

barometer

OFFERING MEMORANDUM

May 11, 2015

BAROMETER PRIVATE POOLS

Offering Class A, F and O Units of:

BAROMETER EQUITY POOL

BAROMETER TACTICAL BALANCED POOL¹

BAROMETER TACTICAL INCOME POOL²

BAROMETER LONG SHORT POOL³

BAROMETER GLOBAL MACRO POOL⁴

This Offering Memorandum has been prepared by Barometer Capital Management Inc., as manager, trustee, investment adviser, principal distributor and promoter of the Barometer Private Pools, and is being furnished solely for use by prospective investors in such Pools.

This offering memorandum is not and under no circumstances is to be construed as a prospectus relating to a public offering of the securities described herein.

No securities commission or similar regulatory authority has in any way passed upon the merits of the securities offered hereby nor has it reviewed this offering memorandum and any representation to the contrary is an offence.

¹ Formerly, the Barometer Global Tactical Balanced Pool

² Formerly, the Barometer High Income Pool

³ Formerly, the Barometer Long Short Equity Pool

⁴ Formerly, the Barometer Tactical Exchange Traded Fund Pool

BAROMETER PRIVATE POOLS

Forward Looking Statements

The Offering Memorandum may contain forward-looking information (**FLI**). FLI means disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action, and includes any future-oriented financial information (**FOFI**) with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection. FOFI is FLI about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action, and presented in the format of a historical balance sheet, income statement or cash flow statement. Similarly financial outlook is FLI about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action, but are not presented in the format of a historical balance sheet, income statement or cash flow statement.

FLI can be identified by the use of forward-looking terminology such as “may”, “will”, “should”, “expect”, “anticipate”, “target”, “project”, “estimate”, “intend”, “continue” or “believe”, or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of one of the Barometer Private Pools (each a **Pool**) may differ materially from those reflected or contemplated in such forward-looking information and statements. Material risk factors that could affect actual results are identified under the heading “*Risk Factors*”. Investors are also cautioned that FLI is based on a number of factors and assumptions, including a Pool’s current plans, estimates, opinions and analysis made in light of its experience, current conditions and expectations of future developments, as well as other relevant factors.

Upon receipt of this Offering Memorandum, each investor acknowledges and agrees that the investor will not receive any additional information updating such FLI other than as described in this Offering Memorandum and/or as expressly agreed to by contract.

SUMMARY

The following is a summary of certain matters relating to the Barometer Private Pools (each a **Pool**).

The Pools are governed by a master declaration of trust (the **Master Declaration of Trust**) made by us as manager and trustee of the Pools, and a regulation for each Pool (each a **Regulation**), as amended from time to time (the Master Declaration of Trust and the Regulation of a Pool are collectively referred to as the **Declaration of Trust** of the Pool). In the event of any conflict or inconsistency between the Declaration of Trust of a Pool and this Offering Memorandum, the provisions of the Declaration of Trust of the Pool shall govern.

You can review the Declaration of Trust of a Pool by calling Barometer Capital Management Inc. (**Barometer**) at a mutually acceptable time during regular business hours by contacting Barometer at 1.866.601.6888.

In this document “*we*” and “*our*” refers to Barometer. Barometer is the manager, trustee, investment advisor, principal distributor and promoter of each Pool. The organization and management of each Pool is described on page 20.

INVESTMENT APPROACH

Capturing Opportunity

Our belief is that portfolio performance is influenced by four key factors: asset class, sector, industry weightings, and the business characteristics of the companies that the portfolio owns. As a result, our decision-making process focuses first on understanding key market and sector trends, including risk levels, and then through careful screening for specific fundamental and quantitative criteria we attempt to identify leading companies appropriate for the current investment environment. As markets change, investment styles (growth, value, etc.) cycle into and out of favour. We believe it is important to have a process that recognizes change and allows for the orderly transition of portfolio holdings as change occurs.

Identifying opportunities with the potential for superior performance requires constant vigilance. We run detailed analyses of our portfolios daily, in an effort to ensure that each holding continues to meet our tests and compares favourably to new opportunities as they arise.

Managing Risk

Protecting the capital entrusted to us is of utmost importance. We seek to protect capital by the disciplined use of carefully defined monitoring and selling strategies along with the constant assessment of market and sector specific risks. In order to avoid holding a security through an extended decline, each investment position has a clearly identified, pre-determined selling price, set below our entry price that initiates a sell process in the event that the market prices falls below the acceptable level. If our Barometer Market Risk Model™ indicates a high-risk environment, or there are no clear market leaders, the proceeds will remain in cash, short-term interest bearing notes or yield instruments until we have assessed that risk levels have become acceptable and new leadership emerges.

This tactical use of cash and stop losses helps to protect a Pool's assets during periods of pervasive market declines as well as during periods when investments do not meet our criteria.

THE POOLS

The Pools currently consist of the Barometer Equity Pool, the Barometer Tactical Balanced Pool (formerly, the Barometer Global Tactical Balanced Pool), the Barometer Tactical Income Pool (formerly, the Barometer High Income Pool), the Barometer Long Short Pool (formerly, the Barometer Long Short Equity Pool) and the Barometer Global Macro Pool (formerly, the Barometer Tactical Exchange Traded Fund Pool). Each Pool is a unit trust established under the laws of Ontario and is described below.

BAROMETER EQUITY POOL

The Barometer Equity Pool (the **Equity Pool**) is a portfolio of global securities that offers class A, class F and class O units to potential investors. The Equity Pool currently qualifies as a mutual fund trust for purposes of the *Income Tax Act* (Canada) (the **Tax Act**) such that units of the Equity Pool are qualified investments for registered plans.

Investment Objective

The investment objective of the Equity Pool is to achieve long-term capital appreciation by investing primarily in leading companies in leading sectors. The Equity Pool's holdings are not restricted by market capitalization size or sector. However, due to our strict liquidity requirements, we focus our investments in actively traded securities. The investment portfolio of the Equity Pool is composed of equity securities without geographic restrictions.

Style

Our Disciplined Leadership Approach™ is an active, style agnostic process focused on understanding the current market environment and recognizing change. The approach focuses on identifying trends at play in the marketplace and concentrating portfolio investments in those areas for as long as those trends remain intact. This approach also places particular emphasis on protection of capital. By consistently monitoring for change, applying a disciplined selling strategy and making tactical use of cash, we attempt to protect portfolios from remaining invested in unproductive assets or during pervasive market weakness.

Potential Investors

The Equity Pool may be appropriate for investors who are growth-oriented and who are seeking a disciplined approach to investing in global equities, who have a long-term investment horizon (i.e., in excess of five (5) years) and who have a medium risk tolerance.

Refer to “Barometer Equity Pool” on page 2 for more details.

**BAROMETER
TACTICAL
BALANCED POOL**

The Barometer Tactical Balanced Pool (the **Tactical Balanced Pool**) is a concentrated portfolio of diversified global and income producing securities that offers class A, class F and class O units to potential investors. The Tactical Balanced Pool currently qualifies as a mutual fund trust for purposes of the *Income Tax Act* (Canada) (the **Tax Act**) such that units of the Tactical Balanced Pool are qualified investments for registered plans.

Investment Objective

The investment objective of the Tactical Balanced Pool is to achieve long-term capital appreciation by investing primarily in leading companies in leading sectors. The Tactical Balanced Pool's holdings are not restricted by market capitalization size or sector. However, due to our strict liquidity requirements, we focus our investments in actively traded equity and income producing securities.

Style

Our Disciplined Leadership Approach™ is an active, style agnostic process focused on understanding the current market environment and recognizing change. The approach focuses on identifying trends at play in the marketplace and concentrating portfolio investments in those areas for as long as those trends remain intact. This approach also places particular emphasis on protection of capital. By consistently monitoring for change, applying a disciplined selling strategy and making tactical use of cash, we attempt to protect portfolios from remaining invested in unproductive assets or during pervasive market weakness.

Potential Investors

The Tactical Balanced Pool may be appropriate for investors who are growth-oriented and who are seeking a disciplined approach to investing in global equities, who have a long-term investment horizon (i.e., in excess of five (5) years) and who have a low-medium risk tolerance.

Refer to “Barometer Tactical Balanced Pool” on page 4 for more details.

**BAROMETER
TACTICAL
INCOME POOL**

The Barometer Tactical Income Pool (the **Tactical Income Pool**) is a diversified portfolio of securities that offers class A, class F and class O units to potential investors. The Tactical Income Pool currently qualifies as a mutual fund trust for purposes of the Tax Act such that units of the Tactical Income Pool are qualified investments for registered plans.

Investment Objective

The investment objective of the Tactical Income Pool is to achieve long-term capital appreciation and to minimize risk by diversifying product type and purchasing income investments that exhibit the best risk reward.

Style

Our Disciplined Leadership Approach™ is an active, style agnostic process focused on identifying the key underlying trends at play in the marketplace and concentrating portfolio investments in those areas as long as trends remain intact. This approach also places particular emphasis on protection of capital. By consistently applying a disciplined selling strategy and making tactical use of cash, we attempt to protect portfolios against prolonged periods of market weakness.

Potential Investors

The Tactical Income Pool may be appropriate for investors who are growth-oriented and who are seeking a disciplined approach to investing in income and dividend producing Canadian securities, who have a long-term investment horizon (i.e., in excess of five (5) years), but have a need for regular monthly distributions, and who have a medium risk tolerance.

Refer to “Barometer Tactical Income Pool” on page 7 for more details.

**BAROMETER
LONG SHORT
POOL**

The Barometer Long Short Pool (the **Long Short Pool**) is a concentrated portfolio of global securities that offers class A, class F and class O units to potential investors. The Long Short Pool currently qualifies as a mutual fund trust for purposes of the Tax Act such that units of the Long Short Pool are qualified investments for registered plans.

Investment Objective

The investment objective of the Long Short Pool is to achieve long-term capital appreciation by investing primarily in leading companies in leading sectors while short selling primarily in weak companies in lagging sectors. We also attempt to mitigate risk through the prudent use of derivatives.

Style

Our Disciplined Leadership Approach™ is an active, style agnostic process focused on identifying the key underlying trends at play in the marketplace and concentrating portfolio investments in those areas as long as trends remain intact. This approach also places particular emphasis on protection of capital. By consistently applying a disciplined selling strategy and making tactical use of cash, we attempt to protect portfolios against prolonged periods of market weakness.

Potential Investors

The Long Short Pool may be appropriate for investors who are growth-oriented and who are seeking a disciplined approach to investing in international equities, who have a long-term investment horizon (i.e., in excess of five (5) years) and who have a medium-high risk tolerance.

Refer to “Barometer Long Short Pool” on page 9 for more details.

**BAROMETER
GLOBAL MACRO
POOL**

The Barometer Global Macro Pool (the **Global Macro Pool**) is a portfolio of diversified asset classes and market segments primarily focused on investing in exchange traded funds (each an **ETF**) that offers class A, class F and class O units to potential investors. The Global Macro Pool currently qualifies as mutual fund trust for purposes of the Tax Act such that units of the Global Macro Pool are qualified investments for registered plans.

Investment Objective

The investment objective of the Global Macro Pool is to generate income and achieve long-term capital appreciation by primarily investing in ETFs. The Global Macro Pool's potential investments are not restricted by market capitalization size or sector. However due to our strict liquidity requirements, we focus our investments in actively traded ETFs. The Global Macro Pool may use commodity ETFs and inverse ETFs for hedging and non-hedging purposes.

Style

Our Disciplined Leadership Approach™ is an active, style agnostic process focused on understanding the current market environment and recognizing change. The approach focuses on identifying trends at play in the marketplace and concentrating portfolio investments, both long and short, in ETFs to gain the desired exposure for as long as those trends remain intact. This approach also places particular emphasis on protection of capital. By consistently monitoring for change, applying a disciplined selling strategy and making tactical use of cash, we attempt to protect portfolios from remaining invested in unproductive assets or during pervasive market weakness.

Potential Investors

The Global Macro Pool may be appropriate for investors who are seeking capital growth and a clearly defined, disciplined approach to investing in ETFs with a long-term investment horizon (i.e., in excess of five (5) years) and who have a medium-high risk tolerance.

Refer to “Barometer Global Macro Pool” on page 11 for more details.

RISK FACTORS

An investment in units of a class of a Pool is subject to various risk factors.

Refer to “Risk Factors” on page 13 for more details.

MANAGEMENT OF THE POOLS

We are the manager, trustee, investment adviser, principal distributor and promoter of each Pool. TD Securities Inc. (**TDSI**) is the custodian and prime broker of each Pool. SGGG Fund Services Inc. (**FSI**) is the administrator, record keeper and the party responsible for the valuation of each Pool.

As investment adviser of each Pool, we are responsible for formulating the investment strategies of each Pool and managing each Pool’s investment portfolio. We are registered as a portfolio manager, commodity trading manager, investment fund manager and exempt market dealer in Ontario, and as a portfolio manager and exempt market dealer in each of the other provinces of Canada. Barometer is also registered as an investment fund manager in Québec and Newfoundland & Labrador. As trustee, we are responsible for the day-to-day administrative activities of each Pool, including approving subscriptions for units of each class of each Pool.

Refer to “Management of the Pools” on page 20 for more details.

MANAGEMENT FEES

As compensation for our services as manager and trustee of each Pool, we receive an annual management fee (a **Management Fee**) from the class A and class F units of each Pool, which is based on the net asset value (**NAV**) of each class of units, as follows:

<i>Pool</i>	<i>Class A Units</i>	<i>Class F Units</i>
Equity Pool	1.95%	0.95%
Tactical Balanced Pool	1.95%	0.95%
Tactical Income Pool	1.95%	0.95%
Long Short Pool	2.00%	1.00%
Global Macro Pool	1.75%	0.75%

We negotiate with each investor who buys class O units of a Pool the Management Fee that they pay us directly.

The Management Fee for each class of units of a Pool is calculated based on the previous day's ending NAV, accrued daily, and paid quarterly.

Refer to "Management Fees" on page 22 for more details.

**PERFORMANCE
FEES**

As compensation for our services as investment adviser of a Pool, we also receive a performance fee (a **Performance Fee**) from the class A units and class F units of the Pool equal to 20% of the amount by which the NAV per unit of that class of the Pool at the end of a year (the **Year-End Class NAV per Unit**) exceeds the annual target NAV per unit of that class of the Pool (the **Year-End Target Class NAV per Unit**), multiplied by the number of outstanding units of that class of the Pool at the end of that year (the **Year-End Class Units**).

The Year-End Target Class NAV per Unit of a class of a Pool is calculated by multiplying the NAV per unit of the applicable class of the Pool at the beginning of the Year (the **Beginning Class NAV per Unit**), adjusted for any subscriptions and distributions for units of that class of the Pool during the year, by the sum of one plus the Pool's benchmark, also adjusted for such subscriptions and distributions. The annual benchmark return of each Pool is as follows:

Equity Pool	10.0%
Tactical Balanced Pool	8.5%
Tactical Income Pool	7.5%
Long Short Pool	10.0%
Global Macro Pool	10.0%

Calculations:

The Beginning Class NAV per Unit of a class of a Pool will be reset on January 1st of each year to the greater of the Year-End Class NAV per Unit for that class from the preceding year or the Beginning Class NAV per Unit for that class from the preceding year.

Performance Fees for class A units and Class F units of a Pool are calculated and accrued daily, and paid at the end of each year. For any redemption of units of a class of a Pool during a year, the *pro rated* Performance Fee for that class at

the time of the redemption of such units, will be paid to us at the end of the month in which such redemption occurs.

Performance Fees, if any, for class O units of a Pool will be calculated at the end of the year or when any class O units of the Pool are redeemed. If any class O units of a Pool are redeemed during a year, the *prorated* Performance Fee of those class O units will be paid to us at the time they are redeemed.

Refer to “Performance Fees” on page 23 for more details.

**OPERATING
EXPENSES**

All reasonable expenses incurred in the administration, management and operation of a Pool will be payable by the Pool, as permitted by applicable law.

Refer to “Operating Expenses” on page 24 for more details.

UNITS

Each Pool currently offers class A, class F and class O units to investors. Each unit of each class of each Pool is of equal value. The number of units of each class of a Pool that may be issued are unlimited unless we otherwise decide in our sole discretion. Each unit of a class of a Pool ranks equally with every other unit of that class of the Pool, except that holders of a fraction of a unit of a class of the Pool will not be entitled to vote at a meeting of unitholders of the Pool in respect of the fractional unit.

