten-year compounded annual growth rate, see "Investment Strategy – Portfolio Investments".

Covered Call Option Writing and Volatility History:

Under the Black-Scholes Model (modified to include dividends), the price volatility of the security is one of the primary factors that affects the amount of option premium received by the seller of a call option on such security. The following chart illustrates the ten-year average, low, high and current values of the trailing 30-day volatility (expressed in percentages on an annualized basis) for the securities in the Portfolio Universe (assuming an equal weighting of such securities) for the year ended November 25, 2010.

	Ten Year Price Volatility			
	Average	Low	High	Current
30-day volatility	22.30%	12.34%	74.11%	17.47%

The information set forth above is historical and is not intended to be, nor should it be construed as, an indication as to future volatility levels of the securities in the portfolio.

Leverage:

Although the Fund does not initially intend to employ any leverage, MCM on behalf of the Fund may use a loan facility and other forms of leverage, to a maximum of 15% of the NAV of the Fund at the time of borrowing (after giving effect to such borrowing), when market conditions provide opportunities to increase the potential returns of the portfolio by taking advantage of the spread between the potential return on additional investments in the portfolio and the cost of borrowing the purchase price for such investments and for working capital purposes. See "Risk Factors – Leverage".

Currency Hedging:

To the extent that the Fund may hold U.S. dollar denominated securities, the Fund may be exposed to changes in the value of the U.S. dollar against the Canadian dollar. In such circumstances, the Fund will hedge substantially all of the Fund's foreign currency exposure back to the Canadian dollar. See "Risk Factors – Currency Hedging".

Use of Proceeds:

The net proceeds from the issue of Units offered hereby, assuming the maximum offering (after payment of the Agents' fee and expenses of the issue), are estimated to be \$141,525,000 and will be used to purchase securities for the Fund's investment portfolio following closing. See "Use of Proceeds".

Risk Factors:

An investment in Units will be subject to certain risk factors, including:

- (i) the assets of the Fund are concentrated in the securities of issuers in the utilities and telecommunications sectors;
- (ii) the risks associated with an investment in the assets of the Fund, including those affecting the price of utilities and telecommunications services;
- (iii) the fact that the amount of dividends, distributions and option premiums received by the Fund and the value of the securities in the Fund's portfolio will be influenced by factors beyond the Fund's control means that there are no assurances that the Fund will be able to achieve its stated investment objectives, including its distribution targets;
- (iv) liquidity and counterparty risks associated with the writing of covered call options and cash-covered put options;
- (v) liquidity and counterparty risks associated with the use of derivative instruments to hedge currency exposure;
- (vi) the possible use of leverage by the Fund to enhance the yield of the portfolio;
- (vii) the Fund's reliance on its investment manager, MCM;
- (viii) fluctuations in prevailing interest rates may affect the market price of the Units;
- (ix) the Units may trade at a discount to their NAV;
- (x) the fact that redemptions of the Units by their holders could significantly reduce the trading liquidity of the Units;
- (xi) the Fund is a newly organized investment trust with no previous operating history;
- (xii) as the Fund is not a "mutual fund" as defined under Canadian securities laws, the Fund is not subject to the policies and regulations of the Canadian securities regulators that apply to such funds;
- (xiii) counterparty risks associated with securities lending; and
- (xiv) various tax matters.

See "Risk Factors".

Income Tax Considerations:

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

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

Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in the securities offered hereby by obtaining advice from his or her tax advisor. See “Income Tax Considerations”.

Exchange Option:

At the election of a prospective purchaser of Units, the price for each Unit purchased may be paid either by: (i) a cash payment or (ii) an exchange (the “Exchange Option”) of freely-tradeable listed securities of issuers in the Portfolio Universe or the S&P/TSX 60 Index (the “Exchange Eligible Issuers”). A prospective purchaser of Units who elects to pay for Units by using the Exchange Option must have done so by depositing (in the form of a book-entry deposit) securities of Exchange Eligible Issuers with Computershare Investor Services Inc., the Fund’s agent for the Exchange Option, through CDS Clearing and Depository Services Inc. (“CDS”) prior to 5:00 p.m. (Toronto time) on November 26, 2010. Such book-entry deposits must have been made by a participant in CDS, which may have had an earlier deadline for receiving instructions from the participant’s clients to deposit securities of Exchange Eligible Issuers under the Exchange Option. Each prospective purchaser who has authorized the deposit of securities of an Exchange Eligible Issuer through CDS has the right to withdraw such deposit of securities at any time on or before midnight on the second business day after receipt or deemed receipt of this prospectus and any amendment. The Fund will sell the securities of Exchange Eligible Issuers that MCM determines will not be included in its portfolio. See “Purchases of Units”.

The purchase of Units by the exchange of securities of an Exchange Eligible Issuer pursuant to the Exchange Option will be a taxable event for the purchaser. See “Income Tax Considerations”.

Redemption of Units:

Commencing in 2012, Unitholders whose Units are surrendered for redemption at least twenty business days prior to the last day in June 2012 or any year thereafter (the “June Redemption Date”) will be entitled to receive a redemption price per Unit equal to the NAV per Unit determined as of such date, less costs. For Unitholders whose Units are surrendered for redemption at least ten business days prior to the last day of any other month (a “Monthly Redemption Date” and, together with the June Redemption Date, a “Redemption Date”), the redemption price per Unit will be determined by reference to market price. Units surrendered for redemption by a Unitholder on a Redemption Date will be redeemed on such Redemption Date and the Unitholder will receive payment on or before the 15th day following such Redemption Date. See “Redemption of Units”.

Termination:

The Fund does not have a fixed termination date but may be terminated upon not less than 90 days' written notice to the Manager of the Fund, from the Trustee (as defined below) with the approval of Unitholders by a two-thirds majority vote passed at a duly convened meeting of Unitholders called for the purpose of considering such termination, provided that Unitholders holding at least 10% of the Units outstanding on the record date of the meeting vote in favour of such termination.

The Manager may, in its discretion, terminate the Fund without the approval of Unitholders if, in the opinion of the Manager after consulting with the Fund's Advisory Board (as defined herein), the NAV of the Fund has been reduced as a result of redemptions or otherwise such that it is no longer economically feasible to continue the Fund and it would be in the best interests of Unitholders to terminate the Fund.

Immediately prior to the Termination Date, MCM will, to the extent possible, convert the assets of the Fund to cash and the Trustee, after paying or making adequate provision for all of the Fund's liabilities, shall distribute the net assets of the Fund to Unitholders as soon as practicable after the date of termination. See "Termination of the Fund".

Investments by Registered Plans:

Provided that the Fund qualifies and continues to qualify at all times as a mutual fund trust within the meaning of the Tax Act, or that the Units are listed on a "designated stock exchange" for purposes of the Tax Act (which includes the TSX), the Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (each, a "registered plan"). However, the holder of a tax-free savings account that governs a trust which holds Units will be subject to a penalty tax if the holder 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. See "Investments by Registered Plans".

Organization and Management of the Fund:*Manager, Investment Manager and Promoter*

MCM, as the Fund's manager, is responsible for providing or arranging for the provision of administrative services required by the Fund and, as the Fund's investment manager, will implement the investment strategy of the Fund. The principal office of MCM is located at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9. See "Organization and Management Details of the Fund – The Manager and Investment Manager".

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

Trustee and Custodian

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

Auditors

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

Registrar and Transfer Agent

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

Exchange Agent

Computershare Investor Services Inc., at its principal offices in Toronto, Ontario is the Exchange Agent for the Exchange Option.

Agents:

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

The Fund has granted the Agents an option (the “Over-Allotment Option”), exercisable until 30 days after the closing of the Offering, to purchase up to 15% of the aggregate number of Units issued at the closing of the Offering on the same terms set forth above. This prospectus qualifies the distribution of the Over-Allotment Option and the Units issuable on the exercise thereof. If the Over-Allotment Option is exercised in full, the total price to the public under the maximum offering of Units will be \$172,500,000, the Agents’ fees will be \$9,056,250 and the net proceeds to the Fund will be \$163,443,750.

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

Agents’ Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	1,875,000 Units	Until January 14, 2011	\$12.00 per Unit

INFORMATION FROM THIRD PARTY SOURCES

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

FORWARD-LOOKING STATEMENTS

Certain statements in this 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 or MCM regarding future results or events. Such forward-looking statements reflect the Fund’s or 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 prospectus under the heading “Risk Factors”. Although the forward-looking statements contained in this 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 prospective 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.

SUMMARY OF FEES AND EXPENSES

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

<u>Type of Fee</u>	<u>Amount and Description</u>
Fees payable to the Agents for selling Units:	\$0.63 per Unit (5.25%).
Expenses of issue:	The Fund will pay the expenses incurred in connection with the Offering of Units by the Fund (estimated to be \$600,000) subject to a maximum of 1.5% of the gross proceeds of the Offering.
Fee payable to MCM for acting as manager and investment manager of the Fund:	Annual rate of 1.10% of the Fund's NAV calculated and payable monthly, plus applicable taxes.
Operating expenses:	The Fund will pay all ordinary expenses incurred in connection with its operation and administration, estimated to be \$250,000 per annum. The Fund will also be responsible for commissions and other costs of securities transactions and any extraordinary expenses which may be incurred by it from time to time.
Service Fee:	The Fund will pay a service fee (the "Service Fee") to each dealer whose clients hold Units. The Service Fee will be calculated and paid at the end of each calendar quarter and will be equal to 0.40% annually of the NAV of the Units held by clients of the dealer, plus any applicable taxes.

GLOSSARY

ADRs	American Depository Receipts issued by a depository that evidence a beneficial interest in securities of an issuer that are held on deposit by the depository.
at-the-money	in relation to a call option, means a call option with a strike price equal to the current market price of the underlying security and, in relation to a put option, means a put option with a strike price equal to the current market price of the underlying security.
beta	is a financial term used as a measure of a security's or a portfolio's returns in relation to the market.
Black-Scholes Model	a widely used option pricing model developed by Fischer Black and Myron Scholes in 1973. The model can be used to calculate the theoretical value of an option based on the current price of the underlying security, the strike price and term of the option, prevailing interest rates and the volatility of the price of the underlying security.
business day	any day on which the Toronto Stock Exchange and The New York Stock Exchange are open for business.
call option	the right, but not the obligation, of the option holder to buy a security from the seller of the option at a specified price at any time during a specified time period or at expiry.
CRA	Canada Revenue Agency.
cash-covered put option	a put option entered into in circumstances where the seller of the put option holds cash equivalents or other acceptable cash cover (as defined in NI 81-102) sufficient to acquire the securities underlying the option at the strike price throughout the term of the option.
cash equivalents	<p>means, and for the purposes of "cash cover" and "cash-covered put option", "cash" as used therein means:</p> <ul style="list-style-type: none">(a) cash on deposit at the Fund's custodian;(b) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by:<ul style="list-style-type: none">(i) any of the Federal or Provincial Governments of Canada; or(ii) the Government of the United States; or(iii) a Canadian financial institution;provided that, in the case of (ii) and (iii), such evidence of indebtedness has a rating of at least R-1 (mid) by DBRS Limited or the equivalent rating from another approved rating organization; or(c) other cash cover as defined in NI 81-102.

covered call option	a call option entered into in circumstances where the seller of the call option holds the underlying security throughout the term of the option.
in-the-money	in relation to a call option, means a call option with a strike price less than the current market price of the underlying security and, in relation to a put option, means a put option with a strike price greater than the current market price of the underlying security.
NAV per Unit	in general, the NAV of the Fund divided by the number of Units then outstanding. See “Calculation of Net Asset Value – Calculation of Net Asset Value and NAV per Unit”.
Net Asset Value or NAV	the net asset value of the Fund which, on any date, will be equal to the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities of the Fund on that date. See “Calculation of Net Asset Value – Calculation of Net Asset Value and NAV per Unit”.
NI 81-102	National Instrument 81-102 – <i>Mutual Funds</i> (or any successor policy, rule or national instrument), as it may be amended from time to time.
option premium	the purchase price of an option.
out-of-the-money	in relation to a call option, means a call option with a strike price greater than the current market price of the underlying security and, in relation to a put option, means a put option with a strike price less than the current market price of the underlying security.
put option	the right, but not the obligation, of the option holder to sell a security to the seller of the option at a specified price at any time during a specified time period or at expiry.
SIFT Rules	provisions of the Tax Act applicable to “SIFT trusts” and “SIFT partnerships” (within the meaning thereof).
strike price	in relation to a call option, means the price specified in the option that must be paid by the option holder to acquire the underlying security or, in relation to a put option, the price at which the option holder may sell the underlying security.
Tax Act	means the <i>Income Tax Act</i> (Canada) and the regulations thereunder.
volatility	in respect of the price of a security, is a numerical measure of the tendency of the price to vary over time.
\$	means Canadian dollars unless otherwise indicated.

