



GOODWOOD FUND

CLASS B UNITS

CONFIDENTIAL OFFERING MEMORANDUM

June 1, 2007

This Offering Memorandum constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities and to those persons to whom they may be lawfully offered for sale. No securities commission or similar regulatory authority in Canada has reviewed this Offering Memorandum or has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. No prospectus has been filed with any such authority in connection with the securities offered hereunder. This Offering Memorandum is confidential and is provided to specific prospective investors for the purpose of assisting them and their professional advisers in evaluating the securities offered hereby and is not to be construed as a prospectus or advertisement or a public offering of these securities.

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SUMMARY

Prospective investors are encouraged to consult their own professional advisers as to the tax and legal consequences of investing in the Goodwood Fund. The following is a summary only and is qualified by the more detailed information contained in this Offering Memorandum.

- The Fund:** Goodwood Fund (the “**Fund**”) is an open-ended pooled fund established under the laws of the Province of Ontario by Puccetti Funds Management Inc. by declaration of trust dated July 17, 1996, as amended. Goodwood Inc. (the “**Manager**”) is the manager of the Fund. Computershare Trust Company of Canada is the trustee of the Fund. See “Goodwood Fund” and “Management of the Fund”.
- Investment Objective of the Fund:** The investment objective of the Fund is to maximize total return through the purchase and short sale of primarily North American exchange-listed or over-the-counter quoted securities. It is expected that the majority of the Fund’s activities will involve the purchase and sale of common shares. As well, the Fund may purchase and sell preferred shares, government bonds, corporate debentures, instalment receipts, and other securities in accordance with the Fund’s investment objective.
- Portfolio Management Approach:** The Manager will select long and short positions on the basis of a “bottom-up” security-specific approach. The portfolio is relatively concentrated and is not currently expected to exceed 35 holdings. See “Investment Objectives and Policies - Portfolio Management Approach”.
- Units:** Interests in the Fund are divided into Units. (Investors in the Fund are referred to as “**Unitholders**”.) Class B Units are offered hereunder. See “Description of Units”.
- Management Fee:** 1.90% per annum of the net asset value of the Fund. See “Management of the Fund - Management Fees and Expenses”.
- Performance Fee:** 20% of Fund returns (after payment of management fee and other Fund expenses) is payable to the Manager in respect of Class B Units. Negative returns are carried forward one year. See “Management of the Fund - Management Fees and Expenses”.
- Fund Expenses:** The Fund is responsible for the payment of the management fee, the performance fee, the purchase price of all securities acquired by the Fund, the short sale collateral requirements of all short positions and brokerage fees on the purchase and sale of portfolio securities, interest expenses and taxes of all kinds to which the Fund is or might be subject. In addition, the Fund is responsible for all other expenses incurred in the ordinary course of the administration and operation of the Fund, including trustee and custodian fees, audit and legal fees, and the cost of providing information to Unitholders (including proxy solicitation material, financial and other reports).

- Valuation Dates:** The net asset value of the Fund will be calculated on the last day of each week on which The Toronto Stock Exchange is open for trading (a “**business day**”), on the last business day of each month and year, on December 31 and on any other day as the Manager in its discretion determines (each, a “**Valuation Date**”).
- Investments/Redemptions:** Purchases and redemptions of Units of the Fund can be made at least weekly, on each Valuation Date that is the last business day of a week (a “**Trade Date**”). Investors wishing to purchase/redeem Units must forward the subscription forms/redemption requests to the Manager either directly or through their agents. Units will be issued or redeemed at the net asset value per Unit on the Trade Date next following receipt by the Manager of a subscription/redemption request (unless received on a Trade Date prior to 4:00 p.m., in which case the Units would be purchased or redeemed (as the case may be) on such Trade Date). See “Computation of Net Asset Value”. See “Purchase of Units”, and “Redemption of Units”.
- Minimum Subscriptions:** Units are being distributed only pursuant to available exemptions in the Offering Jurisdictions (as defined herein). For “accredited investors” the minimum investment set by the Manager is \$25,000. Otherwise, the minimum investment is \$150,000 unless another exemption is available under National Instrument 45-106 – *Prospectus and Registration Exemptions* (“**NI 45-106**”). See “Distribution of Units” and “Purchase of Units”.
- Commission:** No commission is payable to the Manager in respect of Units purchased directly by a subscriber. A subscriber may pay a negotiated commission to his or her dealer.
- Trailer Fee:** Dealers through whom Units are sold may be paid a trailer fee by the Manager equal to 1% per annum of the net asset value of, plus 10% of the paid year end performance fee earned in respect of, Class B Units sold by such dealers, where the Manager and the dealer have specifically agreed.
- Redemption Fee:** A redemption fee equal to 1% of the net asset value per Unit redeemed is payable to the Manager in respect of Units redeemed within 3 years of purchase. See “Redemption of Units”.
- Risk Factors:** Investment in the Fund is subject to certain risks. See “Risk Factors”.