Refer to “Investing in Units of a Class of a Pool” on page 27 for more details.

UNITHOLDERS

For greater certainty, we may prohibit certain investors who are “designated beneficiaries” under the Tax Act from buying units of a class of a Pool if having such investors as unitholders of the Pool could have a detrimental impact on the other unitholders of the Pool.

**PURCHASE OF
UNITS**

Each unit of a class of a Pool is issued at a price equal to the NAV per unit of that class of the Pool. The NAV per unit of each class is generally calculated by us as at 4:00 pm Eastern Standard Time (**EST**) on each day that the Toronto Stock Exchange (the **TSX**) is open for trading (each a **Valuation Date**) or at such other time as we may establish from time to time, unless the TSX closes earlier or the determination of the NAV has been suspended.

Units of a class of a Pool may be acquired on any Valuation Date. We may accept or reject any subscription for units of a class of a Pool in whole or in part.

To subscribe for units of a class of a Pool, an investor must submit a completed subscription agreement to us or their dealer.

We will accept or reject a subscription for units of a class of a Pool within two (2) business days of receiving an order. A subscription received in good order prior to 4:00 pm (EST) on a Valuation Date will, if accepted by us, be processed on that Valuation Date. A subscription received on or after 4:00 pm (EST) on a Valuation Date will, if accepted by us, be processed on the next Valuation Date.

Investors who buy class A units of a Pool may pay a sales charge to their dealer of up to five percent (5%) of the value of the class A units purchased. The investor negotiates the sales charge that they pay with their dealer.

Class F and class O units of a Pool are not subject to a sales charge.

See “Purchase of Units of a Class of a Pool” on page 27 for more details.

MINIMUM INVESTMENT

Class A and class F units of a Pool may be purchased at any time by “accredited investors, within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions*, who are purchasing units of that class of the Pool with a minimum initial investment of at least \$25,000, or by non-accredited, non-individual investors who are purchasing units of that class of the Pool with a minimum initial investment of at least \$150,000. In the latter instance, such investors may be able to make subsequent investments in units of the same class of the same Pool in smaller amounts. The minimum subsequent investment in any class of a Pool is \$5,000.

The minimum initial investment to buy class O units of a Pool is \$1,000,000.

We may, to the extent permitted by applicable law, waive any minimum investment requirement at any time.

Refer to “Minimum Investment” on page 28 for more details.

**U.S. DOLLAR
OPTION**

Investors may elect to buy units of a class of a Pool in Canadian or U.S. dollars. Any distributions, redemptions or switches from units of a class of a Pool will be made in the currency selected by the unitholder at the time the investor initially purchased units of such Pool.

All purchase and redemption amounts in U.S. dollars will be based upon a Pool's NAV per unit of the applicable class of the Pool expressed in Canadian dollars and converted to U.S. dollars using such reasonable exchange rate as we may from time to time determine.

Refer to "U.S. Dollar Option" on page 29 for more details.

OTHER FEES

An investor will also be subject to the following fees:

- all applicable regulatory filing fees if units of a class of a Pool are redeemed within ninety (90) days of the date of purchase;
- an investor switching units of a Pool for units of another Pool may be charged a switch fee equal to two percent (2%) of the value of the units switched by the investor's dealer;
- charges for expenses to provide special services requested by the investor; and,
- \$25 for cheques with insufficient funds.

In order to discourage short term trading, which can be detrimental to other unitholders, a redemption charge of two percent (2%) of the NAV of the units of a class of a Pool being redeemed may also be charged if the unitholder redeems such units within ninety (90) days of buying such units.

**REDEMPTION OF
UNITS**

Unitholders of a Pool may redeem their units of a class of the Pool on any Valuation Date, except in extraordinary circumstances.

No redemption fee is charged when an investor redeems units of a Pool, unless redeemed within ninety (90) days of purchase.

A redemption request must specify the number of units of the class of the applicable Pool that the unitholder wants to redeem or the dollar value of such units that the unitholder wants to redeem. All redemption requests are irrevocable.

A unitholder of a Pool may redeem all or a portion of his units of a class of the Pool on any Valuation Date at the NAV per unit of that class of the Pool on that Valuation Date by sending a redemption request by fax to FSI prior to 4:00 p.m. (EST) on that Valuation Date.

See “Redemption of Units” on page 30 for more details.

**VALUATION OF
THE POOLS AND
UNITS OF THE
POOLS**

FSI determines the NAV per unit of each class of each Pool as of 4:00 pm EST on each Valuation Date. If December 31st of a year would not otherwise be a Valuation Date, it shall be deemed to be a Valuation Date.

The NAV of each Pool is determined at 4:00 pm EST on a Valuation Date by valuing the assets of that Pool in accordance with the valuation rules set out in the Declaration of Trust of that Pool.

Generally, the NAV of a class of a Pool is calculated at 4:00 pm EST on each Valuation Date by taking the class’ proportionate share of the assets of the Pool (i.e., cash, receivables and securities in its portfolio), subtracting the class’ liabilities and the class’ proportionate share of common liabilities of the Pool, and all net income, net realized capital gains and other amounts payable to the unitholders of the Pool on such Valuation Date. The amount determined to be the NAV of a class of a Pool on such Valuation Date is then divided by total number of units of that class of the Pool that are outstanding on such Valuation Date to determine the NAV per unit of that class of the Pool on such Valuation Date.

Refer to “Valuation of a Pool and its Units” on page 33 for more details.

DISTRIBUTIONS

On the last Valuation Date of each year, each Pool will make sufficient net income and net realized capital gains for such year payable to its unitholders so that such Pool is generally not liable to pay tax under Part I of the Tax Act. Unless a unitholder of a Pool directs otherwise, all distributions will be reinvested in additional units of the applicable class of the Pool at the NAV per unit of that class of the Pool on such Valuation Date. At our discretion, a Pool may also make additional distributions during a year.

In addition, a portion of the amount payable to a unitholder redeeming units of a class of a Pool may be payable out of the net capital gains of the Pool for the taxation year of the Pool in which the redemption occurs.

Each Pool may pay distributions of income and capital gains and return of capital, if any, monthly, and will pay distributions, if any, annually in December to all unitholders of a series.

Refer to “Computation and Distribution of Income and Capital Gains” on page 33 for more details.

**TRAILING
COMMISSIONS**

We may pay an investor’s dealer an annual trailing commission of up to 1.00% of the value of the investor’s units in a Pool for as long as units of the Pool are held through that dealer. We do not pay any trailing commission with respect to class F units of a Pool. An investor buying class O units of a Pool may negotiate with their dealer the annual trailing commission that we are to pay their dealer.

**CANADIAN
FEDERAL
INCOME TAX
CONSIDERATIONS**

Each Pool currently qualifies as a mutual fund trust under the Tax Act such that units of each Pool are a qualified investment for registered plans. A Pool may or may not qualify as a mutual fund trust under the Tax Act in the future. Qualification as a mutual fund trust under the Tax Act is dependent, in part, on whether a Pool meets certain requirements as to the distribution of its units and the number of its unitholders.

A Pool will generally not be liable for tax under Part I of the Tax Act since it will normally distribute in each taxation year not less than all of its income for tax purposes, including net realized capital gains.

A unitholder of a Pool will be required to include in income the net income and net realized taxable capital gains of the Pool that are paid or payable to the unitholder, whether received in cash or reinvested in additional units of a class of the Pool. Each Pool will designate in respect of each unitholder of that Pool the portions of distributions to that unitholder of that Pool that reflect foreign income, taxable dividends from taxable Canadian corporations and net realized taxable capital gains.

Amounts so designated will retain their character for tax purposes in the hands of unitholders of that Pool.

Refer to “Canadian Federal Income Tax Considerations” on page 34 for more details.

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BAROMETER PRIVATE POOLS

INTRODUCTION

The Barometer Private Pools (each a **Pool**) are governed by a master declaration of trust (**Master Declaration of Trust**) made by us as manager and trustee of the Pools, and a regulation for each Pool (each a **Regulation**), as amended from time to time (the Master Declaration of Trust and the Regulation of a Pool are collectively referred to as the **Declaration of Trust** of the Pool). In the event of any conflict or inconsistency between the Declaration of Trust of a Pool and this Offering Memorandum, the provisions of the Declaration of Trust of the Pool shall govern.

We, Barometer Capital Management Inc. (**Barometer**), are the manager, trustee, investment adviser, principal distributor and promoter of the Pools. SGGG Fund Services Inc. (**FSI**) is the administrator and record keeper for the Pools, and is responsible for the valuation of the Pools.

Our address and the address of the Pools is 1 University Avenue, Suite 1800, P.O. Box 25, Toronto, Ontario, M5J 2P1; telephone no.: 416.601.6888; toll free no.: 1.866.601.6888; fax no.: 416.601.9744; e-mail address: info@barometercapital.ca; and internet address: www.barometercapital.ca.

INVESTMENT APPROACH

Our tactical approach focuses on both sides of investing - buying and selling. In order to capture an opportunity, it is not only necessary to identify *what to buy*, but also *when to be a buyer* and, more importantly, *when to be a seller*. This focus on capital preservation is a core component in our Disciplined Leadership Approach™ - it stems from our roots - managing portfolios for private investors who inherently care more about absolute returns than relative returns.

Each Pool is managed in a consistent manner through the application of our clearly defined investment process. We place as much emphasis on protecting capital as we do on capturing an opportunity.

Capturing Opportunity

Our belief is that portfolio performance is influenced by four key factors: asset class, sector, industry weightings, and the business characteristics of the companies that the portfolio owns. As a result, our decision-making process focuses first on understanding key market and sector trends, including risk levels, and then through careful screening for specific fundamental and quantitative criteria we attempt to identify leading companies appropriate for the current

investment environment. As markets change, investment styles (growth, value, etc.) cycle into and out of favour. We believe it is important to have a process that recognizes change and allows for the orderly transition of portfolio holdings as change occurs.

Identifying opportunities with the potential for superior performance requires constant vigilance. We run detailed analyses of our portfolios daily, in an effort to ensure that each holding continues to meet our tests and compares favourably to new opportunities as they arise.

Managing Risk

Protecting the capital entrusted to us is of utmost importance. We seek to protect capital by the disciplined use of carefully defined monitoring and selling strategies along with the constant assessment of market and sector specific risks. In order to avoid holding a security through an extended decline, each investment position has a clearly identified, pre-determined selling price, set below our entry price that initiates a sell process in the event that market price falls below the acceptable level. If our Barometer Market Risk Model™ indicates a high-risk environment, or there are no clear market leaders, the proceeds will remain in cash, short-term interest bearing notes or yield instruments until we have assessed that risk levels have become acceptable and new leadership emerges. This tactical use of cash and stop losses helps to protect a Pool's assets during periods of pervasive market declines as well as during periods when investments do not meet our criteria.

THE POOLS

The Pools currently consist of the Barometer Equity Pool, the Barometer Tactical Balanced Pool (formerly, the Barometer Global Tactical Balanced Pool), the Barometer Tactical Income Pool (formerly, the Barometer High Income Pool), the Barometer Long Short Pool (formerly, the Barometer Long Short Equity Pool) and the Barometer Global Macro Pool (formerly, the Barometer Tactical Exchange Traded Fund Pool). Each Pool is a unit trust established under the laws of Ontario and is described below.

Barometer Equity Pool (Equity Pool)

The Equity Pool is a concentrated portfolio of global securities that offers class A, class F and class O units to potential investors. The Equity Pool currently qualifies as a mutual fund trust for purposes of the *Income Tax Act* (Canada) (the **Tax Act**) such that units of the Equity Pool are qualified investments for registered plans.

Investment Objective

The investment objective of the Equity Pool is to achieve long-term capital appreciation by investing primarily in leading companies in leading sectors. The Equity Pool's holdings are not restricted by market capitalization size or sector. However, due to our strict liquidity requirements, we focus our investments in actively traded securities. The investment portfolio of the Equity Pool is composed of equity securities without geographic restrictions.

Style

Our Disciplined Leadership Approach™ is an active, style agnostic process focused on understanding the current market environment and recognizing change. The approach focuses on identifying trends at play in the marketplace and concentrating portfolio investments in those areas for as long as those trends remain intact. This approach also places particular emphasis on protection of capital. By consistently monitoring for change, applying a disciplined selling strategy and making tactical use of cash, we attempt to protect portfolios from remaining invested in unproductive assets or during pervasive market weakness.

Research

We conduct the majority of our research internally, with over 64,000 securities in over 41 sectors available for review. We utilize a prominent quantitative ranking system that screens for companies in the process of positive change and maintain a proprietary system to track and maintain our equity rankings.

Investment Process

We use top-down market and sector risk assessment models to establish an asset allocation strategy. This strategy is continually reassessed to manage the allocation of market exposure versus cash and short-term deposits. By combining this tactical approach with quantitative security selection analysis to identify market leaders, we attempt to provide consistent absolute returns coupled with a relatively low correlation to the S&P/TSX Composite Index and the S&P 500 Index.

Portfolio Construction

The Equity Pool is a concentrated core portfolio of approximately 40 to 60 securities. Our main objective is identifying leading companies in leading sectors, and we do not restrict the holdings of the Equity Pool by market capitalization or sector; however, due to our strict liquidity requirements, we require the Equity Pool to focus on actively traded securities. The investment portfolio of the Equity Pool is composed of equity securities without geographic restrictions.

The Equity Pool may also invest in a separate basket of approximately 20 securities of primarily large-cap highly liquid issuers that have demonstrated low correlation to each other. We expect to tactically rebalance this basket on a weekly basis.

Barometer may in its discretion, change the frequency with which the portfolio is reconstituted and rebalanced.

Investment Strategies

We use our Disciplined Leadership Approach™ to manage the investment portfolio of the Equity Pool. In addition, we use the following investment strategies to achieve the Equity Pool's investment objective:

- We primarily invest the Equity Pool's assets in global equity securities displaying clearly defined characteristics deemed favourable by us;
- We seek out equity securities that we believe offer the opportunity for substantial growth and gains through capital appreciation and/or income;
- The Equity Pool may invest in securities with low correlation to other issuers held in the portfolio;
- The Equity Pool may hold a significant percentage of its assets in short-term fixed income securities or cash for defensive purposes;
- We may significantly overweight or underweight certain sectors of the market relative to the Equity Pool's investment objective depending on our view of sector-specific risk;
- We may actively turn over the Equity Pool's investment portfolio, resulting in greater potential capital gains distributions to unitholders;
- We may use derivatives and employ short selling strategies for hedging and non-hedging purposes;
- We may use options to generate income or to hedge against losses caused by changes in stock prices or currency exchange rates; and,
- We may engage in repurchase, reverse repurchase and securities lending transactions to seek enhanced returns, but will only do so if there are suitable counter-parties available and the transactions are considered appropriate.

Risks of Investing in the Equity Pool

An investment in units of the Equity Pool may expose an investor to equity risk, liquidity risk, currency risk, regulatory risk, foreign investment risk, derivatives risk, multi-class risk and securities lending risk. See "Risk Factors" on page 13 for more details.

Who Should Invest in the Equity Pool?

The Equity Pool may be appropriate for investors who are seeking capital growth and a clearly defined, disciplined approach to investing in global equities, with a long-term investment horizon (i.e., in excess of five (5) years) and who have a medium-risk tolerance.

Barometer Tactical Balanced Pool (Tactical Balanced Pool)

The Tactical Balanced Pool is a concentrated portfolio of diversified equity and income producing securities that offers class A, class F and class O units to potential investors. The Tactical Balanced Pool currently qualifies as a mutual fund trust for purposes of the Tax Act such that units of the Tactical Balanced Pool are qualified investments for registered plans.

Investment Objective

The investment objective of the Tactical Balanced Pool is to achieve long-term capital appreciation by investing primarily in leading companies in leading sectors. The Tactical Balanced Pool's holdings are not restricted by market capitalization size or sector. However, due to our strict liquidity requirements, we focus our investments in actively traded equity and income producing securities.

Style

Our Disciplined Leadership Approach™ is an active, style agnostic process focused on understanding the current market environment and recognizing change. The approach focuses on identifying trends at play in the marketplace and concentrating portfolio investments in those areas for as long as those trends remain intact. This approach also places particular emphasis on protection of capital. By consistently monitoring for change, applying a disciplined selling strategy and making tactical use of cash, we attempt to protect portfolios from remaining invested in unproductive assets or during pervasive market weakness.