OVERVIEW OF THE LEGAL STRUCTURE OF THE FUND

Canadian Utilities & Telecom Income Fund (the “Fund”) is a closed-end investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of November 26, 2010 (the “Trust Agreement”) between Mulvihill Capital Management Inc., as manager, and RBC Dexia Investor Services Trust (the “Trustee”), as trustee. See “Organization and Management Details of the Fund”.

The principal office of the Fund and Mulvihill Capital Management Inc. (“MCM, the “Manager” or the “Investment Manager”) is located at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9.

Status of the Fund

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

INVESTMENT OBJECTIVES

The Fund’s investment objectives are:

- (i) to pay holders of its Units (“Unitholders”) monthly distributions in an amount targeted to be 7.0% per annum on the net asset value (“NAV”) of the Fund; and
- (ii) to preserve and enhance the Fund’s NAV while reducing portfolio volatility.

The first distribution will be for the period from closing until the end of January 2011 and is expected to be \$0.09688 per Unit. The Fund will invest primarily in equity securities of issuers in the Canadian utilities and telecommunications sectors. To generate additional returns above the distributions earned on its equity securities, the Fund may from time to time selectively write covered call options in respect of up to a maximum of 25% of the securities in the portfolio.

INVESTMENT STRATEGY

Overview of the Investment Structure

The Fund will seek to achieve its investment objectives by investing in a portfolio consisting principally of equity securities of large capitalization (over \$1 billion) utility and, to a lesser degree, telecommunications issuers listed on the Toronto Stock Exchange (“TSX”). Issuers selected for inclusion in the portfolio must have a minimum distribution yield of 2.0% per annum.

The following table lists the current universe of issuers in which the Fund may invest (the “Portfolio Universe”):

BCE Inc.	TransAlta Corporation	Provident Energy Trust
TransCanada Corporation	Inter Pipeline Fund	Just Energy Income Fund
Enbridge Inc.	Emera Incorporated	Manitoba Telecom Services Inc.
Rogers Communications Inc.	Pembina Pipeline Corporation	Capital Power Corporation
TELUS Corporation	Bell Aliant Regional	Fort Chicago Energy Partners L.P.
Shaw Communications Inc.	Communications Income Fund	AltaGas Ltd.
Canadian Utilities Limited	Keyera Facilities Income Fund	Northland Power Income Fund
Fortis Inc.	Brookfield Renewable Power Fund	Capital Power Income L.P.

MCM, the Fund's investment manager, may also invest up to 20% of the Fund's NAV in equity securities of other utilities and telecommunications issuers listed on a North American stock exchange, subject to a minimum market capitalization of \$250 million and a minimum distribution yield of 2.0% per annum. MCM intends generally to include between 15 and 20 issuers in the Fund's portfolio.

The equity securities in the Portfolio Universe have an average current cash yield of 5.92% per annum and have an average dividend compound annual growth rate of 9.73% over the past 10 years.

Although the Fund does not initially intend to employ any leverage, MCM on behalf of the Fund may use a loan facility and other forms of leverage, to a maximum of 15% of the NAV of the Fund, to acquire additional securities for the portfolio and for working capital purposes.

The Fund has been created to provide a diversified investment in the Canadian utilities and telecommunications sectors with attractive monthly distributions. MCM, the Fund's investment manager, believes, based on its research and analysis, that a large capitalization portfolio of securities in the utilities and telecommunications sectors is an attractive long-term investment for the following reasons:

- **Predictable Cash Flows.** These sectors are typically characterized by a combination of the following attributes, which tend to lead to more predictable cash flows and a greater ability to maintain pricing levels throughout the economic cycle:
 - long-term tangible assets,
 - natural monopolies and/or high barriers to entry,
 - long-term customer contracts, and
 - provide essential services, such as electricity, oil and gas and telecommunications;
- **High and Growing Dividends.** Utility and telecommunications stocks typically provide high dividends and consistent, strong dividend growth; and
- **Defensive Investments.** The utilities and telecommunications sectors are characterized by long-term price stability and reduced volatility in uncertain markets.

Based on the composition of the Portfolio Universe, the Fund is expected to generate dividend income of approximately 5.92% per annum which, after the deduction of expenses, will be distributed to Unitholders. The Fund's portfolio would be required to generate an additional return of approximately 2.99% per annum, including from dividend growth, realized capital appreciation and option premiums in order for the Fund to maintain its targeted distributions and a stable NAV. Based on (i) the average current volatility of the issuers included in the Portfolio Universe, and (ii) the other assumptions set forth under "Investment Strategy – Covered Option Writing – Income from Covered Call Option Writing", including that the Fund writes at-the-money covered call options on 25% of its portfolio, the Fund's portfolio would be expected to generate cash flow in excess of the above required additional return. The ability of the Fund to generate such returns will depend on the extent to which these assumptions turn out to be accurate. 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 portfolio. MCM 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.

Investment Approach

MCM will employ both a top-down asset allocation approach in order to identify macro-economic trends along with a growth-based, bottom-up fundamental analysis that identifies companies with superior growth in free-cash flow. MCM utilizes a three-part screening process for stock selection that

incorporates fundamental, quantitative and technical disciplines. MCM will make individual stock selections based on factors that include expected dividend growth, conservative payout ratios and moderate debt-to-capital ratios. In the utilities and telecommunications sectors, MCM also seeks companies with a high degree of recurring revenues that are linked to fixed-price contracts in order to reduce the volatility of earnings and sensitivity to economic downturns.

Portfolio Investments

The table below sets out the Portfolio Universe constituents and illustrates each constituents' market capitalization, closing price, dividend yield, 30-day price volatility, 10-year total return compounded annual growth rate ("CAGR") and 10-year dividend CAGR.

<u>Company Name</u>	<u>Market Capitalization</u> <u>(\$ millions)</u>	<u>Closing Market Price</u> ⁽¹⁾	<u>Dividend Yield</u>	<u>30-Day Price Volatility</u> <u>%</u>	<u>10-Year Total Return CAGR</u>	<u>10-Year Dividend CAGR</u>
BCE Inc. (BCE)	26,317	34.83	5.25%	11.68	2.77%	2.16%
TransCanada Corporation (TRP)	25,148	36.29	4.41%	12.18	14.14%	6.03%
Enbridge Inc. (ENB)	21,657	56.64	3.00%	14.16	14.78%	10.36%
Rogers Communications Inc. (RCL.B) ⁽²⁾	20,863	36.61	3.50%	10.43	13.15%	59.56%
TELUS Corporation (T)	14,813	47.05	4.25%	19.75	5.55%	3.37%
Shaw Communications Inc. (SJR.B)	8,894	20.40	4.31%	11.84	4.13%	42.61%
Canadian Utilities Limited (CU)	6,480	51.49	2.93%	8.31	12.38%	5.31%
Fortis Inc. (FTS)	5,507	31.73	3.53%	21.16	17.97%	9.31%
TransAlta Corporation (TA)	4,674	21.29	5.45%	15.68	4.38%	1.50%
Inter Pipeline Fund (IPL.UN)	3,870	15.03	5.99%	19.79	22.09%	3.31%
Emera Incorporated (EMA)	3,618	31.84	4.08%	24.35	12.03%	3.30%
Pembina Pipeline Corporation (PPL)	3,539	21.52	7.25%	29.23	20.38%	5.08%
Bell Aliant Regional Communications Income Fund (BA.UN) ⁽³⁾	3,443	27.03	10.73%	16.50	5.76%	-0.52%
Keyera Facilities Income Fund (KEY.UN) ⁽⁴⁾	2,363	34.35	5.24%	17.43	27.35%	8.22%
Brookfield Renewable Power Fund (BRC.UN)	2,220	21.20	6.13%	16.48	14.85%	2.09%
Provident Energy Trust (PVE.UN) ⁽⁵⁾	2,008	7.52	9.57%	33.78	16.37%	-14.82%
Just Energy Income Fund (JE.UN) ⁽⁶⁾	1,922	14.50	8.55%	19.56	29.86%	17.81%
Manitoba Telecom Services Inc. (MBT)	1,888	29.18	5.83%	13.53	3.03%	12.07%
Capital Power Corporation (CPX) ⁽⁷⁾	1,871	23.87	5.28%	10.76	9.21%	n/a
Fort Chicago Energy Partners L.P. (FCE.UN) ⁽⁸⁾	1,834	12.60	7.93%	15.32	12.45%	6.32%
AltaGas Ltd. (ALA) ⁽⁹⁾	1,750	20.82	6.34%	17.78	24.79%	29.26%
Northland Power Income Fund (NPL.UN)	1,157	15.80	6.84%	27.38	16.44%	4.73%
Capital Power Income L.P. (CPA.UN)	1,004	18.13	9.71%	14.68	5.42%	-3.05%
Summary Statistics	7,254		5.92%	17.47	13.45%	9.73%

(1) Closing price as at November 25, 2010.

(2) Dividend CAGR from December 10, 2003.

(3) Total Return CAGR from July 11, 2006; Dividend CAGR from July 27, 2007.

(4) Total Return CAGR from June 2, 2003; Dividend CAGR from May 27, 2004.

(5) Total Return CAGR from March 15, 2001; Dividend CAGR from February 26, 2002.

(6) Total Return CAGR from May 1, 2001; Dividend CAGR from May 13, 2002.

(7) Total Return CAGR from June 29, 2009; Insufficient data for Dividend CAGR.

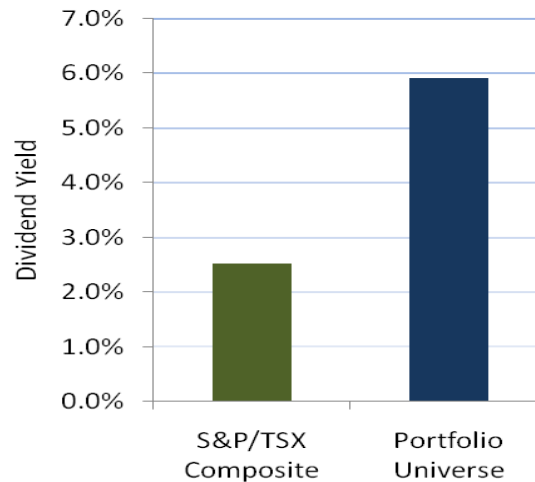
(8) Dividend CAGR from September 26, 2001.