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GOODWOOD FUND

Goodwood Fund (the “**Fund**”) was first established by Puccetti Funds Management Inc. as an open-ended pooled unincorporated mutual fund, pursuant to a declaration of trust (the “**Declaration of Trust**”) dated July 17, 1996, as amended from time to time, and governed by the laws of the Province of Ontario. On December 19, 2001, the Declaration of Trust was amended and restated in order to create the Class B Units and reflect certain other amendments. Computershare Trust Company of Canada is the trustee (the “**Trustee**”) of the Fund.

The manager of the Fund is Goodwood Inc. (the “**Manager**”). The office of the Fund and of the Manager is located at 212 King Street West, Suite 201, Toronto, Ontario, M5H 1K5, Canada.

INVESTMENT OBJECTIVES AND POLICIES

Investment Objective

The investment objective of the Fund is to maximize total return through the purchase and short sale of primarily North American exchange-listed or over-the-counter quoted securities. It is expected that the majority of the Fund’s activities will involve the purchase and sale of common shares. As well, the Fund may purchase and sell preferred shares, government bonds, corporate debentures, instalment receipts, and other securities in accordance with the Fund’s investment objective.

Portfolio Management Approach

The Fund’s cash and cash equivalents level will fluctuate and may at times be significant. However, it is the Manager’s intention to remain near fully-invested at most times. The proportion of the Fund’s portfolio represented by cash will be a function of the Manager’s ability to find attractive long and short situations rather than a deliberate top-down policy.

The Manager intends to maintain both long and short positions in the Fund at most times. The proportion of long positions versus short positions will be a function of the Manager’s ability to find attractive situations in either category rather than as a deliberate top-down policy.

In selecting long and short positions, the Manager will utilize a “bottom-up” approach featuring intensive analysis of the individual company and associated industry conditions. The Manager expects that the majority of short sales will be initiated with the expectation of generating a profit rather than as an offset or hedge against a long position.

The Manager will not attempt to predict the general direction of the overall market, preferring to focus on specific companies and industry specific issues.

Leverage will be utilized selectively to enhance returns.

The Fund will take a relatively more concentrated approach to portfolio management than is typical, however, the Manager believes that it enhances total return over the long term while still providing adequate diversification. In addition, it affords better monitoring by the Manager of each individual investment or short sale position.

The Fund’s average holding period is expected to range between six months and three years.

The Fund will be free to pursue investments and short sales in all market capitalization sectors of the market.

Long Positions

The Manager will utilize a “value approach” to investing which stresses the purchase of securities trading below the Manager’s estimate of true, underlying worth. The Manager will make a determination of the “intrinsic or fair value” of a potential investment, being the price at which an informed, rational business person would be willing to pay for the underlying business. The Manager will then select for the Fund those securities which it believes have a market price significantly below the intrinsic or fair value of the business. Emphasis will be placed on such “value” situations that also offer rapidly improving business or industry fundamentals.

The Manager expects to concentrate its long positions in the following general areas: (i) large capitalization companies with long records of profitable operations, high returns on capital employed and strong balance sheets, and which are trading below their intrinsic or fair values; (ii) small to medium capitalization, high growth companies that are not followed well by investors and are trading at price to earnings ratios and/or price to cash flow ratios appreciably below their going forward likely earnings and/or cash flow growth rates; (iii) securities of companies involved in corporate mergers, acquisitions and spin-offs; (iv) securities of distressed and bankrupt companies; (v) high yield instruments; and (vi) securities of companies in which the Manager may take an active role (e.g., proposing an alternate slate of Directors, putting pressure on an incumbent Board of Directors to return capital to shareholders, etc.).