Research

We conduct the majority of our research internally, with over 64,000 securities in over 41 sectors available for review. We utilize a prominent quantitative ranking system for equities that screens for companies in the process of positive change and maintain a proprietary system to track and maintain equity rankings. Our income ranking system includes an assessment of credit worthiness, sustainability of cash distributions, probability of increased distributions, incentive structure for management, demand for continued capital investment, economic sensitivity, competitive threats and relative yields versus the market and sector.

Investment Process

We use top-down market and sector risk assessment models to establish an asset allocation strategy. This strategy is continually reassessed to manage the allocation of equities exposure, income oriented securities exposure, along with cash and short-term deposits. By combining this approach, both quantitative and fundamental security selection analysis, we attempt to achieve consistent, sustainable and growing cash distributions complemented by growth of capital.

Portfolio Construction

The Tactical Balanced Pool mandate is a diversified core portfolio holding up to approximately 60 securities. The income portion of the portfolio of the Tactical Balanced Pool may include income trusts (including real estate income trusts (REITs)), preferred shares, treasury bills, provincial and federal bonds, foreign bonds and corporate and convertible bonds. Equity holdings are not restricted by market capitalization or sector; however, due to our strict liquidity requirements, we require the Tactical Balanced Pool to invest only in actively traded securities and income producing investments.

Investment Strategies

We use our Disciplined Leadership Approach™ to manage the investment portfolio of the Tactical Balanced Pool. In addition, we use the following investment strategies to achieve the Tactical Balanced Pool's investment objectives:

- We primarily invest the Tactical Balanced Pool's assets in equity securities displaying clearly defined characteristics deemed favourable by us;
- We will seek to maintain as a minimum exposure to fixed income securities in the amount of 25%;
- We seek out securities that we believe offer the opportunity for substantial growth and gains through capital appreciation and/or income;
- We invest the Tactical Balanced Pool's assets in income producing securities with a history of steady interest or distribution payouts;
- The Tactical Balanced Pool may hold a significant percentage of its assets in short-term fixed income securities or cash for defensive purposes;
- We may invest in fixed income securities that are unrated or have a credit rating below investment grade that are deemed appropriate with regards to yield and/or credit;
- We may significantly overweight or underweight certain sectors of the market relative to the Tactical Balanced Pool's investment objective depending on our view of sector-specific risk;
- We may actively turn over the Tactical Balanced Pool's investment portfolio, resulting in greater potential capital gains distributions to unitholders;
- We may use derivatives and employ short selling strategies for hedging and non-hedging purposes;
- We may use options to generate income or to hedge against losses caused by changes in stock prices or currency exchange rates; and,
- We may engage in securities lending transactions to seek enhanced returns, but will only do so if there are suitable counter-parties available and the transactions are considered appropriate.

Risks of Investing in the Tactical Balanced Pool

An investment in units of the Tactical Balanced Pool may expose an investor to equity risk, foreign investment risk, currency risk, liquidity risk, regulatory risk, derivatives risk, multi-class risk and repurchase/reverse repurchase/securities lending risk. See "Risk Factors" on page 13 for more details.

Who Should Invest in the Tactical Balanced Pool?

The Tactical Balanced Pool may be appropriate for investors who are growth-oriented, seeking a disciplined approach to investing in global equities and have a long-term investment horizon (i.e., in excess of five (5) years) and who have a low-medium risk tolerance.

Barometer Tactical Income Pool (Tactical Income Pool)

The Tactical Income Pool is a diversified portfolio of income producing investments that offers class A, class F and class O units to potential investors. The Tactical Income Pool currently qualifies as a mutual fund trust for purposes of the Tax Act such that units of the Tactical Income Pool are qualified investments for registered plans.

Investment Objective

The investment objective of the Tactical Income Pool is to achieve long-term capital appreciation and to minimize risk by diversifying product type and purchasing income investments that exhibit the best risk reward.

Style

Our Disciplined Leadership Approach™ is an active, style agnostic process focused on identifying the key underlying trends at play in the marketplace and concentrating portfolio investments in those areas as long as trends remain intact. This approach also places particular emphasis on protection of capital. By consistently applying a disciplined selling strategy and making tactical use of cash, we attempt to protect portfolios against prolonged periods of market weakness.

Research

We conduct the majority of our research internally. We utilize a prominent quantitative database and proprietary ranking system along with a due diligence process that includes an assessment of credit worthiness, sustainability of cash distributions, probability of increased distributions, incentive structure for management, demand for continued capital investment, economic sensitivity, competitive threats and relative yields versus the market and sector.

Investment Process

We use top-down market and sector risk assessment models to set the Tactical Income Pool's tactical portfolio asset allocation strategy. By combining this approach both quantitative and fundamental security selection analysis, we attempt to achieve consistent, sustainable and growing cash distributions complemented by growth of capital.

Portfolio Construction

The Barometer Tactical Income mandate is a diversified core portfolio holding up to approximately 60 securities. The portfolio of the Tactical Income Pool may include, preferred shares, treasury bills, provincial and federal bonds, foreign bonds, corporate and convertible

bonds, dividend paying common stocks (stapled units), income trusts (including real estate income trusts (REITS)). The goal is to minimize risk by diversifying security holdings and purchasing income investments that exhibit the best risk reward.

Investment Strategies

We use our Disciplined Leadership Approach™ to manage the investment portfolio of the Tactical Income Pool. In addition, we use the following investment strategies to achieve the Tactical Income Pool's investment objectives:

- We primarily invest the Tactical Income Pool's assets in income producing securities with a history of steady interest or distribution payouts;
- We analyze economic factors and interest rates to determine which sectors are favourable for investing. Within each sector, we assess the risk-reward of each security, weighing the yield against capital risk, volatility, and the diversification needs of the Tactical Income Pool's investment portfolio;
- We may invest the Tactical Income Pool's assets in money market instruments, government or corporate bonds, convertibles, income trusts and mortgage securities;
- We may invest in fixed income securities that are unrated or have a credit rating below investment grade that are deemed appropriate with regards to yield and/or credit;
- We may actively turn over the Tactical Income Pool's investment portfolio, resulting in greater potential capital gains distributions to unitholders;
- We may use derivatives and employ short selling strategies for hedging and non-hedging purposes; We may use options to generate income or to hedge against losses caused by changes in stock prices or currency exchange rates; and,
- We may engage in securities lending transactions to seek enhanced returns, but will only do so if there are suitable counterparties available and the transactions are considered appropriate.

Risks of Investing in the Tactical Income Pool

An investment in units of the Tactical Income Pool may expose an investor to interest rate risk, equity risk, income trust risk, liquidity risk, currency risk, regulatory risk, foreign investment risk, derivatives risk, multi-class risk and repurchase/reverse repurchase/securities lending risk. See "Risk Factors" on page 13 for more details.

Who Should Invest in the Tactical Income Pool?

The Tactical Income Pool may be appropriate for investors who are growth-oriented and are seeking a disciplined approach to investing in income and dividend producing Canadian securities, who have a long-term investment horizon (i.e., in excess of five (5) years), but a need for regular monthly distributions, and who possess a medium risk tolerance.

Barometer Long Short Pool (Long Short Pool)

The Long Short Pool is a concentrated long/short portfolio of global securities that offers class A, class F and class O units to potential investors. The Long Short Pool currently qualifies as a mutual fund trust for purposes of the Tax Act such that units of the Long Short Pool are qualified investments for registered plans.

Investment Objective

The investment objective of the Long Short Pool is to achieve long-term capital appreciation by investing primarily in leading companies in leading sectors while short selling primarily in weak companies in lagging sectors. We also attempt to mitigate risk through the prudent use of derivatives.

Style

Our Disciplined Leadership Approach™ is an active, style agnostic process focused on understanding the current market environment and recognizing change. The approach focuses on identifying trends at play in the marketplace and concentrating portfolio investments in those areas for as long as those trends remain intact. It also has the capacity to identify deteriorating trends in the marketplace and identifying lagging candidates that are suitable candidates for the Long Short Pool. This approach also places particular emphasis on protection of capital. By consistently applying a disciplined selling strategy and making tactical use of cash, we attempt to protect portfolios against prolonged periods of market weakness.

Research

We conduct the majority of our research internally, with over 64,000 securities in over 41 sectors available for review. We utilize a prominent quantitative ranking system that screens for companies in the process of positive change and maintain a proprietary system to track and maintain our equity rankings.

Investment Process

We use top-down market and sector risk assessment models to establish an asset allocation strategy. This strategy is continually reassessed to manage the allocation of long/short market exposure versus cash and short-term deposits. By combining this tactical approach with quantitative security selection analysis to identify market leaders for long candidates or market laggards for short sale candidates, we endeavour to provide consistent absolute returns coupled with a relatively low correlation to the S&P/TSX Composite Index and the S&P 500 Index.

Portfolio Construction

The Long Short Pool is a concentrated core portfolio of approximately 40 to 60 investments that are selected on the basis of both quantitative and qualitative characteristics. The portfolio of the Long Short Pool may be comprised of equity and fixed income securities without geographic restrictions. As our main objective is identifying leading companies in leading sectors and weak companies in lagging sectors, we do not restrict the Long Short Pool's positions by market

capitalization size or sector; however, due to our strict liquidity requirements, we require the Long Short Pool to focus in actively traded investments.

Investment Strategies

We use our Disciplined Leadership Approach™ to manage the investment portfolio of the Long Short Pool. In addition, we use the following investment strategies to achieve the Long Short Pool's investment objectives:

- We primarily invest the Long Short Pool's assets in global equity securities displaying clearly defined characteristics deemed favourable by us;
- We seek out global securities that we believe offer the opportunity for substantial growth and gains through capital appreciation and/or income;
- We may invest in fixed income securities that are unrated or have a credit rating below investment grade that are deemed appropriate with regards to yield and/or credit;
- We actively use short selling strategies and other derivative strategies to minimize risk and to enhance returns in the portfolio;
- The Long Short Pool may hold a significant percentage of its assets in short-term fixed income securities or cash for defensive purposes;
- We may significantly overweight or underweight certain sectors of the market relative to the Long Short Pool's investment objective depending on our view of sector-specific risk;
- We may actively turn over the Long Short Pool's investment portfolio, resulting in greater potential capital gains distributions to unitholders;
- We may use leverage to achieve our investment objective when we believe that the return from the position will exceed the cost of the borrowed funds;
- We may use derivatives for hedging and non-hedging purposes, and we may use options to generate income or to hedge against losses caused by changes in stock prices or currency exchange rates; and,
- We may engage in securities lending transactions to seek enhanced returns, but will only do so if there are suitable counterparties available and the transactions are considered appropriate.

Risks of Investing in the Long Short Pool

An investment in units of the Long Short Pool may expose an investor to equity risk, derivatives risk, liquidity risk, currency risk, regulatory risk, foreign investment risk, multi-class risk and repurchase/reverse repurchase/securities lending risk. See "Risk Factors" on page 13 for more details.

Who Should Invest in the Long Short Pool?

The Long Short Pool may be appropriate for investors who are growth-oriented and are seeking a disciplined approach to investing in global equities, who have a long-term investment horizon (i.e., in excess of five (5) years) and who have a medium-high risk tolerance.

Barometer Global Macro Pool (Global Macro Pool)

The Global Macro Pool is a portfolio of diversified asset classes and market segments primarily focused on investing in exchange traded funds (each an **ETF**) that offers class A, class F and class O units to potential investors. The Global Macro Pool currently qualifies as a mutual fund trust for purposes of the Tax Act such that units of the Global Macro Pool are qualified investments for registered plans.

Investment Objective

The investment objective of the Global Macro Pool is to generate income and achieve long-term capital appreciation by primarily investing in ETFs. The Global Macro Pool's potential investments are not restricted by market capitalization, size or sector. However, due to our strict liquidity requirements, we focus our investments in actively traded ETFs both long and short. The Global Macro Pool may use commodity and inverse ETFs for hedging and non-hedging purposes.

Style

Our Disciplined Leadership Approach™ is an active, style agnostic process focused on understanding the current market environment and recognizing change. The approach focuses on identifying trends at play in the marketplace and concentrating portfolio investments in ETFs, both long and short, to gain the desired exposure for as long as those trends remain intact. This approach also places particular emphasis on protection of capital. By consistently monitoring for change, applying a disciplined selling strategy and making tactical use of cash, we attempt to protect portfolios from remaining invested in unproductive assets or during pervasive market weakness.

Research

We conduct the majority of our research internally and utilize a quantitative ranking model to identify key macro themes and relevant ETFs that could provide appropriate long or short exposure.

Investment Process

We use top-down market and sector risk assessment models to establish an asset allocation strategy. The Global Macro Pool uses a systematic process to continuously seek improving or deteriorating relative strength across multiple asset classes, geographies, themes, sectors and currencies globally using a strict buy/sell discipline. This strategy is continually reassessed to manage the allocation of long/short exposures versus cash and short-term deposits. By combining this tactical approach with quantitative ETF selection analysis we identify those ETFs

that are leaders for long candidates or laggards for short sale candidates. We also work to provide consistent absolute returns coupled with a low correlation to the S&P/TSX Composite Index and the S&P 500 Index.

Portfolio Construction

The Global Macro Pool is a tactical approach that uses quantitative analysis and technical indicators in response to market momentum. Our main objective is identifying leading ETFs in leading sectors while primarily short selling weaker ETFs in lagging sectors. We do not restrict the holdings of the Global Macro Pool by market capitalization size or sector; however, due to our strict liquidity requirements, we require the Global Macro Pool to focus in actively traded securities and ETFs.

Investment Strategies

We use our Disciplined Leadership Approach™ to manage the investment portfolio of the Global Macro Pool. In addition, we use the following investment strategies to achieve the Global Macro Pool's investment objective:

- We primarily invest the Global Macro Pool's assets in global equity ETFs displaying clearly defined characteristics deemed favourable by us;
- We seek out global ETFs that we believe offer the opportunity for substantial growth and gains through capital appreciation and/or income;
- The Global Macro Pool may hold a significant percentage of its assets in short-term fixed income securities or cash for defensive purposes;
- We may significantly overweight or underweight certain sectors of the market relative to the Global Macro Pool's investment objective depending on our view of sector-specific risk;
- We may actively turn over the Global Macro Pool's investment portfolio, resulting in greater potential capital gains distributions to unitholders;
- We may use both long and short ETFs to gain the desired exposure for as long as those trends remain intact.
- We may use commodity ETFs and inverse ETFs for hedging and non-hedging purposes;
- We may use alternative assets, including ETFs, that invest in alternative options to generate income or to hedge against losses caused by changes in stock prices or currency exchange rates; and,
- We may engage in securities lending transactions to seek enhanced returns, but will only do so if there are suitable counter-parties available and the transactions are considered appropriate.

Risks of Investing in the Global Macro Pool

An investment in units of the Global Macro Pool may expose an investor to risks similar to those of securities, such as, equity risk, liquidity risk, currency risk, regulatory risk, foreign investment risk, derivatives risk, multi-class risk and securities lending risk. See “Risk Factors” on page 13 for more details.

Specific Risks Associated with the Global Macro Pool

The Global Macro Pool may invest in underlying ETFs, which may include open-end ETFs and closed-end funds.

The Global Macro Pool’s investment in an underlying ETF may subject the Global Macro Pool indirectly to the underlying risks of that ETF. The Global Macro Pool will also incur its share of the underlying ETF’s fees and expenses, which are in addition to the Global Macro Pool’s own fees and expenses.

Who Should Invest in the Global Macro Pool?

The Global Macro Pool may be appropriate for investors who are seeking capital growth and a clearly defined, disciplined approach to investing in ETFs with a long-term investment horizon (i.e., in excess of five (5) years) and who have a medium-high risk tolerance.

RISK FACTORS

General Risks

Risk is the chance that your investment may not perform as expected over a certain period of time. There are different degrees and types of risks, but in general, the more risk you are willing to accept as an investor, the higher the potential return and the greater the potential loss.