(9) Dividend CAGR from November 28, 2001.

Source: Bloomberg

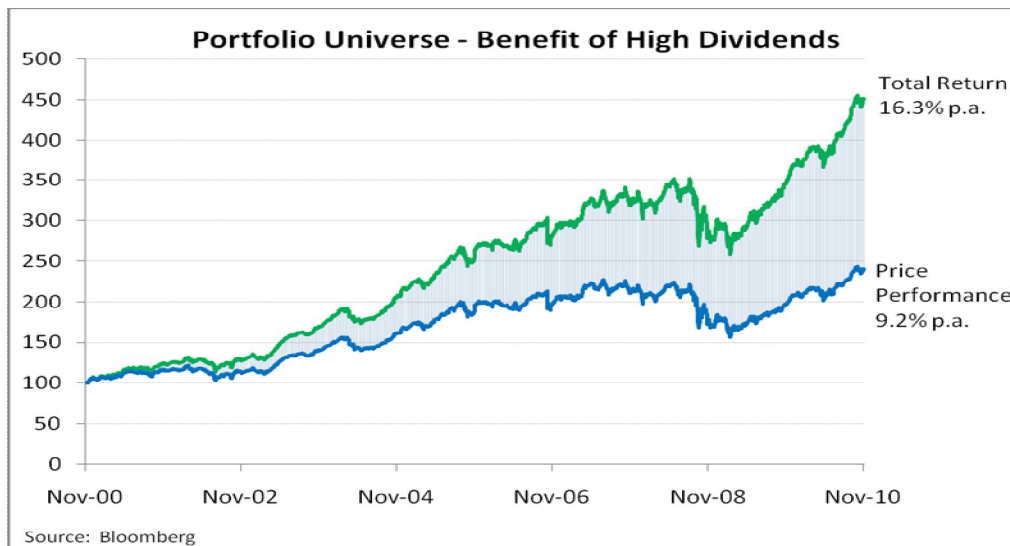
The information set forth above is historical and is not intended to be, nor should it be construed as, an indication as to future market capitalizations, closing prices, volatility levels, dividend yields or annual growth rates of the securities in the Fund's portfolio.

The high levels of cash flow generated from issuers in the utilities and telecommunications sectors result in a higher average dividend yield for the Portfolio Universe compared to the S&P/TSX Composite Index. The table below illustrates that, as of November 25, 2010, the dividend yield of the Portfolio Universe was 5.92% compared to S&P/TSX Composite Index at 2.53%.



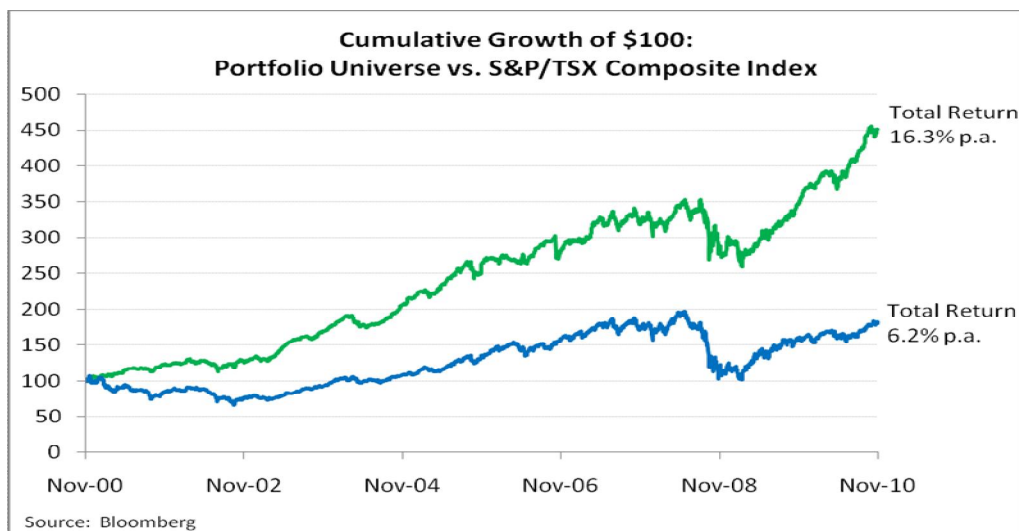
Source: Bloomberg

Dividends and dividend growth have a significant impact on the total return on an investment. The Portfolio Universe has demonstrated a ten-year total return compound annual growth rate of 16.31%. A significant portion of this return is due to dividends. The following chart shows the Portfolio Universe's total return, including the value of reinvested dividends, for the ten-year period ended November 25, 2010 as compared to the return on the Portfolio Universe based on market price only.



Source: Bloomberg

Due primarily to high dividends, the Portfolio Universe has significantly outperformed the S&P/TSX Composite Index over the ten-year period ended November 25, 2010 with a total return of 16.31% compared to the S&P/TSX Composite Index of 6.22% per annum.

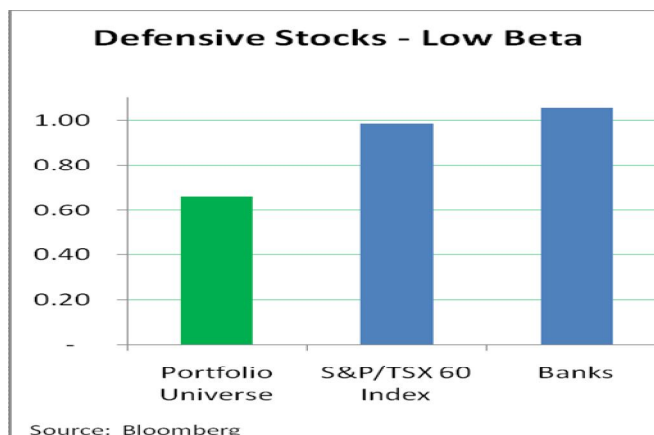


Annualized Returns (November 23, 2000 to November 25, 2010)

Year(s)	Portfolio Universe	S&P/TSX Composite Index
1 Year	30.74%	14.97%
3 Years	12.00%	1.61%
5 Years	11.36%	6.00%
10 Years	16.31%	6.22%

The information set forth above is historical and is not intended to be, nor should it be construed as, an indication as to future annualized returns.

The securities included in the Portfolio Universe have a lower average beta than other sectors which is one reason they are viewed as defensive stocks. Beta is a financial term used as a measure of a security's or a portfolio's returns in relation to the market. A positive beta means the security's returns will generally follow the market whereas a negative beta means the security's returns will generally move in the opposite direction to the market. For example, a beta of 0.70 would mean one might expect the security to experience 70% of the market's movement upwards and only 70% of any market downturn.



Other Hedging to Protect Portfolio Assets

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

Leverage

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

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

Currency Hedging

To the extent that the Fund may hold U.S. dollar denominated securities, the Fund may be exposed to changes in the value of the U.S. dollar against the Canadian dollar. In such circumstances, the Fund will hedge substantially all of the Fund's foreign currency exposure back to the Canadian dollar.

Securities Lending

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

Covered Option Writing

General

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

The holder of a call option purchased from the Fund will have the option, exercisable during a specific time period or at expiry, to purchase the securities underlying the option from the Fund at the strike price

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

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

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

Call Option Pricing

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

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

the volatility of the price of the underlying security the volatility of the price of a security measures the tendency of the price of the security to vary during a specified period. The higher the price volatility, the more likely that the price of that security will fluctuate (either positively or negatively) and the greater the option premium. Price volatility is generally measured in percentage terms on an annualized basis, based on price changes during a period of time immediately prior to or “trailing” the date of calculation.

the difference between the strike price and the market price of the underlying security at the time the option is written the smaller the positive difference (or the larger the negative difference), the greater the option premium.

the term of the option

the longer the term, the greater the call option premium.

the “risk-free” or benchmark interest rate in the market in which the option is issued

the higher the risk-free interest rate, the greater the call option premium.

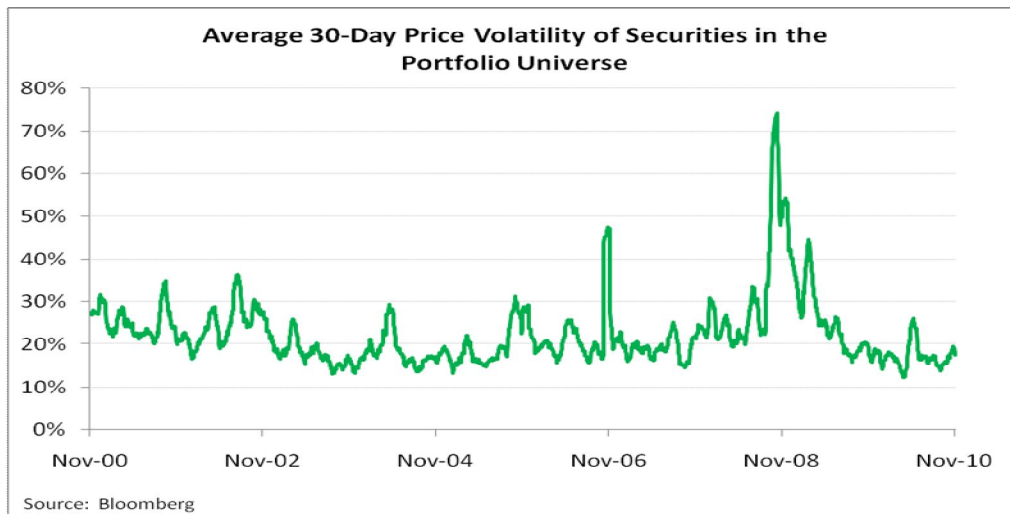
the dividends expected to be paid on the underlying security during the relevant term

the greater the dividends, the lower the call option premium.

Volatility History

The historical average, low, high and current values of the trailing 30-day volatility (expressed in percentages on an annualized basis) for the securities in the Portfolio Universe for the ten years ended November 25, 2010 are as follows:

	Ten-Year Price Volatility			
	Average	Low	High	Current
30-day volatility	22.30%	12.34%	74.11%	17.47%



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

Income from Covered Call Option Writing

The following table sets forth the income, expressed as a percentage of the NAV of the Fund, and net of Fund expenses (excluding any gains or losses on portfolio investments, distribution increases or decreases and any amounts paid to close out in-the-money options), generated by writing at-the-money covered call options on up to 25% of the portfolio securities at various volatility levels.

The income numbers shown below do not take into account the potential price impact on portfolio value resulting from writing covered call options. Securities on which the Fund has written covered calls have the full downside risk associated with a regular security holding but are limited in upside return to the amount out-of-the money at which the call is written. In the case of covered calls written at-the-money,

the investor forgoes any upside on the security position, but retains all of the downside risk. In exchange for forgoing the upside return, the investor receives the premium payment. In an upward trending market, a portfolio that is subject to covered call option writing will generally show lower total returns and a commensurately lower volatility. In a flat or downward trending market, such a portfolio will generally provide higher relative returns as well as lower volatility.

Net Cash Flow Generated by the Fund (as a Percentage of NAV)

		Average Price Volatility of Securities in the Portfolio Universe									
	10%	15%	20%	25%	30%	35%	40%	45%	50%	55%	60%
At-the-Money	7.0%	8.7%	10.4%	12.1%	13.8%	15.5%	17.2%	18.9%	20.6%	22.3%	24.0%

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

The table above was generated using a modified Black-Scholes Model and assumes that call options will be written at-the-money—which is within the range of percentage out-of-the-money generally expected to be utilized by MCM in writing call options—and is based on the following assumptions:

- (i) the gross proceeds from the Offering are \$100 million;
- (ii) the range of volatility shown in the table approximates the range of the historical average volatility of securities in the Portfolio Universe;
- (iii) all call options are exercisable only at maturity and are written at-the-money;
- (iv) 25% of the portfolio securities are subject to 30-day call options throughout the relevant period (for illustrative purposes only—this assumption is not indicative of the extent to which covered call options are expected to be written by the Fund);
- (v) the Canadian risk-free or benchmark interest rate equals 2.0% per annum;
- (vi) the average net return from the distributions paid on securities in the Fund’s portfolio is 5.92% per annum;
- (vii) there are no realized capital gains or losses on securities in the portfolio for the period during which the call options are outstanding (for illustrative purposes only—the Fund expects that there will be capital gains and losses that may have a positive or negative effect on the value of the Fund); and
- (viii) annual expenses (ordinary and extraordinary) plus any applicable taxes, of the Fund are \$250,000, plus fees payable to MCM of 1.10% of the total assets of the Fund, plus the annual service fee of 0.40% of the value of the Units held by clients of a dealer and payable to each dealer whose clients hold Units.

Utilization of Cash Equivalents

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

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

OVERVIEW OF THE SECTORS IN WHICH THE FUND INVESTS

MCM believes, based on its research and analysis, that a number of factors make utilities and telecommunications securities an attractive investment both in the short- and long-term.

Equity securities of issuers in the utilities and telecommunications sectors are recognized as defensive stocks because of the relative protection such securities offer from price volatility and business and market risks. The utilities sector includes companies involved in the generation, transmission and/or distribution of electricity, water and oil and gas from facilities that are owned or operated under contract. Often, companies in this sector are subject to government oversight or regulation. As a result, utilities securities have stable revenue streams. The telecommunications sector includes companies that provide data and voice communication services, including television and video services, through fixed line and/or wireless networks.

The Canadian utility sector is represented by the S&P/TSX Capped Utility Index (TSX: TTUT) which currently has ten constituents based on the Global Industry Classification system maintained by Standard & Poor's. The Canadian telecommunications sector is represented by the S&P/TSX Capped Telecommunications Services Index (TSX: TTTS) which currently has five constituents based on the Global Industry Classification system maintained by Standard & Poor's.

The Manager believes that, during periods of economic uncertainty and financial instability, investment in securities of utilities and telecommunications issuers offers protection against risk. Utilities securities have fared well during the recent economic recession because companies in this sector provide essential services and demand for such services are rarely affected by recessions. Given heightened corporate and banking default risks and increasing money supplies, investment in utilities and telecommunications securities may be an attractive investment in the current global economy.

INVESTMENT RESTRICTIONS

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

- (i) purchase equity or preferred securities of issuers in the utilities and telecommunications sectors provided that: (a) at least 80% of the value of the Fund's securities is invested in securities of Canadian issuers listed on the TSX which have a minimum market capitalization of \$1 billion and a current minimum distribution yield of 2.0% per annum

at the time of investment; (b) no more than 20% of the value of the Fund is invested in securities of North American issuers in the utilities and telecommunications sectors which have a minimum market capitalization of \$250 million and a minimum distribution yield of 2.0% per annum at the time of investment; and (c) after such purchase, no more than 10% of the NAV of the Fund is invested in the securities of any one issuer;

- (ii) not purchase equity securities of issuers other than those permitted under paragraph (i) and may only purchase debt securities if such securities are cash equivalents;
- (iii) write a call option in respect of any security only if such security is actually held by the Fund in the portfolio at the time the option is written, provided that covered call options may only be written in respect of up to a maximum of 25% of the securities in the portfolio;
- (iv) not dispose of any security that is subject to a call option written by the Fund unless such option has either terminated or expired;
- (v) write put options in respect of any security only if (a) the Fund is permitted to invest in such security in the portfolio, and (b) so long as the options are exercisable, the Fund continues to hold cash equivalents sufficient to acquire the securities underlying the options at the aggregate strike price of such options;
- (vi) reduce the total amount of cash equivalents held by the Fund only if the total amount of cash equivalents held by the Fund remains an amount not less than the aggregate strike price of all outstanding put options written by the Fund;
- (vii) purchase call options and put options with the effect of closing out existing call options and put options written by the Fund;
- (viii) purchase put options on individual securities in the portfolio and indexed put options provided that after such purchase, no more than an aggregate of 25% of the NAV of the Fund is invested in such securities;
- (ix) purchase derivatives or enter into derivatives or other transactions to facilitate achieving the investment objectives of the Fund;
- (x) not undertake any activity, take any action, omit to take any action or make or hold any investment that would result in the Fund failing to qualify as a “mutual fund trust” within the meaning of the Tax Act;
- (xi) not enter into any arrangement (including the acquisition of securities for the investment portfolio and the writing of covered call options in respect thereof) where the result is a dividend rental arrangement for the purposes of the Tax Act;
- (xii) not make or hold any investment that would result in the Fund becoming a “SIFT trust” within the meaning of subsection 122.1(1) of the Tax Act;
- (xiii) not acquire any interest in a non-resident trust that is not an “exempt foreign trust”, as set forth in the proposed amendments to the Tax Act dealing with non-resident trusts contained in draft legislation released on August 27, 2010 by the Department of Finance (Canada) to implement certain tax measures from the 2010 federal budget (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);

- (xiv) not invest in any security that would be a “tax shelter investment” within the meaning of the Tax Act;
- (xv) not acquire or hold any property that is “taxable Canadian property” within the meaning of the Tax Act or that will otherwise constitute “specified property” within the meaning of the proposed amendments to the Tax Act announced on September 16, 2004 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto); and
- (xvi) not invest in any security of an issuer that would be a foreign affiliate of the Fund for purposes of the Tax Act.

FEES AND EXPENSES

Initial Expenses

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

Ongoing Fees and Expenses

MCM is entitled to fees at an annual rate of 1.10% of the NAV plus applicable taxes. Fees payable to MCM will be calculated and payable monthly based on the NAV as at the Redemption Date (as defined below) of each month.

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

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

RISK FACTORS

The following are certain considerations relating to an investment in Units of the Fund which prospective investors should consider before purchasing such securities.

Concentration Risk

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

Portfolio Securities

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

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

Recent Global Financial Developments

Global financial markets experienced a sharp increase in volatility in late 2008 and early 2009. This contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as global governments are attempting to restore much needed liquidity to the global economies, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not materially and adversely affect economies around the world in the near to medium term. Some of these economies may experience significantly diminished growth and some may suffer a recession. There is a possibility of similarly adverse market conditions and unexpected volatility or illiquidity in financial markets may adversely affect the prospects of the Fund and the value of the portfolio securities. A substantial drop in Canadian and North American equities markets could have a significant negative effect on the Fund.

No Assurances of Achieving Investment Objectives

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

Use of Options and Other Derivative Instruments

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

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

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

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

Currency Hedging

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

Reliance on the Investment Manager

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

Interest Rate Fluctuations

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

Trading at a Discount

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

Significant Redemptions

Units are redeemable monthly based on market price and, commencing in June 2012, annually for a price based on NAV per Unit. The purpose of the annual redemption right is to prevent the Units from trading at a substantial discount to the NAV per Unit and to provide Unitholders with the right to realize their investment once per year without any trading discount to such value. While the annual redemption right provides Unitholders the option of annual liquidity, there can be no assurance that it will reduce trading discounts. If a significant number of Units is redeemed, the trading liquidity of the Units could be significantly reduced. In addition, the expenses of the Fund would be spread among fewer Units potentially resulting in lower NAV per Unit. Other closed-end funds with annual redemption rights similar to the redemption rights in respect of the Units have experienced significant redemptions on annual redemption dates in the past.

Operating History

The Fund is a newly organized investment trust with no previous operating history. There is currently no public market for the Units and there can be no assurance that an active public market in respect of the Units will develop or be sustained after completion of the Offering.

Status of the Fund for Securities Law Purposes

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

Securities Lending

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

Leverage

Although the Fund does not initially intend to employ any leverage, MCM on behalf of the Fund may use a loan facility and other forms of leverage, to a maximum of 15% of the NAV of the Fund at the time of borrowing (after giving effect to such borrowing), when market conditions provide opportunities to increase the potential returns of the portfolio by taking advantage of the spread between the potential return on additional investments in the portfolio and the cost of borrowing the purchase price for such investments and for working capital purposes.

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

The expenses and fees incurred in respect of forms of leverage may exceed the incremental capital gains/losses and income generated by the incremental investments for the portfolio. In addition, the Fund

may not be able to renew a loan facility or other forms of leverage on acceptable terms at the expiry of its term or in the event of early termination. The Fund may utilize the maximum amount of leverage permitted by the investment restrictions described under “Investment Restrictions”.

There is a possibility that some of the interest paid on a loan facility may not be deductible by the Fund. See “Income Tax Considerations”.

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.

Effective July 1, 2010, the Ontario and British Columbia provincial sales taxes were harmonized with the 5% federal goods and services tax (“GST”) to create a federal harmonized sales tax (“HST”) for goods and services. HST is also applicable in Nova Scotia, New Brunswick and Newfoundland and Labrador. The Fund is required to pay applicable GST and HST (of up to 15% in the latter case) on management fees and administration fees charged to the Fund, based on the province or territory of residence of the Unitholders. It is currently uncertain whether HST applies to trailer commissions paid to an investment dealer. If HST applies to trailer commissions, the Fund will be required to pay HST on the Service Fee that is paid to dealers, thereby increasing the cost borne by the Fund.

Taxation of the Fund

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

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

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

Currently, a trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is property other than taxable Canadian property as defined in the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released tax proposals to the Tax Act which propose that a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships, or any combination thereof, is more than 50% of the aggregate fair market value of all units issued by the trust where, at that time or any previous time, more than 10% (based on fair market value) of the trust’s property is taxable Canadian property or certain other types of property (the “September 16th Tax Proposals”). If the September 16th Tax Proposals are enacted as proposed, and if these circumstances applied to the Fund, the Fund would thereafter cease to be a mutual fund trust and the income tax considerations as described under “Income Tax Considerations” would in some respects be materially different. The September 16th Tax Proposals do not currently

provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Department of Finance (Canada) tabled a Notice of Ways and Means Motion which did not include these proposed changes pending further consultation with interested parties. Bill C-52, which received Royal Assent on June 22, 2007, amended the relevant provision of the Tax Act such that a trust is deemed not to be a mutual fund trust after any time when it can be reasonably considered that the trust was established or maintained primarily for the benefit of non-resident persons, unless at that time all or substantially all of its property is property other than taxable Canadian property. It is not clear whether this amendment supersedes the proposal released on September 16, 2004. There can be no assurance that the September 16th Tax Proposals will be enacted in the form publicly announced or at all.