Investing in units of a Pool is subject to various risks including, but not limited to the following:

Net Asset Value Fluctuation

Each Pool may own different types of investments – stocks, bonds, cash, and derivatives – depending upon the specific investment objective of that Pool. The value of a Pool’s investments will change from day-to-day, reflecting changes of various factors including but not limited to general economic conditions, fluctuations in the securities markets, international developments and company news. The net asset value (**NAV**) of a class of units of a Pool (the price of your units) will fluctuate with changes in the market value of the Pool’s investments. As a result, the value of your investment in a Pool may be more or less when you redeem your units than when you purchased such units.

Your Investment is Not Guaranteed

A Pool’s investment strategies may not be successful and there can be no guarantee that an investment in the Pool may not decline in value. An investment in a Pool is only appropriate for

investors who have the capacity to absorb a potential loss of some or all of their investment due to a decline in value of the Pool.

No Assurance of Achieving Investment Objective

There is no assurance that a Pool will be able to achieve its investment objective. A substantial drop in the equity markets may have a negative effect on a Pool. The after-tax return from an investment to a taxable Canadian investor will depend in part on the composition for tax purposes of the distributions paid by a Pool (a portion of which may be fully or partially taxable or may constitute non-taxable returns of capital). This composition may change over time, thus affecting the after-tax return to unitholders of a Pool. Paying distributions out of capital will also reduce the amount of a unitholder's investment in a Pool and may adversely affect the total return of the Pool.

Redemptions May be Suspended

Due to the nature of some of a Pool's investments, it may be difficult for the Pool to dispose of its investments on a timely basis at favourable prices in connection with redemption requests, adverse market developments or other factors. Accordingly, under exceptional circumstances, a Pool may not allow you to redeem your units.

Conflicts of Interest

We may also engage in the promotion, management or investment management of one or more other pools, mutual funds, trusts or accounts that invest in the same securities as the Pools. However, we will ensure over time that all of our investors have the same investment opportunities and that no investor is given any investment preference.

Changes in Legislation

There can be no assurance that certain laws applicable to the Pools, including income tax laws and the treatment of the Pools may not change in the future in a manner that may adversely affect distributions received by the Pools or their unitholders.

Restrictions on Certain Unitholders

At no time may non-residents of Canada be the beneficial owner of a majority of units of a Pool. This restriction may limit the rights of certain unitholders of a Pool, including non-residents of Canada. This restriction may also limit the demand for units of a Pool by certain investors and thereby adversely affect the liquidity and market value of the units of the Pool that are held by other investors.

Harmonized Sales Tax

A Pool is required to pay harmonized sales tax (**HST**) on management fees and operating expenses charged to the Pool. Prior to July 1, 2010, GST applied at a rate of 5% of these fees. Beginning on July 1, 2010, HST, which combines the provincial sales tax of certain provinces with GST, applied and continues to apply to these fees at a tax rate higher than that of GST. In

general, the total HST paid by a Pool will depend on the distribution by provincial residence of the unitholders in the Pool. Changes in existing HST rates, changes to the group of provinces that have adopted harmonization, and changes in the distribution by province will change a Pool's expenses that will be borne by some or all of the unitholders of the Pool.

U.S. Tax Risk

Pursuant to the *Foreign Account Tax Compliance Act of 2009*, if a Pool receives U.S. source income, the Pool may be subject to withholding tax under U.S. law. Although the normal U.S. withholding rate is reduced by the Canada-U.S. tax treaty, starting in 2017 payments to a Pool from the United States may be subject to withholding rates higher than the rates provided in the Canada-U.S. tax treaty unless the Pool meets certain requirements. One of the requirements necessary to reduce the new withholding tax rate is for the Pool to collect information from the unitholders as to their identity, residency and citizenship and provide the collected information to the U.S. Internal Revenue Service. If not all investors provide the requested information, the Pool may be subject to the higher rates of withholding if the Pool does not terminate the investment of the non-complying unitholders within a specified period of time. A Pool may also be subject to U.S. withholding tax on the proceeds of the sale of U.S. stocks or debt instruments starting in 2015.

If a Pool successfully complies with the U.S. requirements so that it is not subject to the new U.S. tax on U.S. source payments and gains, the Pool may be required to withhold tax on payments that the Pool makes to its unitholders if the unitholders do not comply with the Pool's information requests and to unitholders that are entities that do not comply with U.S. information disclosure rules.

If a Pool invests in other collective investment vehicles (a **CIV**), the Pool may be subject to withholding on payments from the CIV even if such payments are not U.S. source payments, if (i) the CIV has entered into an agreement with the Internal Revenue Service in the United States to avoid withholding on the CIV's own U.S. source income and (ii) the Pool has not entered into such an agreement (or has breached such an agreement, by, for example, failing to collect information from its unitholders).

Tax Risk

The Tax Act contains "loss restriction event" (**LRE**) rules that could apply to the Pools. In general, a LRE occurs to a Pool if a person (or group of persons) acquires units of the Pool worth more than 50% of the fair market value of all the units of the Pool. If a LRE occurs to a Pool (i) the Pool will be deemed to have a year-end for tax purposes, (ii) any net income and net realized capital gains of the Pool at such year-end will be distributed to its unitholders, and (iii) the Pool will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE. However, a Pool will not be subject to the LRE rules in most circumstances if the Pool is an "investment fund" which requires the Pool to satisfy certain investment diversification rules.

Unitholder Liability

The Declaration of Trust of each Pool provides that no unitholder of that Pool shall be subject to any liability whatsoever, in contract or otherwise, to any person in connection with that Pool or the obligations or the affairs of that Pool and all such persons shall look solely to that Pool for satisfaction of claims of any nature arising out of or in connection therewith and only that Pool's assets shall be subject to levy or execution. Notwithstanding this statement, because of uncertainties in the law relating to investment trusts, there is a risk that a unitholder of a Pool could be held personally liable for the obligations of the Pool to the extent that claims of the Pool are not satisfied out of the assets of the Pool.

Limited Liability

It is intended that a Pool's operations will be conducted in such a way as to minimize any unitholder liability. In particular, we will, where feasible, use our best efforts to cause written contracts or commitments of a Pool to contain an express disavowal of liability of the unitholders of the Pool. Unitholders of a Pool are cautioned, however, that it may not be practicable to disavow, and thereby limit, the liability of unitholders of the Pool in all instances. Nevertheless, we consider the risk of any personal liability of unitholders of a Pool to be minimal in view of the nature of the Pool's investment activities. In the unlikely event that a unitholder of a Pool is required to satisfy any obligation of the Pool, a unitholder of the Pool shall be entitled to reimbursement from, but only from, any available assets of the Pool.

Specific Risks

In addition to the general risks of investing in a Pool, each Pool carries specific risks depending on its particular investments and strategies. In the description of each Pool, you will see what those risks are and how we use strategies to manage those risks.

Currency Risk

Each Pool's investments are valued in Canadian dollars. When a Pool buys foreign securities, however, they are purchased with foreign currency. As foreign currencies fluctuate in value against the Canadian dollar, a move in exchange rates may have an unfavourable impact, such as reducing, or even eliminating, any return on a foreign security, or a favourable impact on a Pool.

To manage the risk of foreign currency fluctuations and restrictions, certain Pools may purchase forward currency contracts with another party. The use of forward currency contracts poses a risk that the other party may not be able to meet its obligations under the contract. There is also a risk that the use of such contracts may not be effective.

In addition, since each Pool is valued in Canadian dollars, a shift in exchange rates may also have an unfavourable impact on investors who have subscribed for units of a class of a Pool in U.S. dollars.

Short Selling Risk

Short selling is an agreement to sell stock at a predetermined price below its current market price and then repurchase the stock in the future. This type of agreement is usually entered into when it is anticipated that the price of a security will decline below the short price. However, the potential loss on selling securities short can be unlimited. In addition, if there is a call on borrowed securities, a Pool may be forced to cover its short positions by having to buy the security at an unattractive price. Borrowing securities also entails the payment of a borrowing fee, which is subject to change due to market conditions.

Derivative Risk

A derivative is a contract between two parties that derives its value from another security such as common shares, bonds, currencies or a market index. A Pool may use derivatives to reduce potential losses, or to enhance income, as well as gain indirect exposure to a specific asset class. A Pool may enter into derivative contracts from time to time and will be exposed to the risk that the counter-party to the transaction may not be able to perform its obligations with respect to such transaction. A Pool will, to the extent possible, attempt to reduce this risk by only dealing with counter-parties that are credible financial institutions (e.g., chartered banks).

Some examples of derivatives are:

- A **forward contract** is an agreement to buy or sell currency, commodities or securities at an agreed price for future delivery. Forward contracts are often used to reduce risk. For example, hedging is used to manage risk: if a Pool buys securities priced in U.S. dollars, the Pool might enter into a forward contract by paying a premium now to fix the U.S. dollar to a specific Canadian dollar exchange rate and so manage the risk of the U.S. dollar rising in value beyond the specific exchange rate set by the hedging contract.
- A **futures contract** is similar to a forward contract, except that the price is set through a commodity exchange.
- An **option contract** gives the buyer the right, but not the obligation, to buy or sell currencies, commodities or securities at an agreed price within a certain period of time. For example, you might hedge against the risk of a decline in the share price of a stock you own by purchasing an option to sell it at its current price for the next six months. If the share price falls, you have preserved the original value of your stock, less the price of the option. If however, the share price rises, you will not make as much, because of the cost of the option.
- A **swap** is an agreement between parties that agree to exchange or “swap” payments. The payments each party makes are based on an agreed upon underlying amount, like a bond. Each party’s payments are calculated differently. For example, one party’s payments may be based on a floating interest rate, while the other party’s payments may be based on a fixed interest rate.
- A **credit default swap** is a type of credit risk insurance against a company or country defaulting on its debt. Its price is based on the probabilities that the debtor will default on

its creditors or experience a change in its credit rating. The swap buyer pays a fee to the seller, and the seller agrees to pay the buyer in case of a default. Therefore, a credit default swap provides the buyer with protection against specific risks.

Although derivatives may be used by a Pool to reduce risk, derivatives have their own kinds of risk, namely:

- The use of derivatives for hedging may not be effective;
- Derivatives may limit a Pool's potential for gain as well as loss;
- The cost of entering into and maintaining derivative contracts may reduce a Pool's total return to investors;
- The price of a derivative may not accurately reflect the value of the underlying currency or security;
- There is no guarantee a market will exist when a Pool wants to close its derivative contract; this could prevent a Pool from making a profit or limiting its losses; and,
- If the other party to a derivative contract is unable to meet its obligations, a Pool may experience a loss.

Equity Risk

Companies issue equities, or stocks, to help finance their operations and future growth. If a Pool purchases equities, it becomes a partial owner in the underlying companies. The company's outlook, market activity and the larger economic picture influence the price of a company's stock. For example, when the economy is expanding, the outlook for many companies will also be positive and the value of their stocks should rise. Generally, the opposite is also true.

Generally, the greater the potential reward, that is the increase in value of a stock, the greater the potential risk. Typically, this is the case for small companies, start-ups and companies in emerging sectors.

Certain convertible securities may also be subject to fixed income risk.

Foreign Investment Risk

A Pool may invest in securities sold outside Canada, including emerging markets. The value of foreign securities, and the share prices of a Pool that holds them, may fluctuate more than Canadian investments for several reasons such as the following:

- Companies outside Canada are not subject to the regulations, standards, reporting practices and disclosure requirements that apply in Canada;
- Some foreign markets may not be as well regulated as Canadian and U.S. markets, and their laws might make it difficult to protect investor rights;

- Political instability, possible corruption, social unrest or diplomatic developments in foreign countries, especially emerging market countries, could negatively affect the value of a Pool's securities;
- The possibility exists that foreign securities may be highly taxed or even that government-imposed exchange controls may prevent a Pool from taking money out of the country; and,
- Companies in emerging markets are often relatively small, and may have limited operating histories, product lines, markets and financial resources; and, such companies are often traded only through foreign stock exchanges.

Fixed Income Risk

Fixed-income securities, such as bonds, treasury bills and commercial paper, pay a fixed rate of interest or principal when due. The value of fixed-income securities will change as interest rates rise and fall. For example, when interest rates fall, the value of an existing bond will rise because the interest rate on that bond is now greater than the market rate. Conversely, if interest rates rise, the value of an existing bond will fall. This risk is known as "interest rate risk". The value of fixed income securities also depends, in part, on the perceived ability and credit worthiness of the government or company that issued the securities to pay the interest and repay the principal.

Securities issued by issuers with a low credit rating are considered to have a higher credit risk than securities issued by issuers that have a high credit rating.

Income Trust Risk

Income trusts generally hold debt and/or equity securities of an underlying active business or are entitled to receive a royalty on revenues generated by such business. A Pool that invests in income trust units, such as oil and gas royalty trusts, real estate investment trusts, limited partnerships, will have varying degrees of risk related to the specific trust sectors and the underlying assets purchased by such trusts. Income trusts also carry risk related to business developments such as deciding to expand into a new type of business, entering into an unfavourable supply contract, having a material customer cancel its contract, or being a party to a material lawsuit. Income trust units are often more volatile than government bonds, corporate bonds and preferred shares.

Liquidity Risk

Some companies are not well known, have few shares outstanding, or can be significantly affected by political and economic events. Securities issued by these companies may be difficult to buy or sell and the value of a Pool that buys these securities may rise and fall substantially.

Multi-Class Risk

Each Pool issues multiple classes of units. Each class of units of a Pool has its own fees and expenses that are tracked separately. If, however, there are insufficient assets attributable to a

class of a Pool to pay that class' expenses, the other classes of the Pool are responsible for making up the difference. This is because a Pool as a whole is legally responsible for the financial obligations of all of its classes of units.

Use of Leverage

Each Pool may leverage its investment position by borrowing funds. Leverage may also take the form of derivative instruments which are inherently leveraged. While leverage potentially creates the opportunity to participate in greater returns, it also creates exposure to potential increased losses. Borrowings will typically be secured by assets held by the Pool. Under certain circumstances, a lender may demand an increase in the collateral that secures a Pool's obligations and if the Pool is unable to provide additional collateral, the lender may liquidate the Pool's assets to satisfy such obligations. Liquidation in that manner may have adverse consequences to the Pool.

Regulatory Risk

Some industries, such as health care and telecommunications, are heavily regulated and may receive government funding. Investments in these sectors may be substantially affected by changes in government policy, such as deregulation or reduced government funding. The value of a Pool that buys these investments may rise and fall substantially.

Securities Lending Risk

A Pool may enter into securities lending agreements. Securities lending involves loaning a security to a party in return for a fee together with the right to demand the return of the security at any time. The risk of these types of transactions is that the other party may default under the agreement or go bankrupt. In the case of a securities lending agreement, a Pool could incur a loss if the value of the security sold or loaned has increased more than the value of the cash or collateral held.

A Pool may reduce the risk of using securities lending transactions by requiring the other party to deliver cash, put up collateral or deliver securities, depending on the nature of the transaction. We only deal with parties who we believe have the resources and the financial strength to meet the terms of the agreements.

Systemic Risk

A Pool may be exposed to the risk of the collapse of an entire financial system or entire market. There are risks imposed by the interdependency in a system or market, where the failure of a single entity or cluster of entities can cause a cascading failure.

MANAGEMENT OF THE POOLS

Barometer Capital Management Inc.

We, Barometer Capital Management Inc. (**Barometer**), are registered as a portfolio manager, commodity trading manager, investment fund manager and exempt market dealer in Ontario, and

as a portfolio manager and exempt market dealer in each of the other provinces of Canada. Barometer is also registered as an investment fund manager in Québec, and Newfoundland & Labrador. We are the manager, trustee, investment adviser, principal distributor and promoter of the Pools, and as such, are responsible for managing the day-to-day activities of the Pools, including calculating the NAV per unit of each class of units of each Pool, the net income and net realized capital gains of each Pool and approving subscriptions for units of each Pool. We also manage each Pool's investment portfolio in accordance with that Pool's investment objective and investment strategies, and implement all brokerage transactions on behalf of the Pools.

In our capacity as an exempt market dealer, we may, in appropriate circumstances, act as a dealer in buying securities for one or more of the Pools and we may be paid a commission for providing such services to the Pools.

In addition, we may enter into "soft-dollar" brokerage arrangements and/or securities lending transactions on behalf of the Pools.

The following individuals will provide investment advice to the Pools:

Gregory Guichon

Mr. Guichon is the Chief Portfolio Manager of Barometer; previously, from July 2, 2004 Mr. Guichon was Managing Director, Portfolio Management of Rockwater Asset Management Inc.; prior thereto from late 2000, Mr. Guichon was Vice President of Blackmont Capital Inc.; and, prior thereto, Mr. Guichon worked in corporate banking and then joined Scotia McLeod as an investment executive. Mr. Guichon has over 30 years' experience in the investment industry.

David Burrows

Mr. Burrows is the Chief Investment Strategist of Barometer; previously, from July 6, 2004 Mr. Burrows was Managing Director, Portfolio Management of Rockwater Asset Management Inc.; and, prior thereto from 1998 Mr. Burrows was Vice-President, at Blackmont Capital Inc. Mr. Burrows has over 20 years experience in the investment industry.

Paul Campbell

Mr. Campbell is the portfolio manager and head of fixed income trading with Barometer and prior thereto worked as Director of Canadian Equity Research at BMO Capital Markets. Mr. Campbell has over 20 years' experience in the investment industry.

Salman Malik

Mr. Malik is, and has been, a member of the Barometer portfolio management team since 2006; and prior thereto held research and trading positions with major financial institutions. Mr. Malik has over 10 years' experience in the investment industry.

We are located at 1 University Avenue, Suite 1800, P.O. Box 25, Toronto, Ontario, M5J 2P1; telephone no.: 416.601.6888; toll free no.: 866.601.6888; fax no.: 416.601.9744; e-mail address: info@barometercapital.ca; and internet address: www.barometercapital.ca.

Prime Broker

TD Securities Inc. (**TDSI**) is the custodian and prime broker of each Pool pursuant to a prime brokerage agreement with us (the **TDSI Prime Brokerage Agreement**), in our capacity as manager and trustee of the Pools. TDSI holds the assets of the Equity Pool, the Tactical Balanced Pool, the Tactical Income Pool, the Long Short Pool and the Global Macro Pool and may retain sub-custodians to hold assets of such Pools.

Pool Administrator

SGGG Fund Services Inc. (**FSI**), Toronto, Ontario is the administrator of the Pools. This includes acting as the record keeper of the Pools and maintaining the records of the holdings of each Pool, processing subscription orders and redemptions, issuing account statements, trade confirmations, pricing the NAV of the Pools and providing tax reporting information to unitholders of each Pool.

Auditors

Deloitte & Touche LLP, are the auditors of each Pool and are responsible for auditing the financial statements of each Pool on an annual basis.

FEES AND EXPENSES

Management Fees

As compensation for our services as manager and trustee of each Pool, we receive an annual management fee (a **Management Fee**) from the class A units and class F units of each Pool equal to a fixed percentage of the NAV of that class of units as set out below:

<i>Pool</i>	<i>Class A Units</i>	<i>Class F Units</i>
Equity Pool	1.95%	0.95%
Tactical Balanced Pool	1.95%	0.95%
Tactical Income Pool	1.95%	0.95%
Long Short Pool	2.00%	1.00%
Global Macro Pool	1.75%	0.75%

The Pools do not pay a Management Fee in respect of their class O units, as the unitholders of these units negotiate with us the Management Fee that they pay.

All Management Fees are based on the previous day's ending NAV of a class of units of a Pool, calculated daily and paid quarterly.

The Management Fee is subject to federal GST/HST and will be a charge against the Pools.

Management Fee Distributions

In an effort to encourage large investments in a Pool, we may authorize a reduction in the Management Fee that we charge in respect of such an investor's investment in class A or class F units of the Pool. To effect such a reduction, we will reduce the Management Fee that is charged to that investor's class A or class F units and will pay a corresponding amount to the investor as a special distribution (a **Management Fee Distribution**). The level of reduction in our Management Fee of a Pool is negotiable between us and the investor, and will depend on the size of the investor's investment, the number of transactions, the extent of the services required by the investor and the fees we pay the investor's dealer. We may, without notice, terminate an investor's Management Fee Distribution at any time. Management Fee Distributions are paid first out of net income and net realized capital gains of a Pool and thereafter out of capital.

Performance Fees

As compensation for our services as investment adviser of a Pool, we also receive a performance fee (a **Performance Fee**) from the class A units and class F units of the Pool equal to 20% of the amount by which the NAV per unit of that class of the Pool at the end of a year (the **Year-End Class NAV per Unit**) exceeds the annual target NAV per unit of that class of the Pool (the **Year-End Target Class NAV per Unit**), multiplied by the number of outstanding units of that class of the Pool at the end of that year (the **Year-End Class Units**).

The Year-End Target Class NAV per Unit of a class of a Pool is calculated by multiplying the NAV per unit of the applicable class of the Pool at the beginning of the year (the **Beginning Class NAV per Unit**), adjusted for any subscriptions and distributions for units of that class of the Pool during the Year, by the sum of one plus the Pool's benchmark, also adjusted for such subscriptions and distributions. The annual benchmark return of each Pool is as follows:

Equity Pool	-	10.0%
Tactical Balanced Pool	-	8.5%
Tactical Income Pool	-	7.5%
Long Short Pool	-	10.0%
Global Macro Pool	-	10.0%

The Beginning Class NAV per Unit of a class of a Pool will be reset on January 1st of each year to the greater of the Year-End Class NAV per Unit for that class from the preceding year or the Beginning Class NAV per Unit for that class from the preceding year.

Performance Fees for each class of a Pool are calculated and accrued daily, and paid at the end of each year. For any redemption of units of a class of a Pool during a year, the *pro rated* Performance Fee for that class at the time of the redemption of such units, will be paid to us at the end of the month in which such redemption occurs.

Performance Fees, if any, for class O units of a Pool will be calculated at the end of the year or when any class O units of the Pool are redeemed. If any class O units of a Pool are redeemed during a year, the *prorated* Performance Fee of those class O units will be paid to us at the time they are redeemed.

Performance Fees are subject to federal GST/HST and such tax will be a charge against the Pools.

Performance Fee Distributions

In an effort to encourage large investments in a Pool, we may authorize a reduction in the Performance Fee that we would otherwise be entitled to receive from the Pool with respect to an investor's class A or class F units. The amount and timing of the distribution is solely at our discretion. To effect such a reduction, we will reduce the Performance Fee that is charged to the class A or class F units of such investor and will pay a corresponding amount to such investor as a special distribution (as **Performance Fee Distribution**). Any reduction of Performance Fees is fully negotiable between us and such large investors, and is primarily based on the size of their current investment in a Pool. We may, without notice, terminate a Performance Fee Distribution at any time. Performance Fee Distributions are paid first out of net income and net realized capital gains of a Pool and thereafter out of capital.

Operating Expenses

All reasonable expenses incurred in the administration, management and operation of a Pool will be payable by the Pool, as permitted by applicable law, including, but not limited to:

- Accounting, record-keeping and share transfer services;
- Filing fees and regulatory fees;
- Commissions and brokerage fees on portfolio investments of the Pool;
- Clearance and settlement costs, and any other fees relating to the purchase and sale of investments of the Pool;
- Applicable taxes;
- Bank fees and expenses;
- Prime brokerage and trustee fees;
- Legal, audit and other professional fees;
- Financial reports, offering memorandum and other disclosure requirements;
- Convening and holding meetings of unitholders of the Pool; and
- Assessments or other governmental charges levied against the Pool.

Most administrative expenses of a Pool are subject to federal GST/HST and such tax will be a charge against the Pool.

Management Expense Ratio (MER)

In order to ensure that a Pool's MER is competitive relative to similar pools and to encourage large investors to remain in the Pool, we may absorb the operating expenses of the Pool that we would otherwise be entitled to charge the Pool with respect to such investor's class A or class F units. The amount and timing of the MER reduction is solely at our discretion. To effect such a reduction, we will reduce the daily operating expense accrual that is charged to a Pool.

The expenses of a Pool will be allocated between the classes of units of the Pool, as appropriate. Each class of units of a Pool will bear separately any expense that can be specifically attributed to that class. Common expenses will be allocated based on the relative NAV of each class of a Pool, after adjusting for any class specific expenses.

Sales Charges

Investors who buy class A units of a Pool may pay a sales charge to their dealer of up to five percent (5%) of the value of the class A units purchased. The investor negotiates the sales charge that they pay with their dealer.

Class F and class O units of a Pool are not subject to a sales charge.

Switch Fees

An investor may be charged a switch fee by their dealer equal to two percent (2%) of the value of the units of a Pool that the investor switches from one Pool to another.

Redemption Fees

Nil

Short-Term Trading Fee

An investor redeeming units of a Pool which were purchased within the last 90 days, will have to pay the Pool a short-term trading fee equal to two percent (2%) of the value of the units redeemed.

Registered Plans

If an investor buys units of a Pool through a registered plan that we have opened for the investor, the investor will have to pay us an annual service fee of \$99 plus applicable GST/HST.

Referral Fees

From time to time we may pay referral fees to other registrants or parties for directing investors to the Pools or us in accordance with applicable laws. The amount and terms of such referrals will vary depending on the circumstances and to the extent required, will be disclosed to the appropriate parties.

Other Fees

A Pool will charge an investor \$25 for any cheques or investor account balances with insufficient funds to complete the requested transaction.

DEALER COMPENSATION

Sales Charges / Switch Fees

An investor's dealer may charge an investor a sales charge or a switch fee. Refer to "Sales Charges" and "Switch Fees" on page 26.

Trailing Commissions

We may pay an investor's dealer an annual trailing commission of up to 1.00% of the value of the investor's units in a Pool for as long as you hold units of the Pool through that dealer. We do not pay any trailing commission with respect to class F units of a Pool. An investor buying class O units of a Pool may negotiate with their dealer the annual trailing commission that we are to pay their dealer.

We may also pay an investor's dealer up to 20% of the annual Performance Fees earned, if any, on the units held by the investor.

Other Dealer Support

We pay for marketing materials that we give dealers to help support their sales efforts and to help educate investors. These materials include reports and commentaries on securities, the markets, the Pools and the services that we provide to investors.

Subject to any applicable regulatory requirements, we may share the cost of local advertising or other marketing or sales related expenses or provide various training support programs to assist dealers in servicing their clients, and in their efforts to sell units of the Pools. These programs may include, but are not limited to, training materials and audio/visual materials for seminar programs operated at the dealer level.

We may also pay up to 10% of the costs of educational seminars or conferences held by dealers for their financial advisors to teach them about, among other things, new developments in the mutual fund industry, financial planning or new financial products. The dealer makes all decisions about where and when the conference is held and who can attend.

In addition, we may arrange seminars for financial advisors where we inform them about new developments relating to the Pools, our products and services, and investment fund industry matters. We may invite dealers to send their financial advisors to our seminars, but we do not decide who attends. The financial advisors must pay their own travel, accommodation and personal expenses to attend our seminars.

We may also provide financial advisors with promotional items of nominal value and may engage in business promotion activities with financial advisors.

INVESTING IN UNITS OF A CLASS OF A POOL

Description of Units of a Class of a Pool

Each Pool currently offers class A, class F and class O units to investors. Each unit of each class of each Pool is of equal value. The number of units of each class that may be issued are unlimited unless we otherwise decide in our sole discretion. Each unit of a class of a Pool ranks equally with every other unit of that class of the Pool, except that holders of a fraction of a unit of a class of the Pool will not be entitled to vote at a meeting of unitholders of the Pool in respect of the fractional unit. Outstanding units of a class of a Pool participate equally in all distributions of assets of the Pool and on the termination of the Pool. We may at any time subdivide or consolidate all units of a Pool that are outstanding.

Units of a class of a Pool are valued in accordance with the method set out under the heading “Valuation of the Pools and Units”.

Purchase of Units of a Class of a Pool

Each unit of a class of a Pool is issued at a price equal to the NAV per unit of that class of the Pool, as determined under the heading “Valuation of the Pools and Units”.

Units of a Pool can only be sold to investors who have reached the age of majority in the province in which they reside.

Units of a class of a Pool may be acquired on each day that the Toronto Stock Exchange (**TSX**) is open for trading (each a **Valuation Date**). We may accept or reject any subscription for units of a class of a Pool in whole or in part. To subscribe for units of a class of a Pool, an investor must submit a completed subscription agreement to their dealer or us. We will accept or reject a subscription within two (2) business days of receiving an order. A subscription received in good order prior to 4:00 pm Eastern Standard Time (**EST**) on a Valuation Date will, if accepted by us, be processed on that Valuation Date. A subscription received on or after 4:00 pm (EST) on a Valuation Date will, if accepted by us, be processed on the next Valuation Date.

We may allow an investor who is a “designated beneficiary”, as such term is defined in the Tax Act, to buy and own units of a class of a Pool provided it does not adversely affect the financial interests of the other unitholders of the Pool. Accordingly, we may require such an investor to immediately redeem any units of a class of a Pool that they own, if their owning units of that class of the Pool will adversely affect the financial interests of the other unitholders of that class of the Pool. We intend to minimize to the extent possible designated income and any resulting taxes on a Pool.

If we reject a subscription for units of a class of a Pool, we will cause any subscription proceeds received with such subscription to be immediately returned to the investor without interest or deduction. Units of each class of each Pool are denominated in Canadian dollars and are available for purchase in Canadian dollars. Units of the Pools may also be purchased in U.S. dollars.

Class A Units

Class A units of a Pool are available to all qualified investors (e.g., accredited investors or non-accredited, non-individual investors investing at least \$150,000 in units of a class of a Pool). Class A units of a Pool may be subject to a sales charge and switching fee. Refer to “Sales Charges” and “Switch Fees” on page 26 for more details.

Class F Units

Class F units of a Pool are designed for investors participating in programs that already charge a fee for the advice they are receiving, such as a dealer-sponsored “fee-for-service” or wrap program and who periodically pay their dealer an asset-based fee rather than commissions on each transaction, and do not require us to incur distribution costs by paying the dealer a trailing commission. Accordingly, we are able to reduce our Management Fee on the class F units of a Pool because our costs to distribute such units are lower and because investors eligible to purchase such units have already entered into an agreement to pay fees directly to their dealer.

An investor can only buy class F units of a Pool if we receive confirmation from their dealer that they are enrolled in an eligible program as described above. We establish the terms and conditions dealers must satisfy before we will sell class F units of a Pool to their clients.

If a unitholder is no longer eligible to hold class F units of a Pool, we may require the unitholder to switch their class F units of the Pool into another class of units of the Pool after giving the unitholder at least 30 days’ prior written notice. This switch will not be required if the unitholder advises us within such notice period, and we agree, that such unitholder is again entitled to hold class F units of the applicable Pool. When switching to another class of units of a Pool, an investor’s dealer may charge the investor a sales charge and/or a switching fee. Refer to “Switch Fees” on page 26 for more details.

Class O Units

Class O units of a Pool are designed for institutional and certain high net worth investors who are entitled to reduced Management Fees because of the lower cost of servicing an investment in the Pool with a large dollar value. We will negotiate the terms of purchase of class O units directly with each such investor, including the Management Fee and Performance Fee that they will be charged. No sales charge is payable when an investor buys or redeems class O units of a Pool. An investor must enter into a class O unit agreement with us before they can buy class O units of a Pool.

Minimum Investment

Class A and class F units of a Pool may be purchased at any time by accredited investors, within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions*, who are purchasing units of that class of the Pool with a minimum initial investment of at least \$25,000, or by non-accredited, non-individual investors who are purchasing units of that class of the Pool with a minimum initial investment of at least \$150,000. In the latter instance, such investors may be able to make subsequent investments in units of the same class of the same Pool in smaller amounts. The minimum subsequent investment in any class of a Pool is \$5,000.

The minimum initial investment to buy class O units of a Pool is \$1,000,000.

We may, to the extent permitted by applicable law, waive any minimum investment requirement at any time.

U.S. Dollar Option

Investors may elect to buy units of a class of a Pool in Canadian or U.S. dollars. Any distributions, redemptions or switches from units of a class of a Pool will be made in the currency selected by the unitholder at the time the investor initially purchased units of such Pool. All purchase and redemption amounts in U.S. dollars will be based upon a Pool's NAV per unit of the applicable class of the Pool expressed in Canadian dollars and converted to U.S. dollars using such reasonable exchange rate as we may from time to time determine.

Confirmations

FSI will provide a written confirmation to each investor who buys units of a class of a Pool confirming the details of the purchase transaction, including the dollar amount of the purchase order, the NAV per unit of that class of the Pool that was purchased and the number of units of that class of the Pool acquired by the investor. For subsequent purchases, the confirmation will confirm the cumulative number of units of the applicable class of the applicable Pool acquired by the investor.