The Fund will use derivative instruments for converting non-Canadian currency exposure to the Canadian dollar. In accordance with the published administrative practice of CRA, gains or losses realized on derivatives by virtue of the fluctuation of foreign currencies against the Canadian dollar will, where such derivatives are sufficiently linked with and hedge currency exposure in respect of, underlying securities, be treated and reported for purposes of the Tax Act on capital or income account depending on the nature of the securities to which the hedge is linked and designations with respect to its income and capital gains will be made and reported to Unitholders on this basis. If any dispositions or transactions of the Fund are reported on capital account but are subsequently determined to be on income account, the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders could increase.

Under the SIFT Rules, trusts or partnerships (defined as “SIFT trusts” and “SIFT partnerships”, respectively) the securities of which are listed or traded on a stock exchange or other public market and that hold one or more “non-portfolio properties” (as defined) are effectively taxed on income and capital gains in respect of such non-portfolio properties at combined rates comparable to the rates that apply to income earned and distributed by Canadian corporations. The Fund is formed to provide investors with exposure to portfolio investments and is subject to investment restrictions intended to ensure that it will not be a SIFT trust (as defined in the Tax Act). If the Fund were to qualify as a SIFT trust within the meaning of the Tax Act, the income tax considerations described under the heading “Income Tax Considerations” would be materially and adversely different in certain respects.

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

In determining its income for tax purposes, the Fund will treat option premiums received on the writing of covered call options and cash-covered put options and any gains or losses sustained on closing out options as capital gains and capital losses in accordance with CRA’s published administrative practice. CRA’s practice is not to grant advance income tax rulings on the characterization of items as capital or income and no advance income tax ruling has been applied for or received from CRA.

If some or all of the transactions undertaken by the Fund in respect of covered options and securities in the Fund’s portfolio were treated on income rather than capital account, the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders could increase. Any such redetermination by the CRA may result in the Fund being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. Such potential liability may reduce NAV, NAV per Unit and/or the trading prices of the Units.

Prospective purchasers may wish to consult their own investment advisors for advice with respect to the merits of an investment in Units.

DISTRIBUTION POLICY

The Fund intends to pay monthly cash distributions to Unitholders on the last day of each month in an amount targeted to be 7.0% per annum of the NAV of the Fund. The Fund has determined to base the distributions it pays on the NAV of the Fund in order to better facilitate the preservation and enhancement of the Fund's NAV and to enable Unitholders to benefit from any increases in the NAV of the Fund through the resulting increased distributions. The monthly distributions will be determined using the last NAV prior to the declaration date for the distribution. The first distribution will be for the period from closing until the end of January 2011 and is expected to be \$0.09688 per Unit.

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 maintain distributions at the initial amount. The amount of distributions in any particular month will be determined by the 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 may be made in cash and/or Units that may at the discretion of the Fund be automatically consolidated. Income or taxable capital gains distributed to a Unitholder in Units are required to be included in the Unitholder's income even though no cash will be distributed to fund any resulting tax payment. See "Income Tax Considerations".

Cash distributions will be payable in Canadian dollars to Unitholders of record at 5:00 p.m. (Toronto time) on the record date which will generally be on or about the 15th 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.

Each Unitholder will be mailed annually, no later than March 31 (March 30 in a leap year), information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the Fund in respect of the preceding taxation year of the Fund. See "Income Tax Considerations".

PURCHASES OF UNITS

Method to Purchase Units

Prospective purchasers may purchase Units either by: (i) a cash payment or (ii) an exchange (the "Exchange Option") of freely-tradable listed securities of issuers in the Portfolio Universe or the S&P/TSX 60 Index (the "Exchange Eligible Issuers"). **The Exchange Option does not constitute, and is not to be construed as, a take-over bid for any Exchange Eligible Issuer.** The maximum number of securities of any one Exchange Eligible Issuer which the Fund may acquire under the Offering pursuant to the Exchange Option is that number of securities which constitutes 9.9% of the outstanding securities of that class of such Exchange Eligible Issuer (such number being referred to as the "Maximum Ownership

Level”). For greater certainty, when the Maximum Ownership Level has been achieved in respect of the securities of a particular Exchange Eligible Issuer accepted as payment for Units pursuant to the Offering, the Fund will not accept any further securities of such Exchange Eligible Issuer as payment. To the extent the Maximum Ownership Level has been achieved in respect of the securities of any one Exchange Eligible Issuer, and an excess of securities of such Exchange Eligible Issuer above the Maximum Ownership Level have been deposited and not withdrawn, then the securities of such Exchange Eligible Issuer will be accepted by the Fund to the Maximum Ownership Level on a *pro rata* basis or such other reasonable basis that it may determine to be appropriate. The Fund reserves the right to accept in its sole discretion and for any reason, the securities of additional issuers under the Exchange Option and to reject, in its sole discretion, in whole or in part, any securities of Exchange Eligible Issuers deposited pursuant to the Exchange Option.

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

Procedure

A prospective purchaser of Units who elects to pay for such Units by using the Exchange Option (the “Exchange Option Election”) must have done so by means of a book-entry deposit of the securities of Exchange Eligible Issuers through CDS Clearing and Depository Services Inc. (“CDS”). Prospective purchasers who utilize the Exchange Option must have deposited their securities of Exchange Eligible Issuers with Computershare Investor Services Inc. (the “Exchange Agent”) through CDS prior to 5:00 p.m. (Toronto time) on November 26, 2010. Such book-entry deposits must have been made by a participant in CDS, which may have had an earlier deadline for receiving instructions from the participant’s clients to deposit securities of Exchange Eligible Issuers under the Exchange Option. Once submitted to the Exchange Agent through CDS, a deposit of securities of an Exchange Eligible Issuer (including the transfers authorized thereby) is, subject to the completion of the Offering, irrevocable unless withdrawn as described below under the heading “Withdrawal of Exchange Option Elections”. By authorizing a deposit of securities of an Exchange Eligible Issuer through CDS, a prospective purchaser has authorized the transfer to the Fund of each security of the Exchange Eligible Issuer so deposited and represents and warrants that the prospective purchaser has full right and authority to transfer the securities of the Exchange Eligible Issuers covered thereby and is the beneficial owner of such securities, that such securities have not previously been conveyed, that the transfer of such securities is not prohibited by laws applicable to the prospective purchaser and that such securities are free and clear of all liens, encumbrances and adverse claims. Such representations and warranties will survive the issuance of Units in exchange for such securities of Exchange Eligible Issuers. The Fund’s interpretation of the terms and conditions of the Exchange Option will be final and binding. The Fund reserves the right to waive any conditions of the Exchange Option and any irregularities in the deposit of securities of Exchange Eligible Issuers pursuant to the Exchange Option. Neither the Fund, the Agents nor the Exchange Agent shall be under any duty to notify a prospective purchaser of irregularities related to its deposit of securities of Exchange Eligible Issuers under the Exchange Option and will not incur any liability for failure to give such notification. If for any reason securities of an Exchange Eligible Issuer deposited pursuant to the Exchange Option are not acquired by the Fund, the holders of such securities will be notified of such fact as soon as practicable following the closing or the termination of the Offering, as the case may be, and such securities will be re-credited to their accounts through CDS.

Determination of Exchange Ratio

The number of Units issuable for each security of an Exchange Eligible Issuer (the “Exchange Ratio”) will be determined by dividing the weighted average trading price of the securities of such Exchange

Eligible Issuer on the Toronto Stock Exchange during the three consecutive trading days ending on November 26, 2010 (the “Pricing Period”) as adjusted to reflect dividends declared or distributions pending by any Exchange Eligible Issuer that trades on an ex-dividend basis until the date of the closing of the Offering (the “Closing Date”) by \$12.00 (being the original issue price per Unit). Holders of securities of Exchange Eligible Issuers who deposited such securities pursuant to the Exchange Option will continue to be holders of record up to the Closing Date and will be entitled to receive distributions in respect of such securities of Exchange Eligible Issuers up to but not including the Closing Date. The Fund will not issue fractional Units pursuant to the Exchange Option. Entitlement to fractional Units will be determined on the basis of the aggregate number of securities of each Exchange Eligible Issuer acquired pursuant to the Exchange Option and the Fund will issue to CDS cash in lieu thereof. Allocation by CDS of cash in lieu of fractional Units to participants in CDS will be at the discretion of CDS and the allocation of cash in lieu of fractional Units to purchasers who have authorized the deposit of Exchange Option Elections through CDS will be at the discretion of the participants in the CDS depository system (“CDS Participants”).

Withdrawal of Exchange Option Elections

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

Maximum Offering

The maximum offering (prior to the exercise of the Over-Allotment Option (as defined below)), comprised of the aggregate cash subscriptions and securities of the Exchange Eligible Issuers (based on the applicable Exchange Ratio and excluding that number of securities of Exchange Eligible Issuers deposited and not acquired as a result of such securities causing the Fund to hold more than the Maximum Ownership Level of the outstanding securities of an Exchange Eligible Issuer), shall not be more than \$150,000,000. If the maximum offering (prior to the exercise of the Over-Allotment Option) is exceeded, the Fund will accept cash subscriptions first and will then accept securities of Exchange Eligible Issuers on a *pro rata* basis or such other reasonable basis that it may determine appropriate until the maximum offering size of \$150,000,000 is achieved, subject to the conditions set forth above under the heading “Method to Purchase Units”.

Exchange Eligible Issuers

The following table lists the names of certain of the Exchange Eligible Issuers whose securities will be accepted by the Fund pursuant to the Exchange Option, the adjusted weighted average trading price of the securities of each Exchange Eligible Issuer during the Pricing Period and the Exchange Ratio of each Exchange Eligible Issuer. The Fund may also accept any replacement securities included in the Portfolio Universe after the date hereof as a result of any rebalancings and securities of such other issuers as it shall in its discretion determine.

	Adjusted Weighted Average Trading Price	Exchange Ratio
S&P Capped Utility Index:		
Atco Ltd. (ACO.X)	\$57.1452	4.7621
Atlantic Power Corporation (ATP)	\$13.8427	1.1536
Brookfield Renewable Power Fund (BRC.UN)	\$21.1758	1.7646
Capital Power Income L.P. (CPA.UN)	\$17.8566	1.4880
Canadian Utilities Limited (CU)	\$51.7014	4.3084
Emera Incorporated (EMA)	\$31.8918	2.6577
Fortis Inc. (FTS)	\$31.8447	2.6537
Just Energy Income Fund (JE.UN)	\$14.5993	1.2166
Northland Power Income Fund (NPI.UN)	\$15.7644	1.3137
TransAlta Corporation (TA)	\$21.0415	1.7535
S&P/TSX Capped Telecommunications Index:		
Bell Aliant Regional Communications Income Fund (BA.UN)	\$26.7433	2.2286
BCE Inc. (BCE)	\$34.2162	2.8514
Manitoba Telecom Services Inc. (MBT)	\$28.6952	2.3913
Rogers Communications Inc. (RCLB)	\$36.5084	3.0424
TELUS Corporation (T)	\$46.4589	3.8716
Other Utilities and Telecommunications Issuers:		
TransCanada Corporation (TRP)	\$36.2098	3.0175
Enbridge Inc. (ENB)	\$56.7097	4.7258
Shaw Communications Inc. (SJR.B)	\$20.4403	1.7034
Inter Pipeline Fund (IPL. UN)	\$15.0783	1.2565
Pembina Pipeline Corporation (PPL)	\$21.5370	1.7948
Keyera Facilities Income Fund (KEY.UN)	\$34.3574	2.8631
Provident Energy Trust (PVE.UN)	\$7.4531	0.6211
AltaGas Ltd. (ALA)	\$20.8210	1.7351
Fort Chicago Energy Partners L.P. (FCE.UN)	\$12.5268	1.0439
Capital Power Corporation (CPX)	\$23.9349	1.9946
S&P/TSX 60 Index:		
Teck Resources Limited (TCK.B)	\$49.4021	4.1168

REDEMPTION OF UNITS

Units may be surrendered at any time for redemption to Computershare Investor Services Inc., the Fund's registrar and transfer agent, but will be redeemed only on a Redemption Date (as defined below). Units surrendered for redemption by a Unitholder at least twenty business days prior to the last day in June 2012 or any year thereafter (the "June Redemption Date") will be redeemed on such June Redemption Date. Units surrendered for redemption by a Unitholder at least ten business days prior to the last day of any other month (a "Monthly Redemption Date" and, together with the June Redemption Date, a "Redemption Date"), will be redeemed on such Monthly Redemption Date. If a day that would otherwise be a Redemption Date is not a business day, the Redemption Date shall be the preceding business day. Unitholders will receive payment for the Units on or before the 15th day following such Redemption Date (the "Redemption Payment Date"). 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 2012, Unitholders whose Units are redeemed on a June Redemption Date will be entitled to receive a redemption price per Unit equal to the NAV per Unit determined as of such date, less costs.