Acting as Dealer

If we sell units of a class of a Pool to an investor, we must ensure that acquiring such units is appropriate for such investor having regard to that investor's investment objectives and risk tolerance. Such an investor will be required to complete our "know your client" questionnaire and account opening form in addition to their subscription agreement.

Investment by a Pool in another Pool

A Pool may invest in non-voting units of another Pool from time to time in order to achieve its investment objective.

Statement of Policies and Procedures

In the course of providing services to the Pools, we will attempt to avoid potential conflicts of interest that may arise as a result of our registration as a portfolio manager, commodity trading manager, investment fund manager and as an exempt market dealer, by discharging our duties as manager, trustee, investment adviser, principal distributor and promoter of the Pools, honestly and in good faith and in the best interests of the Pools, and will exercise the degree of care, diligence and skill that a reasonably prudent professional manager would exercise in the circumstances. In addition, we will not undertake any trading activities on behalf of the Pools, unless such trades are transacted at prices that generally reflect current market rates.

Regulatory Relief from Investment Restrictions

The Pools have received relief from applicable securities legislation to allow a Pool to engage in *in specie* transactions with another Pool or a managed account of Barometer provided certain conditions are satisfied, including that the securities being transferred are acceptable to Barometer, are transferred at a price equal to their issue price and are not securities of a related issuer of Barometer. An *in specie* transaction will only occur with a managed account of Barometer if the managed account has consented in writing to such transactions.

REDEMPTION OF UNITS

Unitholders of a Pool may redeem their units of a class of the Pool on any Valuation Date, except in extraordinary circumstances.

No redemption fee is charged when an investor redeems units of a Pool, unless redeemed within 90 days of purchase.

A redemption request must specify the number of units of the class of the applicable Pool that the unitholder wants to redeem or the dollar value of such units that the unitholder wants to redeem. All redemption requests are irrevocable.

A unitholder of a Pool may redeem all or a portion of his units of a class of the Pool on any Valuation Date at the NAV per units of that class of the Pool on that Valuation Date by sending a redemption request by fax to 416.967.1969 prior to 4:00 p.m. (EST) on that Valuation Date.

Any redemption requests received on or after 4:00 p.m. (EST) on a Valuation Date will be redeemed on the next Valuation Date.

The office address of FSI at which redemption requests must be received is:

SGGG Fund Service Inc.
60 Yonge Street, Suite 1200
Toronto, Ontario
M5E 1H5

Local Telephone No.: 416.967.0038
Toll Free Telephone No.: 1.888.967.0038
Fax No.: 416.967.1969
E-Mail: adminservices@sgggfsi.com

The amount payable to a unitholder redeeming units of a class of a Pool will be equal to the aggregate NAV of the units of that class of the Pool being redeemed as of the Valuation Date on which such units of that class of the Pool are redeemed, less any applicable amounts that may be withheld pursuant to this Offering Memorandum, the Declaration of Trust of the Pool or applicable law.

Payments of any redemption amounts less any short-term trading fees will be made by TDSI promptly, and in any event within three (3) business days of the Valuation Date on which such

units of a class of a Pool are redeemed, and may be made at the election of the unitholder holding units of the Pool either by wire transfer to the bank account of the unitholder or by mailing a cheque to the unitholder's address on the register of the Pool or to such other address as the unitholder may direct, including a written statement exempting us or TDSI from any liability as a result of acting on such direction. Any payment so made will discharge the applicable Pool, us and TDSI from all liability to such unitholder in respect of the units of the applicable class of the applicable Pool that are being redeemed. Redemption proceeds for units of a class of a Pool that are held in a tax plan may not be available until all administrative procedures relating to the tax plan are complete.

We may require signatures to be guaranteed by a Canadian chartered bank or trust company or by a member of a recognized stock exchange or any other guarantor acceptable to us on orders for redemptions with proceeds in excess of \$10,000. If the unitholder is a corporation, partnership, agent, fiduciary or surviving joint owner, additional documentation may be required.

Payment of redemption proceeds will be made provided the necessary documents have been received and the original purchase price for the units of the applicable class of the applicable Pool to be redeemed have cleared the Canadian banking system. If, within 10 business days of the receipt of a redemption request by a Pool, we have not received the completed redemption documentation, the Pool will be deemed to have received and accepted, on the 10th business day, a purchase order for the equivalent number of units of the applicable class being redeemed. If the purchase price is less than the redemption price for such units, the applicable Pool is entitled to keep the difference. If the purchase price is greater than the redemption price for such units, the unitholder's dealer will be responsible for paying the difference and associated costs. The unitholder's dealer may seek reimbursement of these costs from the unitholder.

Redemption of nominal amounts for Class A or Class F units

Due to the relatively high cost of maintaining smaller denominated accounts, each Pool reserves the right to redeem units of a class of that Pool in any account (other than registered retirement income funds, locked-in retirement income funds and life income funds) if, at any time, the aggregate NAV of such units is less than \$25,000. Unitholders will be notified and given 30 days to make additional investments to increase the aggregate NAV of the units of the applicable class(es) of the applicable Pool(s) in their account to not less than \$25,000 before such a redemption is processed.

Minimum balances for Class O units

If, at any time, the value of a unitholder's class O units of a Pool is less than \$1,000,000, the Pool may require the unitholder to switch their class O units of the Pool into class A units or class F units of the Pool. Unitholders will be notified 30 days in advance to allow such unitholders to increase the value of the class O units of the applicable Pool that they hold to \$1,000,000 before such switch is processed.

Suspension of Redemptions

We may suspend or postpone the right of a unitholder to redeem their units of a class of a Pool:

- For any period where normal trading is suspended in any market where securities or derivatives are traded which represent more than 50% of the Pool's total asset value if those securities or derivatives are not traded on another market or exchange that represents a reasonable and practical alternative; or
- At any time with the consent of the appropriate securities regulatory authorities.

If the right to redeem is suspended or postponed, and if a pending redemption order is not withdrawn before the end of the suspension period, the applicable Pool will redeem the units of the class of the Pool to be redeemed in accordance with the redemption order at the applicable NAV per unit of that class of the Pool on the first Valuation Date following the end of the suspension. During any period of suspension, purchase orders for units of that class of the Pool will not be accepted. Switching privileges will also be suspended during this period.

Switching Privileges

A unitholder may through their dealer, switch their units of a class of a Pool for another class of the Pool or a class of units of another Pool, provided the minimum investment requirements are met. The unitholder's dealer may charge the unitholder a switching fee and the unitholder may also be subject to a short-term trading fee if the switch is made within 90 days of the units of the applicable class of the applicable Pool being purchased. Refer to "Short-Term Trading Fee" on page 25. A switch is treated as a redemption of units of a class of a Pool followed by a purchase of units of another class of the Pool or a class of another Pool. A unitholder may realize tax consequences on any switch of units of a class of a Pool. Refer to "Canadian Federal Income Tax Considerations" on page 34.

Short-Term Trading Fee

As frequent trading of units of a class of a Pool, can be detrimental to the Pool's performance, we have adopted policies and procedures to detect and deter inappropriate short-term trading. We may change these policies and procedures from time to time without notice. While we actively take steps to detect and deter inappropriate short-term trading, we cannot ensure that such trading activity will be completely eliminated.

If you switch or redeem units of a class of a Pool within 90 days of buying such units, we may charge you a short-term trading fee of up to two percent (2%) of the amount switched or redeemed. The fees are paid to the applicable Pool. Your dealer may also charge you a switch fee. Refer to "Switch Fees" on page 26 for more details.

We may also, without notice, take other steps such as, restricting, rejecting or cancelling any purchase or switch order where such order, in our reasonable opinion, amounts to inappropriate short-term trading.

Regulatory Filing Fees

If you redeem units of a Pool that you purchased within 90 days, you will be required to pay all regulatory filing fees that have been paid by the Pool when such units were issued.

Mandatory Redemptions

We reserve the right, in our sole and absolute discretion, to at any time require the redemption of any units of any class of a Pool.

VALUATION OF A POOL AND ITS UNITS

FSI determines the NAV of each Pool and the NAV of each class of units of each Pool as of 4:00 pm EST on each Valuation Date. If December 31st of a year would not otherwise be a Valuation Date, it will be deemed to be a Valuation Date.

The NAV of each Pool is determined at 4:00 pm EST on a Valuation Date by valuing, in accordance with the valuation rules set out in the Declaration of Trust of that Pool. Generally, the NAV per unit of a class of a Pool is calculated at 4:00 pm EST on each Valuation Date by taking that class' proportionate share of all assets of the Pool the cash, receivables and securities in its portfolio, subtracting that class' liabilities and that class' proportionate share of common Pool liabilities, net income, net realized capital gains and other amounts payable to the unitholders of the Pool on such Valuation Date. The amount determined to be the NAV of a Pool on a Valuation Date is then divided by total number of units of that class of the Pool that are outstanding on the Valuation Date to determine the NAV per unit of that class of the Pool on the Valuation Date.

In determining the NAV of a Pool, FSI may rely on information provided to it by one or more counterparties appointed by TDSI. FSI shall be under no obligation to supervise and shall not have any responsibility if those counterparties fail to provide it with correct and/or timely information.

The NAV of a Pool will be reported in Canadian currency and such other currencies as we may choose.

COMPUTATION AND DISTRIBUTION OF INCOME AND CAPITAL GAINS

On the last Valuation Date of each year, a Pool will make payable to its unitholders sufficient net income and net realized capital gains of the Pool for that year so that the Pool is generally not liable to pay tax under Part I of the Tax Act (other than, where the Pool has qualified as a mutual Pool trust throughout the particular year, any tax that would be immediately refundable to it).

A Pool may also make such additional distributions of net income and net realized capital gains on any other Valuation Date as we determine in our sole discretion. A Pool may also effect a distribution that amounts to a return of capital.

Unless a unitholder of a Pool directs otherwise in writing, all distributions of the Pool on a Valuation Date will be reinvested in additional units of the applicable class of the Pool on that Valuation Date, without charge, at the NAV per unit of that class of the Pool on that Valuation Date.

Cash distributions by a Pool will be made in Canadian funds within three (3) business days of the distribution and may be made, at the election of a unitholder holding units of a class of the Pool

either by wire transfer to the bank account of the unitholder or by mailing a cheque to the unitholder's address on the register of the Pool or to such other address as the unitholder may direct, including a written statement exempting us and TDSI from any liability as a result of acting on such direction.

Distributions to a unitholder of a Pool that is a non-resident of Canada will be subject to applicable Canadian withholding tax. Refer to "Non-Residents of Canada" on page 38 for more details.

REPORTING TO UNITHOLDERS

In our capacity as an exempt market dealer, we may, in appropriate circumstances, act as a dealer when buying or selling units of one or more of the Pools. When we act as exempt market dealer and buy units of a class of a Pool on behalf of an investor, FSI will furnish to the unitholder of the Pool on a regular basis, at least quarterly, a statement describing the number of units of each class of the Pool held by the unitholder, the total value of each class of units of the Pool held by the unitholder and any transactions by the unitholder for the period since the last report. If an investor buy units of a class of a Pool through their dealer, FSI will also provide the dealer with the same information who will on a regular basis, at least quarterly, provide the investor with a statement describing the investor's holdings in the Pools.

FSI will also provide unitholders of a Pool with applicable income tax forms on an annual basis.

Each Pool will be annually audited and a copy of that Pool's audited annual financial statements will be made available to any unitholder of that Pool on request.

U.S. TAX INFORMATION REPORTING

Each of the Pools is a "Reporting Canadian financial institution" for purposes of the *Canada-United States Enhanced Tax Information Exchange Agreement* (the **IGA**) and Part XVIII of the Tax Act, and intends to satisfy its tax reporting obligations to the CRA under such laws. As a result, certain unitholders may be requested to provide information to the Pools or their registered dealer relating to their citizenship, residency and, if applicable, a U.S. federal tax identification number. If a unitholder is identified as a U.S. taxpayer (including a U.S. citizen who is resident in Canada) or if the unitholder does not provide the requested information, the IGA and Part XVIII of the Tax Act will generally require information about the unitholder's investment in the Pools to be reported to the CRA, unless the investment is held in a registered plan. The CRA will then exchange the information with the U.S. Internal Revenue Service pursuant to the provisions of the Canada-U.S. Income Tax Treaty.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax consequences, as of the date hereof, of an investment in units of a class of a Pool by an individual (other than a trust) who holds units of that class of the Pool as capital property. The tax consequences to a unitholder of a Pool of acquiring, owning and disposing of units of a class of the Pool will depend on many factors including the unitholder's jurisdiction of residence and the manner and frequency in which units of a class of the Pool are acquired and disposed of by the unitholder.

Since tax laws vary by province and every investor's situation is different, we recommend that you obtain advice from a tax expert.

This description is based upon the current provisions of the Tax Act and the regulations thereunder, the specific proposals to amend the Tax Act and such regulations (the **Tax Proposals**) announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and our understanding of the current publicly available written administrative and assessing policies of the Canada Revenue Agency (**CRA**). If any of the Tax Proposals are not adopted as contemplated, the tax consequences to the Pools and the unitholders of the Pools may not be as described below in all cases. This description is not exhaustive of all possible Canadian federal income tax consequences and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations which may differ significantly from those discussed herein. There is no assurance that the Tax Proposals will be enacted in the form proposed, if at all.

This description is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective purchaser and no representation with respect to the income tax consequences to any purchaser is made. Prospective purchasers should consult their own tax advisors for advice with respect to the income tax consequences to them of a proposed investment in units of a class of a Pool as it relates to their particular circumstances.

Tax Status of the Pools

Each Pool currently qualifies as a "unit trust" and as a "mutual fund trust" within the meaning of the Tax Act. In order to so qualify, a Pool must comply on a continuous basis with certain requirements as to the distribution of its units and the number of its unitholders. In addition, a Pool may not reasonably be considered to have been established or maintained primarily for the benefit of non-resident persons unless all or substantially all of its property is property other than "taxable Canadian property" as defined in the Tax Act.

Each of the Equity Pool, the Tactical Income Pool, the Tactical Balanced Pool and the Global Macro Pool is currently a registered investment under the Tax Act.

Units of each Pool are qualified investments for registered plans.

Taxation of the Pools

A Pool will generally not be liable for tax under Part I of the Tax Act in respect of its net income or net realized capital gains in each taxation year, determined in Canadian dollars in accordance with the Tax Act, to the extent such net income and net realized capital gains are paid or payable in the year to unitholders of the Pool. Unless a Pool is a mutual fund trust under the Tax Act throughout a taxation year, the Pool may in certain circumstances be subject to alternative minimum tax for such year even though its net income and net realized capital gains are paid or payable to its unitholders. In most circumstances, gains and losses on derivatives will be treated by a Pool as being on income account.

A Pool will be entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (or receive a refund in respect of) its liability, if any, on its net realized capital gains by an amount determined under the Tax Act based on redemptions of its units during the year (the **Capital Gains Refund**). The Capital Gains Refund of a Pool in a particular taxation year may not completely offset the tax liability of the Pool for such taxation year which may arise upon the sale or other disposition of securities included in the Pool's underlying assets in connection with the redemption of its units.

Unless a Pool is a mutual fund trust under the Tax Act throughout a taxation year, the Pool will be liable to a special tax under Part XII.2 of the Tax Act if its unitholders include "designated beneficiaries" and it has "designated income". If such Pool has a "designated beneficiary" (which includes a non-resident of Canada, certain trusts and certain tax-exempt persons) and has "designated income" (which includes capital gains from the dispositions of "taxable Canadian property" and income from a business carried on in Canada), the Pool will be liable to pay Part XII.2 tax at a rate of 36% on such designated income. Such tax will be effectively borne by the "designated beneficiaries". Taxable unitholders of the Pool who are resident in Canada should generally achieve the same after-tax return as if the Pool were not subject to Part XII.2 tax.

Each Pool is (other than the Long Short Pool) a registered investment under the Tax Act. If a Pool is a registered investment but not a mutual fund trust under the Tax Act, it will be liable to pay a penalty tax under the Tax Act if, at the end of any month, the Pool holds any investments that are not qualified investments for registered plans (as defined below under "Deferred Income Plans"). The tax for a month is equal to 1% of the fair market value of the non-qualified investments at the time it was acquired by the Pool.