Costs may include an amount equal to the aggregate of all brokerage fees, commissions and other costs incurred by the Fund in connection with such payment, including, but not limited to, costs incurred in liquidating securities held in the Fund's portfolio.

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

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

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

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

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

Exercise of Redemption Right

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

By causing a CDS Participant to deliver to CDS a Redemption Notice, an owner shall be deemed to have irrevocably surrendered the owner's Units for redemption and appointed such CDS Participant to act as

the owner's exclusive settlement agent with respect to the exercise of the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

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

Resale of Units Tendered for Redemption

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

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

Suspension of Redemptions

MCM may direct the Fund's registrar and transfer agent, with notice to the Trustee, to suspend the redemption of Units or payment of redemption proceeds: (i) during any period when normal trading is suspended on a stock exchange on which securities of the Fund are traded, if those securities represent more than 50% by value, or underlying market exposure, of the total assets of the Fund without allowance for liabilities and if those securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund or (ii) with the prior permission of the securities regulatory authorities (if required), for any period not exceeding 120 days during which MCM determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager to determine the value of the assets of the Fund. The suspension may, in the discretion of the Manager, apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by MCM of the suspension and that the redemption will be effected at a price determined on the first applicable Redemption Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

Purchase for Cancellation

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

INCOME TAX CONSIDERATIONS

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

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

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

This summary is based on the current provisions of the Tax Act, counsel's understanding of the current published administrative policies and assessing practices of 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 being referred to as the "Tax Proposals"). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

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

Status of the Fund

This summary is based on the assumptions that the Fund will qualify at all relevant times as a "mutual fund trust" within the meaning of the Tax Act and that the Fund will validly elect under the Tax Act to be a mutual fund trust from the date it was established. To qualify as a mutual fund trust, (i) the Fund must be a Canadian resident "unit trust" for purposes of the Tax Act; (ii) the only undertaking of the Fund must be the investing of its funds in property (other than certain real property or interests in certain real property); and (iii) the Fund must comply with certain minimum requirements respecting the ownership and dispersal of Units. The Manager has advised counsel that the Fund will qualify as and will elect to be deemed to be a mutual fund trust throughout its first taxation year.

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

Taxation of the Fund

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

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

With respect to each issuer included in the Fund's investment portfolio that is a trust and that is not a SIFT trust within the meaning of the SIFT Rules, the Fund will be required to include in the calculation of its income the net income, including net taxable capital gains, paid or payable to the Fund by the issuer in the year, notwithstanding that certain of such amounts may be reinvested in additional units of such issuer. Provided that appropriate designations are made by the issuer, net taxable capital gains realized by the issuer and taxable dividends from taxable Canadian corporations received by the issuer that are paid or payable by the issuer to the Fund will effectively retain their character in the hands of the Fund. The Fund will be required to reduce the adjusted cost base of units of such issuer by any amount paid or payable by the issuer to the Fund except to the extent that the amount was included in calculating the income of the Fund or was the Fund's share of the non-taxable portion of capital gains of such issuer, the taxable portion of which was designated in respect of the Fund. If the adjusted cost base to the Fund of such units becomes a negative amount at any time in a taxation year of the Fund, that negative amount will be deemed to be a capital gain realized by the Fund in that taxation year and the Fund's adjusted cost base of such units will be increased by the amount of such deemed capital gain. Losses (or allowable capital losses) of a trust in which the Fund holds units may not be flowed through to the Fund, but instead may be carried forward and deducted from future income (or taxable capital gains) by such trust.

With respect to each issuer included in the Fund's investment portfolio that is a limited partnership and that is not a SIFT partnership within the meaning of the SIFT Rules, the Fund will be required to include or, subject to certain restrictions, will be entitled to deduct, in computing its income, its share of the net income or loss (and capital gain or capital loss) for tax purposes of the issuer allocated to the Fund for the fiscal period of the issuer ending in the Fund's taxation year, whether or not a distribution is received. In general, the adjusted cost base to the Fund of the securities of such an issuer at a particular time will be equal to the actual costs of such securities plus the share of the income and capital gains of the issuer allocated to the Fund for fiscal years of the issuer ending before the particular time less the share of losses and capital losses of the issuer allocated to the Fund for fiscal years of the issuer ending before the particular time, and less the Fund's share of any distributions received from the issuer before the particular time. If the adjusted cost base to the Fund of the securities of such an issuer would otherwise become negative, such negative amount will be deemed to be a capital gain realized by the Fund and the Fund's adjusted cost base of such securities will be increased by the amount of such deemed capital gain.

Under the SIFT Rules, each issuer in the Fund's investment portfolio that is a SIFT trust or SIFT partnership as defined in the SIFT Rules will be subject to a tax in respect of its "non-portfolio earnings", which will include (i) income from non-portfolio properties (exceeding any losses for the taxation year from non-portfolio properties), other than taxable dividends, and (ii) taxable capital gains from dispositions of non-portfolio properties (exceeding allowable capital losses from dispositions of such

properties). For this purpose, non-portfolio properties include: (i) certain Canadian real and resource properties, (ii) a property that the SIFT trust or SIFT partnership (or a non-arm's length person or partnership) uses in the course of carrying on a business in Canada, and (iii) securities of a "subject entity" if the SIFT trust or SIFT partnership holds securities of the subject entity that have a total fair market value that is greater than 50% of the SIFT trust's or SIFT partnership's "equity value", or greater than 10% of the subject entity's "equity value". A "subject entity" includes corporations resident in Canada, trusts resident in Canada, and "Canadian resident partnership". The SIFT Rules provide that non-portfolio earnings of a SIFT trust or SIFT partnership will be taxed at a rate that is approximately equivalent to the federal general corporate tax rate for the taxation year plus a provincial tax factor. The SIFT Rules generally will not apply to taxation years of issuers that end before 2011 where the trust or partnership was a SIFT trust or a SIFT partnership on October 31, 2006. However, the deferral until 2011 will be lost and the SIFT Rules will apply immediately in any taxation year ending after 2006 if the issuer exceeds normal growth within the meaning of normal growth guidelines issued by the Department of Finance (Canada) on December 15, 2006 and incorporated by reference into the SIFT Rules. Where the deferral is not available, the SIFT Rules will generally apply to the 2007 and later taxation years of a SIFT trust or SIFT partnership. Under the SIFT Rules, the non-portfolio earning of a SIFT trust or SIFT partnership distributed to the Fund will generally be taxed to the Fund as though they were an eligible dividend from a taxable Canadian corporation.

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

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

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

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

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

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

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

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

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

Taxation of Holders

Units

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

Provided that appropriate designations are made by the Fund, such portion of: (i) the net realized taxable capital gains of the Fund, (ii) income of the Fund from foreign sources, and (iii) taxable dividends (including eligible dividends) received on shares of taxable Canadian corporations, as is paid or payable to a Unitholder, will effectively retain its character and be treated as such in the hands of the Unitholder

for purposes of the Tax Act. A taxable Unitholder will generally be entitled to foreign tax credits in respect of foreign taxes under and subject to detailed foreign tax credit rules under the Tax Act and depending upon other foreign source income or loss of and foreign taxes paid by the Unitholder. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules applicable to such dividends (including eligible dividends) will apply.

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

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

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

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

Exchange Option

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

INVESTMENTS BY REGISTERED PLANS

Provided that the Fund qualifies and continues to qualify at all times as a mutual fund trust within the meaning of the Tax Act, or that the Units are listed on a "designated stock exchange" for purposes of the Tax Act (which includes the TSX), the Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (each, a "registered plan"). However, the holder of a tax-free savings account that governs a trust which holds Units will be subject to a penalty tax if the holder 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.

ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND

The Manager and Investment Manager

MCM, as the Fund's manager, is responsible for providing or arranging for the provision of administrative services required by the Fund and, as the Fund's investment manager, will implement the investment strategy of the Fund. The principal office of MCM is located at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9.

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

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

MCM is the portfolio manager of the following funds that have completed prospectus offerings of shares or units in the respective amounts indicated: First Premium Income Trust (\$165 million), Premium Income Corporation (\$501 million), Top 10 Split Trust (formerly First Premium U.S. Income Trust) (\$404.6 million), First Premium Oil and Gas Income Trust (\$54.7 million), MCM Split Share Corp. (\$189.7 million), Global Telecom Split Share Corp. (\$170 million), Sixty Plus Income Trust (\$100 million), Global Plus Income Trust (\$121 million), Top 10 Canadian Financial Trust (formerly Digital World Trust) (\$265 million), Pro-AMS U.S. Trust (\$570.5 million), Government Strip Bond Trust (formerly Pro-AMS Trust) (\$1.13 billion), Mulvihill Pro-AMS 100^{PLUS} (Cdn\$) Trust (\$178.1 million), Mulvihill Pro-AMS 100^{PLUS} (US\$) Trust (US\$37.4 million), Mulvihill Pro-AMS RSP Split Share Corp. (\$106.5 million), World Financial Split Corp. (\$471.25 million), Core Canadian Dividend Trust (\$60 million), S Split Corp. (\$118.75 million) and Gold Participation and Income Fund (\$27.6 million).

All the individuals on the team responsible for investment management at MCM have significant experience in managing investment portfolios. The officers of MCM who will be 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 30 years of investment management experience. Prior to purchasing CTIC from The Canada Trust Company in 1995, Mr. Mulvihill had been Chairman of CTIC since 1988. At CTIC he had primary responsibility for the asset allocation and portfolio management of CTIC's pension and mutual fund assets.

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

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

Jeff Dobson, 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. She is a member of the investment management team and has extensive experience in the Canadian, U.S. and ADR equity markets.

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

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

Officers and Directors of the Manager

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

<u>Name and Municipality of Residence</u>	<u>Office or Position with the Manager</u>
John P. Mulvihill..... Toronto, Ontario	Chairman, President, Chief Executive Officer, Secretary and Director
David E. Roode..... Toronto, Ontario	President, Fund Services and Director
John Germain..... Toronto, Ontario	Senior Vice-President, Chief Financial Officer and Director
Supriya Kapoor..... Toronto, Ontario	Vice-President
Peggy Shiu..... Toronto, Ontario	Vice-President
Jack Way..... Toronto, Ontario	Vice-President

Each of the foregoing individuals has held his or her current office or has held a similar office with MCM or an affiliate during the five years preceding the date hereof, other than David E. Roode. In May 2010, Mr. Roode joined MCM from the Brompton Group where he had been since 2002, most recently as Senior Vice-President of Brompton Funds since 2005.