It is assumed that at no time will "financial institutions" (as defined in section 142.2 of the Tax Act) hold more than 50% of the fair market value of all the units of any Pool that is not a mutual fund trust under the Tax Act. If financial institutions held more than 50% of the fair market value of all the units of a Pool that is not a mutual fund trust under the Tax Act, the Pool would be subject to the "mark-to-market" rules under the Tax Act on its "mark-to-market property."

Losses incurred by a Pool cannot be allocated to unitholders of the Pool, but may be deducted by the Pool in future years in accordance with the Tax Act.

Taxation of Unitholders

A unitholder of a Pool (other than registered plans) will be required to include in income (in Canadian dollars) for a taxation year the net income and a portion of the net realized capital gains of the Pool paid or payable to the unitholder of the Pool in such taxation year (including Management Fee Distributions and Performance Fee Distributions), whether received in cash or reinvested in additional units of the applicable class of the Pool.

All amounts relating to the acquisition, holding or disposition of units of a class of a Pool must be determined in Canadian dollars based on the exchange rates as determined in accordance with the Tax Act. Accordingly, an investor who elects to buy units of a class of a Pool in U.S. dollars must report distributions in Canadian dollars and may realize foreign exchange gains or losses upon a disposition of units of that class of the Pool.

The NAV per unit of a class of a Pool will reflect any income and gains of the Pool that have accrued or been realized but not made payable at the time the units of that class of the Pool were acquired. Consequently, purchasers of units of a class of a Pool may become taxable on their share of income and gains of the Pool that accrued or were realized before the unitholder acquired their units of the applicable class of the Pool.

Foreign income, taxable dividends from taxable Canadian corporations and taxable capital gains of a Pool (in each case, designated as such by the Pool) will retain their identity in the hands of unitholders of the Pool for income tax purposes. Where foreign income of a Pool has been so designated, generally unitholders of the Pool will be deemed to have paid, for foreign tax credit purposes, their proportionate share of the foreign taxes paid by the Pool on such income. To the extent that amounts received from a Pool by a unitholder are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply.

All distributions by a Pool to its unitholders (other than as proceeds of disposition of all or part of a unitholder's units of a class of the Pool) will reduce the adjusted cost base of the unitholder's units of the applicable class of the Pool except to the extent that the distribution is included in the unitholder's income or is the non-taxable portion of a capital gain of the Pool (designated as such by the Pool). A unitholder of a Pool will realize a capital gain to the extent that reductions in the adjusted cost base of the unitholder's units of a class of the Pool result in a negative amount.

Upon the disposition of a unit of a class of a Pool, including on a redemption or switch, a capital gain (or capital loss) will be realized by the unitholder of the Pool to the extent that the proceeds of disposition of the unit of that class of the Pool exceed (or are exceeded by) the aggregate of the adjusted cost base of that unit of that class of the Pool and any costs of disposition.

One-half of a capital gain (a **taxable capital gain**) will be included in computing a unitholder's income and one-half of a capital loss may be deducted from taxable capital gains to the extent permitted by the Tax Act.

For the purpose of determining the adjusted cost base to a unitholder of a unit of a class of a Pool, when that unit of that class of the Pool is acquired, whether on the reinvestment of distributions or otherwise, the cost of the newly-acquired unit of that class of the Pool will be averaged with the adjusted cost base of all other units of that class of the Pool owned by the unitholder before that time. The cost to a unitholder of those units of the applicable class of the applicable Pool received on the reinvestment of a distribution will be equal to the amount reinvested.

In general terms, the net income of a Pool paid or payable to a unitholder of the Pool (other than taxable dividends from taxable Canadian corporations) will not increase the unitholder's liability under the Tax Act for alternative minimum tax. Net realized capital gains of a Pool paid or payable to a unitholder of the Pool or realized on a disposition of units of a class of the Pool may increase the unitholder's liability for alternative minimum tax.

Investors who are interested in buying class O units of a Pool, should consult their tax advisers to determine if they can deduct any management fees and/or performance fees that they may pay with respect to such units.

Deferred Income Plans

The Pools all currently qualify as mutual fund trusts and/or registered investments for purposes of the Tax Act such that units of each Pool are qualified investment under the Tax Act for trusts governed by registered retirement savings plans (a **RRSP**), registered retirement income funds (a **RRIF**), deferred profit sharing plans, registered education savings plans (a **RESP**), registered disability savings plans (a **RDSP**) and tax-free savings accounts (a **TFSA**), each a “*registered plan*”.

If units of a Pool are “prohibited investments” under the Tax Act for the purposes of a RRSP, a RRIF or a TFSA, a unitholder who is an annuitant of a RRSP or a RRIF, or a holder of a TFSA, that holds units of a class of the Pool will be subject to a penalty tax as set out in the Tax Act. A “prohibited investment” includes a unit of a trust which does not deal at arm’s length with an annuitant or a holder, or in which the annuitant or the holder has a significant interest, which, in general terms, means the ownership of 10% or more of the value of a Pool’s outstanding units by the annuitant or holder, either alone or together with persons and partnerships with whom the annuitant or holder does not deal at arm’s length. Unitholders are advised to consult their own tax advisors regarding the application of these rules in their own particular circumstances.

Units held in a registered plan

If a unitholder hold units of a class of a Pool in a registered plan, the unitholder will generally not pay any tax on distributions from the Pool on those units of the applicable class of the Pool or on any capital gains that the unitholder’s registered plan receives from selling or switching units of the applicable class of the Pool as long as the money remains in the registered plan. When a unitholder withdraws money from a registered plan (other than a TFSA or certain withdrawals from a RESP or RDSP), it will generally be subject to tax at the unitholder’s marginal tax rate

Non-Residents of Canada

In general, a unitholder of a Pool who is not a resident of Canada under the Tax Act who disposes of units of a Pool will not be liable to pay Canadian income tax on any gain realized on such disposition and will not be required to file a Canadian tax return or request a tax clearance certificate in respect of the disposition. However, a disposition of units will be taxable and a clearance certificate will be required if the Pool is not a “mutual fund trust” under the Tax Act and if more than 50% of the fair market value of the units of the Pool is derived directly or indirectly from any combination of Canadian real estate, Canadian resource property, timber resource properties and options or interests in the foregoing properties as defined in the Tax Act. Currently, each Pool is a mutual fund trust under the Tax Act and none of the Pools currently derives more than 50% its value from such properties.

Distributions of income from a Pool to a unitholder that is a non-resident of Canada will generally be subject to withholding tax at a rate of 25%, subject to reduction under an applicable

tax treaty. No withholding tax applies with respect to distributions of the non-taxable portion of capital gains and returns of capital. If a Pool is a mutual fund trust under the Tax Act, the foregoing withholding tax will also not apply in respect of distributions of the taxable portion of capital gains, unless the capital gain is derived from the disposition of “taxable Canadian property” and the Pool has more than five percent (5%) of its units owned by non-residents of Canada.

Calculating Adjusted Cost Base

In general, the aggregate adjusted cost base of a unitholder’s units of a class of Pool equals:

- the unitholder’s initial investment, plus
- any additional investments by the unitholder, plus
- any reinvested distributions, minus
- any return of capital distributions, minus
- the adjusted cost base of any previous redemptions.

The adjusted cost base per unit of a class of a Pool held by a unitholder is equal to the aggregate adjusted cost base of all units of that class of the Pool owned by the unitholder divided by the total number of units of that class of the Pool.

A unitholder should keep detailed records of the units of a class of a Pool that they buy and all distributions that they receive on those units so the unitholder can calculate his adjusted cost base. A unitholder should consult with his or her tax adviser in this regard.

AMENDMENT OF THE DECLARATION OF TRUST OF A POOL AND TERMINATION OF A POOL

Amendment of the Declaration of Trust of a Pool

We may amend in our sole discretion or alter any provision of the Declaration of Trust of a Pool without notice to the unitholders of the Pool unless applicable securities legislation requires unitholders of the Pool to be notified or to vote on such amendment.

Termination of a Pool

A Pool will terminate if we decide to terminate the Pool and 60 days’ prior written notice of the termination is given to all unitholders of the Pool. No unit of a class of a Pool may be redeemed after we have issued a notice of termination with respect to the Pool. In such a situation, we will make appropriate arrangements for converting the assets of the applicable Pool into cash or making an *in specie* distribution. After paying or providing for the liabilities and obligations of such Pool, each unitholder of such Pool, registered as such at the close of business on the date on which such Pool is to be terminated, shall be entitled to receive his proportionate share of the

value of such Pool based on the number of units of the applicable class(es) of such Pool that the unitholder holds.

MEETING OF UNITHOLDERS

We may call a meeting of unitholders of a Pool. Unitholders of a Pool must receive at least 21 days' prior notice of any such meeting. At any meeting, one or more unitholders of a Pool present in person, or by proxy at the opening of the meeting, holding not less than two percent (2%) of the units of the Pool, constitutes a quorum for the transaction of business and the chairman of the meeting may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the entire meeting. If a quorum is not present at a meeting when originally called, then no quorum requirement shall apply at an adjournment thereof if notice of the adjourned meeting is given.

At all meetings of unitholders of a Pool, each unitholder of the Pool holding at least one unit, or at least one unit of a class, of the Pool, as applicable, will have one vote on a show of hands and one vote for one unit, or one vote for each unit of a class of the Pool, as applicable, held if the vote is done by ballot.

A majority of the votes cast on a resolution must approve the resolution for the resolution to pass unless otherwise required by applicable securities legislation.

MATERIAL CONTRACTS

The material contracts pertaining to a Pool are the Declaration of Trust of the Pool and the TDSI Prime Brokerage Agreement. No other material contracts have been, or are expected to be, entered into, by or on behalf of the Pools.

A copy of the Declaration of Trust of a Pool may be inspected at our office during normal business hours. To the extent there is any inconsistency or conflict between the Declaration of Trust of a Pool and this Offering Memorandum, the provisions of the Declaration of Trust of the Pool shall prevail.

INTEREST OF MANAGER AND TRUSTEE

Other than the right to buy units of a class of a Pool, to receive certain fees from the Pool and to be reimbursed by the Pool in respect of certain expenses (refer to "Operating Expenses" on page 24), we do not have any material financial interest in the Pool.

EXEMPTION FROM PROSPECTUS REQUIREMENTS

Units of each class of a Pool are offered pursuant to certain exemptions from the prospectus requirements of the securities legislation of various provinces and territories of Canada. Subscribers for units of a class of a Pool will be required to execute a subscription agreement, as described under the heading "Purchase of Units of a Class of a Pool" on page 27, and may be required to execute such certificates and other documents as we may reasonably require to evidence the investor's eligibility as a unitholder of the Pool.

RIGHT OF ACTION FOR DAMAGES OR RESCISSION

Securities legislation in certain provinces and territories of Canada provides purchasers of units of a class of a Pool which were offered under this Offering Memorandum with, in addition to any other right they may have at law, rights of rescission or damages, or both, where this Offering Memorandum, any amendment thereto and, in some cases, advertising, and sales literature used in connection with the offering of units of that class of the Pool, contains a misrepresentation. For the purposes of this section, **misrepresentation** means:

- (a) An untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect, on the market price or the value of units of that class of the Pool (a **material fact**); or
- (b) An omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

In addition, securities legislation in certain provinces of Canada provides purchasers of units of a class of a Pool offered under this Offering Memorandum with, in addition to any other right they may have at law, the right to withdraw their subscription for units of that class of the Pool.

These rights must be exercised by purchasers of units of a class of a Pool within the prescribed time limits under applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province or territory for the full particulars of these rights or consult with their legal advisor.

The rights of action for rescission or damages provided in such securities legislation are in addition to and do not derogate from any other right that purchasers of units of a class of a Pool may have at law.

The following is a summary of the rights of withdrawal and the rights of action provided under applicable securities laws. Reference should be made to the full text of the provisions summarized above relating to statutory rights of withdrawal and rights of action. Prospective purchasers of units of a class of a Pool should consult their own legal advisers with respect to their rights and the remedies available to them.

Alberta

A purchaser of units of a class of a Pool who is resident in Alberta and to whom this Offering Memorandum was delivered may rescind their contract to purchase such units by sending written notice to the Pool not later than midnight on the second day, exclusive of Saturdays and holidays, after the purchaser signs the agreement to purchase such units.

If this Offering Memorandum contains a misrepresentation when a purchaser resident in Alberta buys units of a class of a Pool, securities legislation in Alberta provides that every such purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against (i) the Pool, and (ii) every person or company who signed this Offering Memorandum, but may elect (while still the owner of any of the units that they

purchased) to exercise a right of rescission against the Pool, in which case the purchaser shall have no right of action for damages, provided that:

- (a) No Pool nor any other person or company will be liable if the Pool or such person or company proves that the purchaser purchased the units of that class of the Pool with knowledge of the misrepresentation;
- (b) In an action for damages, no Pool nor any other person or company will be liable for all or any portion of such damages if the Pool or such person or company proves that they do not represent the depreciation in value of the units of that class of the Pool as a result of the misrepresentation relied on; and
- (c) In no case will the amount recoverable under this right of action exceed the price at which the units of that class of the Pool were sold to the purchaser.

No person or company, other than a Pool, is liable:

- (a) If the person or company proves that this Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Pool that it was sent without the knowledge and consent of the person or company;
- (b) If the person or company proves that the person or company, on becoming aware of the misrepresentation, withdrew the person's or company's consent to this Offering Memorandum and gave reasonable notice to the Pool of the withdrawal and the reason for it; or
- (c) With respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In Alberta, no action may be commenced to enforce such right of action described above more than:

- (a) In the case of action for rescission, 180 days from the date the purchaser purchased units of a class of a Pool; or
- (b) In the case of any action, other than an action for rescission, the earlier of: (i) 180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the purchaser purchased units of that class of the Pool.

Manitoba

If this Offering Memorandum contains a misrepresentation, a purchaser who purchases units of a class of a Pool offered by this Offering Memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase and has (a) a right of action for damages against (i) the Pool, and (ii) every person or company who signed this Offering Memorandum; and (b) a right of rescission against the Pool. If the purchaser chooses to exercise a right of rescission against a Pool, the purchaser has no right of action for damages.

No person or company is liable if the person or company proves that the purchaser had knowledge of the misrepresentation.

No person or company, other than a Pool, is liable:

- (a) If the person or company proves that this Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Pool that it was sent without the person's or company's knowledge and consent;
- (b) If the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (c) If, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of this Offering Memorandum (A) did not fairly represent the expert's report, opinion or statement, or (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (d) With respect to any part of this Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

The amount recoverable under the right of action for damages may not exceed the price at which units of a class of a Pool were offered under this Offering Memorandum.

In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of units of a class of a Pool as a result of the misrepresentation.

No action may be commenced to enforce the foregoing rights:

- (a) In the case of an action for rescission, more than 180 days after the day of the transaction that gave rise to the cause of action; or
- (b) In any other case, more than (i) 180 days after the day that the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) two years after the day of the purchase of the units of a class of a Pool, whichever occurs earlier.

New Brunswick

If this Offering Memorandum or any information relating to the offering provided to the purchaser of units of a class of a Pool or any advertising or sales literature used in connection therewith contains a misrepresentation, every purchaser of units of that class of the Pool resident in New Brunswick purchasing such units pursuant to this Offering Memorandum shall be deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and will have a right of action, in addition to any other rights they may have at law, for damages against the Pool. Alternatively, where the purchaser purchased units of a class of a Pool from the Pool, the purchaser may elect to exercise a right of rescission against the Pool, in which case the purchaser shall have no right of action for damages against the Pool.

In addition, if advertising or sales literature is relied upon by a purchaser in connection with a purchase of units of a class of a Pool, the purchaser shall also have a right of action for damages or rescission against every promoter of the Pool at the time the advertising or sales literature was disseminated.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the units of a class of a Pool and the verbal statement is made either before or contemporaneously with the purchase of such units, the purchaser shall be deemed to have relied upon the misrepresentation if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement. No such individual will be liable if:

- (a) That individual can establish that he or she cannot reasonably be expected to have known that his or her statement contained a misrepresentation; or
- (b) No individual is liable if, prior to the purchase of the securities by the purchaser, that individual notified the purchaser that the individual's statement contained a misrepresentation.