Duties and Services to be Provided by the Manager

Pursuant to the Trust Agreement, the Manager is responsible for providing or arranging for the provision of required administrative services to the Fund including, without limitation: authorizing the payment of operating expenses incurred on behalf of the Fund; preparing financial statements and financial and accounting information as required by the Fund; ensuring that Unitholders are provided with financial statements (including interim and annual financial statements) and other reports as are required by applicable law from time to time; ensuring that the Fund complies with regulatory requirements and applicable stock exchange listing requirements; preparing the Fund’s reports to Unitholders and the

Canadian securities regulatory authorities; providing the Trustee with the information and reports necessary for it to fulfil its fiduciary responsibilities; determining the amount of distributions to be made by the Fund; and negotiating contractual agreements with third-party providers of services, including registrars, transfer agents, auditors and printers.

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

The Manager may resign as manager of the Fund upon 60 days' notice in writing to the Trustee and to Unitholders or upon such lesser notice period as the Manager and the Trustee may accept. If the Manager resigns it may appoint its successor but its successor must be approved by a two-thirds majority vote of the Unitholders. However, such notice and Unitholder approval are not required if the successor manager is an affiliate of the Manager. If the Manager has committed certain events of bankruptcy or insolvency or is in material default of its obligations under the Trust Agreement and such default has not been cured within 30 days after notice of the same has been given to the Manager, the Trustee shall give notice thereof to the Unitholders and the Unitholders may direct the Trustee to remove the Manager and appoint a successor manager.

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

Duties and Services to be Provided by the Investment Manager

MCM will manage 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 (the "Investment Management Agreement") made between the Manager, as manager and on behalf of the Fund, and MCM, as investment manager, dated November 26, 2010.

The services to be provided by MCM pursuant to the Investment Management Agreement will include making all investment decisions for the Fund and managing the call option writing and put option writing by the Fund, all in accordance with the investment objectives, strategies and restrictions of the Fund. Decisions as to the purchase and sale of securities and as to the execution of all portfolio and other transactions will be made by MCM. In the purchase and sale of securities for the Fund and the writing of option contracts, MCM 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 that is fair and reasonable to the Fund, honestly and in good faith and in the best interests of the Fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The Investment Management Agreement provides that neither MCM nor any officer, director or agent thereof shall be liable in any way to the Fund or any Unitholder for any default, failure or defect in any of the securities of the Fund. MCM will, however, incur liability in cases of wilful misfeasance, bad faith, negligence or breach of its obligations under the Investment Management Agreement.

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

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

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

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

The Advisory Board

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

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

(1) Independent of the Manager.

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

Conflicts of Interest

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

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

Independent Review Committee

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

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

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

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

Michael M. Koerner is President of Canada Overseas Investments Limited and Sylva Investments Limited. Mr. Koerner is a Trustee of the Art Gallery of Ontario and served as President from 1982-84. He is Treasurer of the Ontario Arts Council Foundation and of the Ontario Cultural Attractions Fund. A patron of many performing and visual arts organizations, Mr. Koerner was instrumental in the creation of the Canadian Encyclopaedia of Music. In 2006, Michael Koerner received The Edmund C. Bovey Award for outstanding leadership support of the arts. Mr. Koerner is a member of the Order of Canada and has served or is serving as a Director on numerous corporate Boards including CAE Inc., Pratt & Whitney, Co-Steel Inc., Finning International Inc., J.P. Morgan Bank of Canada, Central Wire Industries Ltd., Helix Investments Limited, Inuvialuit Investment Corporation and was Chairman of Suncor Energy Inc. for six years. He is also a Life Member of the Massachusetts Institute of Technology Corporation and past Chairman of the Investment Committee, Massachusetts Institute of Technology and a member of the Council of Advisors of the Canadian Institute for Advanced Research. Mr. Koerner received a Bachelor of Science from the Massachusetts Institute of Technology and a Master of Business Administration from Harvard Business School.

Robert W. Korthals is a former President of the Toronto-Dominion Bank and served as a director on the Ontario Teachers' Pension Plan Board from 1996 to 2000 and as the Chairperson from 2000 to 2006. Mr. Korthals has served as a director of numerous companies including Suncor Energy Inc. Rogers Communications Inc., Cognos Inc., and is currently a director of The Cadillac Fairview Corporation, Jannock Properties Ltd and a member of the Board of Trustees of the Canadian Parks and Wilderness Foundation. Mr. Korthals received a Bachelor of Science degree from University of Toronto and a Master of Business Administration from Harvard Business School.

Robert G. Bertram is the former Executive Vice President, Investments, of Ontario Teachers' Pension Plan Board from 1990 to 2008. He led Teachers' investment program and had oversight of the pension fund's growth to \$108.5 billion from \$19 billion when it was established in 1990. Prior to that, Mr. Bertram spent 18 years at Telus Corporation, lastly as Assistant Vice President and Treasurer. Mr. Bertram is the Chair of the Strategic Committee of Glass Lewis LLC and a director of The Cadillac Fairview Corporation, Nexen Inc. and Maple Leaf Sports and Entertainment Ltd. Mr. Bertram has a Bachelor of Arts degree in History from the University of Calgary and a Master of Business Administration from the University of Alberta. He is a Chartered Financial Analyst (CFA) charter holder and a holder of an ICD.D designation (Institute of Corporate Directors and the Rotman School of Business) and also a director of the ICD Endowment Fund.

The Trustee

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

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

The Trust Agreement provides that the Trustee shall not be liable in carrying out its duties under the Trust Agreement except where it is in breach of its obligations under the Trust Agreement or where the Trustee fails to act honestly and in good faith, and in the best interests of the Fund, or to exercise the degree of care, diligence and skill that a reasonably prudent Canadian trust company would exercise in comparable circumstances. In addition, the Trust Agreement contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee and its agents and the directors, officers and employees of either of them in respect of certain liabilities incurred in carrying out their duties.

The address of the Trustee is 77 King Street West, 7th Floor, Toronto, Ontario, M5W 1P9.

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

The Custodian

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

Auditors

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

Registrar and Transfer Agent and Exchange Agent

Pursuant to the Registrar and Transfer Agency Agreement, Computershare Investor Services Inc. will provide the Fund with registrar, transfer and distribution agency services in respect of the Units from its principal office in Toronto, Ontario.

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

Promoter

MCM has taken the initiative in organizing the Fund and accordingly may be considered to be a "promoter" of the Fund within the meaning of the securities legislation of certain provinces of Canada. MCM will receive fees from the Fund and will be entitled to reimbursement of expenses incurred in relation to the Fund as described under "Fees and Expenses".

CALCULATION OF NET ASSET VALUE

Calculation of Net Asset Value and NAV per Unit

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

In general, the NAV per Unit will be calculated as of the close of business on every business day and if a valuation date is not a business day, then the securities comprising the Fund property will be valued as if such valuation date were the preceding business day.

Valuation Policies and Procedures

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

- (i) the value of any security, index futures or index options thereon that is listed on any recognized exchange shall be determined by the closing sale price at the valuation time or, if there is no closing sale price, the average between the closing bid and the closing asked price on the day on which the NAV is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;
- (ii) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Fund shall be reflected as a deferred credit that shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their then current market value;
- (iii) purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
- (iv) the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Manager determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Manager determines to be the reasonable value thereof;
- (v) the value of a futures contract or a forward contract shall be the gain or loss with respect thereto that would be realized if, at the valuation time, the position in the futures contract or the forward contract were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- (vi) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;

- (vii) the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on the valuation date at such times as the Manager, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (viii) 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;
- (ix) 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;
- (x) all Fund property valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency shall be converted into Canadian dollars by applying the rate of exchange obtained from the best available sources to the Manager, including, but not limited to, the Manager or any of its affiliates;
- (xi) all expenses or liabilities (including fees payable to the Manager) of the Fund shall be calculated on an accrual basis; and
- (xii) the value of any security or property to which, in the opinion of the Manager, the above valuation principles cannot be applied shall be the fair value thereof determined in such manner as the Manager from time to time provides.

The above principles are used to calculate NAV for all purposes other than financial statement reporting. With respect to financial reporting, the *Canadian Institute of Chartered Accountants Handbook* ("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.

Reporting of Net Asset Value

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

ATTRIBUTES OF THE UNITS

Description of the Securities Distributed

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 Fund proposes to offer the Units at a price of \$12.00 per Unit. Each Unit consists of one transferable, redeemable Unit.

All Units have equal rights and privileges. As set forth under “Unitholder Matters – Matters Requiring Unitholder Approval”, each Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains and distributions upon the termination of the Fund. Units are issued only as fully paid and are non-assessable. Fractions of Units are proportionately entitled to all of these rights except voting rights. Holders of Units will have no voting rights in respect of the securities in the Fund’s investment portfolio. Such securities will be voted in accordance with the proxy voting guidelines of the Fund. See “Proxy Voting Disclosure for Portfolio Securities Held”.

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

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

The Fund may not issue additional Units following completion of the Offering and the closing of the final exercise of the Over-Allotment Option except: (i) by way of private placement or public offering where the net proceeds per Unit to be received by the Fund are not less than the most recently calculated NAV per Unit prior to the date of the setting of the subscription price by the Fund; (ii) on a distribution of Units or on an automatic reinvestment of distributions of net income or net realized capital gains or (ii) with the approval of Unitholders.

Book-Entry-Only and Book-Based Systems

Registrations of interests in, and transfers of, the Units will be made only through the book-entry-only system of CDS. Registrations of interests in, and transfers of, the Units will be made only through the book-based system of CDS. On or about December 17, 2010, but no later than December 31, 2010, the Fund will deliver to CDS certificates evidencing the aggregate Units subscribed for under the Offering. Units must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation. References in this prospectus to a Unitholder means, unless the context otherwise requires, the owner of the beneficial interest in such Units held by such person.

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

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

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

UNITHOLDER MATTERS

Meetings of Unitholders

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

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

Matters Requiring Unitholder Approval

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

- (i) a change in the fundamental investment objectives of the Fund as described under "Investment Objectives";
- (ii) a change in the investment restrictions of the Fund as described under "Investment Restrictions";
- (iii) any change in the basis of calculating fees or other expenses that are charged to the Fund which could result in an increase in charges to the Fund;
- (iv) a change in the manager of the Fund, other than a change resulting in an affiliate of the current manager assuming such position;
- (v) except as described in the Investment Management Agreement, a change in investment manager, other than a change resulting in MCM or an affiliate of the current investment manager assuming such position;
- (vi) except as described in the Trust Agreement, a change in the trustee of the Fund, other than a change resulting in the Manager or an affiliate of the current trustee assuming such position;
- (vii) a decrease in the frequency of calculating the NAV per Unit (if the NAV per Unit is proposed to be calculated less frequently than weekly) or redeeming Units;
- (viii) a reorganization with, or transfer of assets to, another investment fund, if:
 - (a) the Fund ceases to continue after the reorganization or transfer of assets; and
 - (b) the transaction results in Unitholders becoming security holders in the other investment fund;

- (ix) a reorganization with, or acquisition of assets of, another investment fund, if:
 - (a) the Fund continues after the reorganization or acquisition of assets;
 - (b) the transaction results in the security holders of the other investment fund becoming Unitholders of the Fund; and
 - (c) the transaction would be a material change to the Fund;
- (x) a termination of the Investment Management Agreement (except as described under “Organization and Management Details of the Fund – The Manager and Investment Manager”);
- (xi) except as described under “Termination of the Fund”, the termination of the Fund; or
- (xii) an amendment, modification or variation in the provisions or rights attaching to the Units.