No Pool nor any other person referred to above will be liable, whether for misrepresentations in this Offering Memorandum, any advertising or sales literature or in a verbal statement:

- (a) If the Pool or such other person proves that the purchaser purchased units of a class of the Pool with knowledge of the misrepresentation; or

- (b) In an action for damages, for all or any portion of the damages that the Pool or such other person proves do not represent the depreciation in value of the units of that class of the Pool as a result of the misrepresentation relied on.

No person, other than a Pool, is liable for misrepresentations in any advertising or sales literature if the person proves:

- (a) That the advertising or sales literature was disseminated without the person's knowledge or consent and that, on becoming aware of its dissemination, the person gave reasonable general notice that it was so disseminated,
- (b) That, after the dissemination of the advertising or sales literature and before the purchase of the shares by the purchaser, on becoming aware of any misrepresentation in the advertising or sales literature the person withdrew the person's consent to it and gave reasonable general notice of the withdrawal and the reason for the withdrawal, or
- (c) That, with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of, or an extract from, a public official document, it was a correct and fair representation of the statement or copy of, or extract from, the document, and the person had reasonable grounds to believe and did believe that the statement was true.

No person, other than a Pool, is liable with respect to any part of the advertising or sales literature not purporting to be made on the authority of an expert and not purporting to be a copy of or, an extract from, a report, opinion or statement of an expert unless the person:

- (a) Failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or
- (b) Believed there had been a misrepresentation.

Any person who at the time the advertising or sales literature was disseminated, sells units of a class of a Pool on behalf of the Pool with respect to which the advertising or sales literature was disseminated is not liable if that person can establish that the person cannot reasonably be expected to have had knowledge that the advertising or sales literature was disseminated or contained a misrepresentation.

In no case will the amount recoverable by a purchaser exceed the price at which units of a class of a Pool were sold to the purchaser.

In New Brunswick, no action may be commenced to enforce such right of action more than:

- (a) In the case of an action for rescission, 180 days after the date the purchaser purchased units of a class of a Pool; or
- (b) In the case of any action, other than an action for rescission, the earlier of (i) one (1) year after the purchaser first had knowledge of the facts giving rise to the cause of action or (ii) six (6) years after the date the purchaser purchased units of that class of the Pool.

Newfoundland and Labrador

In the event that this Offering Memorandum and any amendment thereto contains a misrepresentation, an investor who purchases units of a class of a Pool, has, without regard to whether the investor relied on the misrepresentation, a right of action for damages against (i) the Pool, and (ii) every person or company who signed this Offering Memorandum, and a right of action for rescission against the Pool. Where the purchaser elects to exercise a right of rescission against a Pool, the purchaser shall have no right of action for damages.

No Pool nor any other person or company will be liable when the Pool or such person or company proves that the purchaser had knowledge of the misrepresentation.

No person or company, except a Pool, shall be liable:

- (a) Where the person or company proves that this Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Pool that it was sent without the person's or company's knowledge and consent;
- (b) If the person or company proves that, on becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable notice to the Pool of the withdrawal and the reason for it; or
- (c) With respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless such person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In an action for damages, no Pool nor any other person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of units of a class of the Pool as a result of the misrepresentation;

In no case shall the amount recoverable under the right of action described herein exceed the price at which units of a class of a Pool were offered in this Offering Memorandum;

In Newfoundland and Labrador, no action shall be commenced to enforce such right of action more than:

- (a) In the case of an action for rescission, 180 days after the date the purchaser purchased units of a class of a Pool; and
- (b) In the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action or (ii) three (3) years after the date the purchaser purchased units of that class of the Pool.

Northwest Territories

If this Canadian Offering Memorandum contains a misrepresentation, a purchaser resident in the Northwest Territories who buys units of a class of a Pool during the period of distribution, has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against (i) the Pool, and (ii) every person or company who signed this Canadian Offering Memorandum, but may elect (while still the owner of any of units of that class of the Pool that they purchased) to exercise a right of rescission against the Pool, in which case the purchaser shall have no right of action for damages, provided that:

- (a) No Pool nor any other person will be liable if the Pool or such person proves that the purchaser purchased units of that class of the Pool with knowledge of the misrepresentation;
- (b) In an action for damages, no Pool nor any other person will be liable for all or any portion of such damages if the Pool or such person proves that they do not represent the depreciation in value of units of that class of the Pool as a result of the misrepresentation relied on; and
- (c) The amount recoverable under this right of action must not exceed the price at which units of that class of the Pool purchased by the purchaser were offered.

In an action for damages, no person, other than a Pool, is liable:

- (a) If the person proves that this Canadian Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Pool that it was sent without the person's knowledge and consent;
- (b) If the person proves that, on becoming aware of the misrepresentation, the person had withdrawn the person's consent to this Canadian Offering Memorandum and had given reasonable notice to the Pool of the withdrawal and the reason for it; or
- (c) With respect to any part of this Canadian Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In the Northwest Territories, no action may be commenced to enforce such right of action described above more than:

- (a) In the case of action for rescission, 180 days from the date the purchaser purchased units of a class of a Pool; or
- (b) In the case of any action, other than an action for rescission: (i) 180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action, or

(ii) three (3) years from the day the purchaser purchased units of that class of the Pool, whichever period expires first.

Nova Scotia

If this Offering Memorandum or any amendment thereto or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) used in connection therewith contains a misrepresentation, every purchaser resident in Nova Scotia of units of a class of a Pool in reliance on an exemption under the *Securities Act* (Nova Scotia), the regulations thereunder or a decision of the Nova Scotia Securities Commission pursuant to this Offering Memorandum shall be deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and has a right of action, in addition to any other rights they may have at law, for damages against (i) the Pool, and (ii) every person who signed this Offering Memorandum, but may elect (while still the owner of any of units of that class of the Pool that they purchased) to exercise a right of rescission against the Pool, in which case he or she shall have no right of action for damages.

No Pool nor any other person or company will be liable if the Pool or such person or company proves that the purchaser purchased the Units with knowledge of the misrepresentation.

No person or company, other than a Pool, is liable:

- (a) If the person or company proves that this Offering Memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent, and that, on becoming aware of its delivery, the person or company promptly gave reasonable general notice that it was delivered without the person's or company's knowledge and consent;
- (b) If the person or company proves that after delivery of this Offering Memorandum, and before the purchase of units of a class of a Pool by the purchaser, on becoming aware of any misrepresentation, the person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) With respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In an action for damages, no Pool nor any other person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of units of a class of the Pool as a result of the misrepresentation relied upon.

In addition, in no case shall the amount recoverable under the right of action described herein exceed the price at which units of a class of a Pool were sold to the purchaser.

No action shall be commenced to enforce these rights more than 120 days after the date on which payment was made for the units of a class of a Pool.

Nunavut Territory

If this Canadian Offering Memorandum contains a misrepresentation, a purchaser resident in the Nunavut Territory who buys units of a class of a Pool during the period of distribution, has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against (i) the Pool, and (ii) every person or company who signed this Canadian Offering Memorandum, but may elect (while still the owner of any of units of that class of the Pool that they purchased) to exercise a right of rescission against the Pool, in which case the purchaser shall have no right of action for damages, provided that:

- (a) No Pool nor any other person will be liable if the Pool or such person proves that the purchaser purchased units of that class of the Pool with knowledge of the misrepresentation;
- (b) In an action for damages, neither the Pool nor any other person will be liable for all or any portion of such damages if the Pool or such person proves that they do not represent the depreciation in value of the units of that class of the Pool as a result of the misrepresentation relied on; and
- (c) The amount recoverable under this right of action must not exceed the price at which units of that class of the Pool purchased by the purchaser were offered.

In an action for damages, no person, other than a Pool, is liable:

- (a) If the person proves that this Canadian Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Pool that it was sent without the person's knowledge and consent;
- (b) If the person proves that, on becoming aware of the misrepresentation, the person had withdrawn the person's consent to this Canadian Offering Memorandum and had given reasonable notice to the Pool of the withdrawal and the reason for it; or
- (c) With respect to any part of this Canadian Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In the Nunavut Territory, no action may be commenced to enforce such right of action described above more than:

- (a) In the case of action for rescission, 180 days from the date the purchaser purchased units of a class of a Pool; or
- (b) In the case of any action, other than an action for rescission: (i) 180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action, or

(ii) three (3) years from the day the purchaser purchased units of that class of the Pool, whichever period expires first.

Ontario

In the event that this Offering Memorandum contains a misrepresentation, a purchaser resident in Ontario who purchases units of a class of a Pool offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action for damages against the issuer or, alternatively, while still the owner of units of that class of the Pool, for rescission against the Pool provided that:

- (a) If the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the Pool;
- (b) The Pool will not be liable if it proves that the purchaser purchased the units of that class of the Pool with knowledge of the misrepresentation;
- (c) The Pool will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of units of that class of the Pool as a result of the misrepresentation relied upon; and
- (d) In no case shall the amount recoverable exceed the price at which the units of that class of the Pool were offered.

No action shall be commenced to enforce these rights more than:

- (a) In the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) In the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) Three (3) years after the date of the transaction that gave rise to the cause of action.

This Offering Memorandum is being delivered in connection with a distribution made in Ontario in reliance on, among other exemptions, the exemption from the prospectus requirements contained under section 2.3 of National Instrument 45-106 *Prospectus and Registration Exemptions* (the **accredited investor exemption**). The rights referred to above do not apply if this Offering Memorandum is delivered to a prospective purchaser in Ontario in connection with a distribution made in Ontario in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) A Canadian financial institution or a Schedule III bank (each as defined in OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions*);

- (b) The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (c) A subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Prince Edward Island

If this Offering Memorandum contains a misrepresentation, a purchaser resident in Prince Edward Island who buys units of a class of a Pool during the period of distribution, has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against (i) the Pool, and (ii) every person or company who signed this Offering Memorandum, but may elect (while still the owner of any of units of that class of the Pool that it purchased) to exercise a right of rescission against the Pool, in which case the purchaser shall have no right of action for damages, provided that:

- (a) No Pool nor any other person or company will be liable if the Pool or such person or company proves that the purchaser purchased units of a class of the Pool with knowledge of the misrepresentation;
- (b) In an action for damages, no Pool nor any other person or company will be liable for all or any portion of such damages if the Pool or such person or company proves that they do not represent the depreciation in value of the units of that class of the Pool as a result of the misrepresentation relied on; and
- (c) The amount recoverable under this right of action must not exceed the price at which the units of that class of the Pool purchased by the purchaser were offered.

In an action for damages, no person or company, other than a Pool, is liable:

- (a) If the person or company proves that this Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, on becoming aware that it was sent, the person or company had promptly given reasonable notice to the Pool that it was sent without the person's or company's knowledge and consent;
- (b) If the person or company proves that on becoming aware of the misrepresentation, the person or company had withdrawn the person's or company's consent to this Offering Memorandum and had given reasonable notice to the Pool of the withdrawal and the reason for it; or
- (c) With respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In Prince Edward Island, no action may be commenced to enforce such right of action described above more than:

- (a) In the case of action for rescission, 180 days from the date the purchaser purchased units of a class of a Pool; or
- (b) In the case of any action, other than an action for rescission: (i) 180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the purchaser purchased units of that class of the Pool, whichever period expires first.

Saskatchewan

If this Offering Memorandum or any amendment thereto or any advertising or sales literature used in connection therewith contains a misrepresentation, every purchaser of units of a class of a Pool resident in Saskatchewan has, without regard to whether the purchaser relied on the misrepresentation, a right of action, in addition to any other rights they may have at law, for damages against:

- (a) The Pool;
- (b) Every promoter of the Pool at the time this Offering Memorandum or any amendment thereto was sent or delivered or at the time the advertising or sales literature was disseminated, as the case may be;
- (c) Every person or company that signed this Offering Memorandum or any amendments thereto (if there was a misrepresentation in this Offering Memorandum); and
- (d) Every person or company that sells units of that class of the Pool on behalf of the Pool under this Offering Memorandum or amendment thereto or in respect of which the advertising or sales literature was disseminated, as the case may be.

Alternatively, where the purchaser purchased units of a class of a Pool from the Pool, the purchaser may elect to exercise a right of rescission against the Pool, and, when the purchaser so elects, the purchaser shall have no right of action for damages against the Pool.

No person or company, other than a Pool, is liable:

- (a) If the person or company proves that this Offering Memorandum, or any advertising, or sales literature was sent or delivered, or disseminated, as the case may be, to the purchaser without the person's or company's knowledge or consent, and that, on becoming aware that it was sent and delivered or disseminated, the person or company promptly gave reasonable general notice that it was so sent and delivered or disseminated;
- (b) If the person or company proves that after the filing of this Offering Memorandum, or after the dissemination of the advertising or sales literature, and before the purchase of the units of a class of the Pool by the purchaser, on becoming aware of any

misrepresentation, the person or company withdrew the person's or company's consent to this Offering Memorandum, or to the advertising or sales literature and gave reasonable general notice of the withdrawal and the reason for it; or

- (c) With respect to any part of this Offering Memorandum, or any advertising or sales literature not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In addition, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to units of a class of a Pool and the verbal statement is made either before or contemporaneously with the purchase of units of that class of the Pool, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement. No such individual will be liable if:

- (a) That individual can establish that he or she cannot reasonably be expected to have known that his or her statement contained a misrepresentation; or
- (b) Prior to the purchase of the securities by the purchaser, that individual notified the purchaser that the individual's statement contained a misrepresentation.

No Pool nor any other person or company will be liable, whether for misrepresentations in this Offering Memorandum, advertising or sales literature or in a verbal statement:

- (a) If the Pool or such person or company proves that the purchaser purchased units of a class of the Pool with knowledge of the misrepresentation; or
- (b) In an action for damages, for all or any portion of the damages that the Pool or such person or company proves do not represent the depreciation in value of units of that class of the Pool as a result of the misrepresentation relied on.

In no case will the amount recoverable by a purchaser for a misrepresentation in this Offering Memorandum, advertising and sales literature, or a verbal misrepresentation exceed the price at which units of a class of a Pool were sold to the purchaser

In Saskatchewan, no action may be commenced to enforce a right of action for rescission or damages more than:

- (a) In the case of an action for rescission, 180 days after the date the purchaser purchased units of a class of a Pool; and
- (b) In the case of any action, other than an action for rescission, the earlier of (i) one (1) year after the purchaser first had knowledge of the facts giving rise to the cause of action or (ii) six (6) years after the date the purchaser purchased units of that class of the Pool.

Yukon Territory

If this Canadian Offering Memorandum contains a misrepresentation when a purchaser resident in the Yukon Territory who buys units of a class of a Pool during the period of distribution, has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against (i) the Pool, and (ii) every person or company who signed this Canadian Offering Memorandum, but may elect (while still the owner of any of units of that class of the Pool that they purchased) to exercise a right of rescission against the Pool, in which case the purchaser shall have no right of action for damages, provided that:

- (a) No Pool nor any other person will be liable if the Pool or such person proves that the purchaser purchased units of that class of the Pool with knowledge of the misrepresentation;
- (b) In an action for damages, no Pool nor any other person will be liable for all or any portion of such damages if the Pool or such person proves that they do not represent the depreciation in value of units of that class of the Pool as a result of the misrepresentation relied on; and
- (c) The amount recoverable under this right of action must not exceed the price at which units of that class of the Pool purchased by the purchaser were offered.

In an action for damages, no person, other than a Pool, is liable:

- (a) If the person proves that this Canadian Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Pool that it was sent without the person's knowledge and consent;
- (b) If the person proves that, on becoming aware of the misrepresentation, the person had withdrawn the person's consent to this Canadian Offering Memorandum and had given reasonable notice to the Pool of the withdrawal and the reason for it; or
- (c) With respect to any part of this Canadian Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person (i) failed to conduct an investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In the Yukon Territory, no action may be commenced to enforce such right of action described above more than:

- (a) In the case of action for rescission, 180 days from the date the purchaser purchased units of a class of a Pool; or
- (b) In the case of any action, other than an action for rescission: (i) 180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years from the day the purchaser purchased units of that class of the Pool, whichever period expires first.

barometer

OFFERING MEMORANDUM

May 11, 2015

BAROMETER PRIVATE POOLS

BAROMETER EQUITY POOL
BAROMETER TACTICAL BALANCED POOL
BAROMETER TACTICAL INCOME POOL
BAROMETER LONG SHORT POOL
BAROMETER GLOBAL MACRO POOL

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