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

Amendments to the Trust Agreement

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

- (i) remove any conflicts or other inconsistencies which may exist between any terms of the Trust Agreement and any provisions of any law or regulation applicable to or affecting the Fund;
- (ii) make any change or correction in the Trust Agreement which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (iii) bring the Trust Agreement into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities industry, provided that any such amendment does not adversely affect the pecuniary value of the interest of any Unitholder;
- (iv) maintain the status of the Fund as a “mutual fund trust” for the purposes of the Tax Act; or
- (v) provide added protection to Unitholders.

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

Reporting to Unitholders

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

TERMINATION OF THE FUND

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

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

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

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

USE OF PROCEEDS

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

	<u>Maximum Offering</u>	<u>Minimum Offering</u>
Gross proceeds to the Fund	\$150,000,000	\$25,000,000
Agents’ fees	\$7,875,000	\$1,312,500
Expenses of issue	<u>\$600,000</u>	<u>\$375,000</u>
Net proceeds to the Fund	\$141,525,000	\$23,312,500

The net proceeds from the issue of Units offered hereby assuming the maximum offering (after payment of the Agents’ fee and expenses of the issue) are estimated to be \$141,525,000 and will be used to purchase securities for the Fund’s investment portfolio following closing. See “Overview of the Sectors in which the Fund Invests”.

PLAN OF DISTRIBUTION

Pursuant to an agreement dated as of November 26, 2010 (the “Agency Agreement”) between RBC Dominion Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., HSBC Securities (Canada) Inc., Raymond James Ltd., Canaccord Genuity Corp., Dundee Securities Corporation, Mackie Research Capital Corporation and Manulife Securities Incorporated (collectively, the “Agents”) and MCM and the Fund, the Agents have agreed to offer the Units for sale, as agents of the Fund, on a best efforts basis, if, as and when issued by the Fund. The Agents will receive a fee equal to \$0.63 for each Unit sold (either in cash or for shares of Exchange Eligible Issuers deposited pursuant to the Exchange Option) and will be reimbursed for out-of-

pocket expenses incurred by them. The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Units offered hereby, the Agents will not be obligated to purchase Units which are not sold.

The Fund has granted the Agents an option (the “Over-Allotment Option”) to offer up to 1,875,000 additional Units on the same terms set forth above. This prospectus qualifies the distribution of the Over-Allotment Option and the Units issuable on the exercise thereof. The Agents may exercise the Over-Allotment Option in whole or in part at any time on or before the close of business on the thirtieth day following the Closing Date. To the extent that the Over-Allotment Option is exercised, the additional Units will be offered at the offering prices hereunder and the Agents will be entitled to a fee of \$0.63 per Unit purchased.

The offering price was established by negotiation between the Agents and the Manager.

If subscriptions for a minimum of 2,083,333 Units have not been received within 90 days following the date of issuance of a final receipt for this prospectus, the Offering may not continue without the consent of those who have subscribed on or before such date. Under the terms of the Agency Agreement, the Agents may, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Agency Agreement. In the event the minimum offering is not achieved by the Fund and the necessary consents are not obtained or if the closing of the Offering does not occur for any reason, subscription proceeds received from prospective purchasers will be returned to such purchasers promptly without interest or deduction. Subscriptions for Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. Closing will take place on December 17, 2010 or such later date as may be agreed upon by the Fund and the Agents that is on or before December 31, 2010.

The Toronto Stock Exchange has conditionally approved the listing of the Units. Listing is subject to the Fund fulfilling all of the requirements of the Toronto Stock Exchange on or before February 25, 2011 including distribution of the Units to a minimum number of public security holders.

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

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

Non-Resident Unitholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships, or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units, and the Manager shall inform the registrar and transfer agent of the Fund of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the

Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units then outstanding are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-resident Unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds upon the sale of such Units.

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

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

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* The Fund will vote on matters dealing with share-based compensation plans on a case-by-case basis. The Fund will review share-based

- Plans:* 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) *Constituting Documents:* The Fund will generally vote for changes to constituting documents that are necessary and can be classified as “housekeeping”. The following amendments will be opposed:
- (i) the quorum for a meeting of shareholders is set below two persons holding 25% of the eligible vote (this may be reduced in the case of a small organization where it clearly has difficulty achieving quorum at a higher level, but the 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 an entity related thereto, on the one hand, and the interests of Unitholders, on the other.

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

MATERIAL CONTRACTS

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

- (i) the Trust Agreement described under “Organization and Management Details of the Fund – The Manager and Investment Manager”;
- (ii) the Investment Management Agreement described under “Organization and Management Details of the Fund – The Manager and Investment Manager”; and
- (iii) the Agency Agreement described under “Plan of Distribution”.

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

EXPERTS

The matters referred to under “Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon by Osler, Hoskin & Harcourt LLP, on behalf of the Fund, and Davies Ward Phillips & Vineberg LLP, on behalf of the Agents.

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

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

(This page has been left blank intentionally.)

AUDITORS' CONSENT

We have read the prospectus of Canadian Utilities & Telecom Income Fund (the "Fund") dated November 26, 2010 relating to the issue and sale of 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 in the above-mentioned prospectus of our report to the manager of the Fund on the statement of financial position of the Fund as of November 26, 2010. Our report is dated November 26, 2010.

Toronto, Ontario
November 26, 2010

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

AUDITORS' REPORT

To the Manager of Canadian Utilities & Telecom Income Fund (the "Fund")

We have audited the statement of financial position of the Fund as of November 26, 2010. This financial statement is the responsibility of management of the Fund. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this financial statement presents fairly, in all material respects, the financial position of the Fund as at November 26, 2010, in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
November 26, 2010

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

**CANADIAN UTILITIES & TELECOM INCOME FUND
STATEMENT OF FINANCIAL POSITION**

November 26, 2010

ASSETS

Cash.....	\$12.00
Total	<u>\$12.00</u>

UNITHOLDER'S EQUITY

Unitholder's Equity (1 Unit) (Note 1)	<u>\$12.00</u>
---	----------------

Approved by the Manager
MULVIHILL CAPITAL
MANAGEMENT INC.

(Signed) John P. Mulvihill
Director

(Signed) John Germain
Director

See accompanying notes to financial statements.

CANADIAN UTILITIES & TELECOM INCOME FUND
NOTES TO FINANCIAL STATEMENT

1. Units Authorized and Outstanding

Establishment of the Fund and Authorized Units

Canadian Utilities & Telecom Income Fund (the “Fund”) was established under the laws of the Province of Ontario on November 26, 2010 by a trust agreement (the “Trust Agreement”) made between RBC Dexia Investor Services Trust and Mulvihill Capital Management Inc. (“MCM”). The Fund is authorized to issue an unlimited number of Units (“Units”). On November 26, 2010, the Fund issued one Unit for \$12.00 cash.

The Fund proposes to offer Units of the Fund at a price of \$12.00 per Unit. Each Unit consists of one transferable, redeemable Unit.

2. Agency Agreement and Custodian

The Fund has engaged RBC Dominion Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., HSBC Securities (Canada) Inc., Raymond James Ltd., Canaccord Genuity Corp., Dundee Securities Corporation, Mackie Research Capital Corporation and Manulife Securities Incorporated (collectively, the “Agents”), as agents, to offer Units of the Fund for sale to the public, pursuant to a prospectus dated November 26, 2010.

Pursuant to the Trust Agreement, RBC Dexia Investor Services Trust acts as trustee and custodian of the assets of the Fund and is also responsible for certain aspects of the Fund’s day-to-day operations. In consideration for the services provided by RBC Dexia Investor Services Trust, the Fund will pay a monthly fee to be agreed upon between RBC Dexia Investor Services Trust and MCM.

3. Management Fees and Other Expenses

The Fund has retained MCM to act as manager under the Trust Agreement and as investment manager under an Investment Management Agreement dated November 26, 2010. Pursuant to such agreements, MCM is entitled to fees at the annual rate of 1.10% of the net asset value (“NAV”) of the Fund, plus applicable taxes. Such fees are calculated and payable monthly. The Fund will pay a service fee (the “Service Fee”) to each dealer whose clients hold Units. The Service Fee will be calculated and paid at the end of each calendar quarter and will be equal to 0.40% annually of the NAV of the Units held by clients of the dealer, plus applicable taxes. The Fund will pay for all expenses incurred in connection with its operation and administration.

4. Accounting Policies

This statement of financial position has been prepared in accordance with Canadian generally accepted accounting principles in connection with the prospectus filing requirements of the Canadian securities regulatory authorities to qualify Units of the Fund for public distribution.

5. Calculation of Net Asset Value and NAV per Unit

The NAV of the Fund on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund, including any income, net realized capital gains or other amounts payable to Unitholders on or before such date expressed in Canadian dollars at the applicable exchange rate on such date. The NAV per Unit on any day will be obtained by dividing the NAV of the Fund on such day by the number of Units then outstanding.

CERTIFICATE OF THE FUND, THE MANAGER AND THE PROMOTER

Dated: November 26, 2010

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this 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 Canadian Utilities & Telecom Income Fund and as promoter)

By: (Signed) JOHN P. MULVIHILL
Chief Executive Officer

By: (Signed) JOHN GERMAIN
Chief Financial Officer

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

By: (Signed) JOHN P. MULVIHILL
Director

By: (Signed) JOHN GERMAIN
Director

By: (Signed) DAVID ROODE
Director

CERTIFICATE OF THE AGENTS

Dated: November 26, 2010

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

RBC DOMINION SECURITIES INC.

CIBC WORLD MARKETS INC.

By: (Signed) CHRISTOPHER BEAN

By: (Signed) MICHAEL D. SHUH

BMO NESBITT BURNS
INC.

NATIONAL BANK
FINANCIAL INC.

SCOTIA CAPITAL INC.

TD SECURITIES INC.

By: (Signed) ROBIN
TESSIER

By: (Signed) TIMOTHY
EVANS

By: (Signed) BRIAN D.
MCCHESNEY

By: (Signed)
CAMERON
GOODNOUGH

HSBC SECURITIES (CANADA) INC.

RAYMOND JAMES LTD.

By: (Signed) BRENT LARKAN

By: (Signed) J. GRAHAM FELL

CANACCORD GENUITY CORP.

DUNDEE SECURITIES CORPORATION

By: (Signed) RON SEDRAN

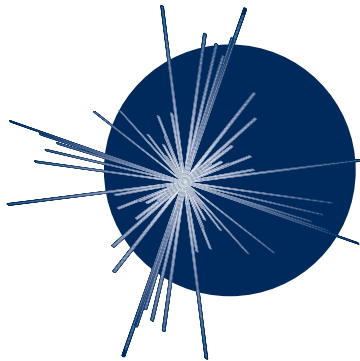
By: (Signed) HAROLD M. WOLKIN

MACKIE RESEARCH CAPITAL CORPORATION

MANULIFE SECURITIES INCORPORATED

By: (Signed) DAVID KEATING

By: (Signed) WILLIAM PORTER



CANADIAN
UTILITIES & TELECOM
INCOME FUND