Short Positions

In selecting short sale candidates, the Manager expects to focus on, but not be limited to, companies that are experiencing deteriorating business and industry conditions, have leveraged and/or cash poor balance sheets and, are facing capital expenditure requirements in excess of their internal cash generation abilities.

Portfolio Restrictions

The Fund is prohibited from trading in derivatives with the exception of exchange-listed or over-the-counter warrants, instalment receipts, convertible debt and convertible shares.

On a position-by-position basis, margin requirements of the applicable exchange will be adhered to by the Fund. In the aggregate, the Fund’s borrowings may not exceed 100% of its equity.

The Fund may not commit more than 100% of its equity to short positions. The Manager anticipates that short sale positions will rarely exceed 50% of the Fund’s portfolio.

The Fund may not place more than 15% of its portfolio in any single long or short position (as measured at cost). As well, no single position may account for more than 30% of the Fund’s portfolio (as measured at market price).

The Fund may not place more than 40% of its portfolio in any single industry sector (as measured at cost). As well, no single industry sector weighting may account for more than 60% of the portfolio (as measured at market price).

In addition to the foregoing, the Fund must comply with the applicable take-over bid regulatory regime if the Fund acquires 20% or more of the voting securities of an issuer. Furthermore, applicable securities legislation imposes restrictions on investments in related and connected issuers and on trading securities while in possession of material inside information regarding the issuer of the securities.

Statutory Caution

The foregoing disclosure of the Manager's investment strategies and intentions may constitute "forward-looking information" for the purpose of Ontario securities legislation, as it contains statements of the Manager's intended course of conduct and future operations of the Fund. These statements are based on assumptions made by the Manager of the success of its investment strategies in certain market conditions, relying on the experience of the Manager's officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made by the Manager and the success of its investment strategies are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of the Manager's intended strategies as well as its actual course of conduct. Investors are urged to read "Risk Factors" for a discussion of other factors that may impact the operations and success of the Fund.

DESCRIPTION OF UNITS

An investment in the Fund is represented by units (the "**Units**") which collectively comprise an interest in the net assets of the Fund. Investors in the Fund are referred to as "**Unitholders**". There are two classes of Units: Class A Units, representing Units issued on or before January 4, 2002 (or issued thereafter on reinvestment of distributions made on Class A Units previously issued); and Class B Units, representing Units issued in respect of subscriptions received after January 4, 2002 and on reinvestment of distributions made on Class B Units. The Manager may designate additional Classes of Units from time to time on not less than 60 days written notice to Unitholders. Each Unit of each Class is entitled to participate equally with all other Units of such Class with respect to all payments made to the Unitholders of such Class whether by way of income or capital distributions or on liquidation. Income, capital distributions and distributions on liquidation will be allocated to each Class of Units in proportion to the net asset value of such Class relative to the other (see "Computation of Net Asset Value"). The net asset value of the Fund will be calculated on the last business day of each week, month and year, on December 31 and on any other day as the Manager in its discretion determines (each, a "**Valuation Date**"). All Units of the Fund will be fully paid and non-assessable when issued and are non-transferable except by operation of law or with the written consent of the Manager. Unitholders are entitled to require the Fund to redeem their Units as outlined under the heading "Redemption of Units".

Changes in the provisions attaching to the Units of the Fund must be approved by a majority of the votes cast by the Unitholders present or represented at a meeting of Unitholders of that Fund called for the purpose of considering the same. Unitholders of the Fund will be entitled to vote on: (i) a change in a contract or a new contract as a result of which the basis of the calculation of the fees or other expenses charged to the Fund could result in increased charges to the Fund (other than increased charges payable by the Fund to parties at arm's length to the Manager and its affiliates, where Unitholders are given at least 60 days' notice of such increased charges); (ii) a change of the Manager (other than to an affiliate); (iii) a proposed material change in the fundamental investment objectives of the Fund; (iv) a change in the auditors of the Fund; (v) any decrease in the frequency of calculating the net asset value of the Fund; (vi) a material change to the terms and conditions attaching to the Units of the Fund; and (vii) any sale or transfer of the assets of the Fund as an entirety (other than sales or transfers in connection with the management of the investments of the Fund). Unitholders will be entitled to separate Class votes only on matters which affect one Class of Units in a manner which is materially different from the other Class of Units. At any meeting of Unitholders of the Fund, each Unit will carry the right to one vote.

Unitholders are entitled to receive a copy of the Annual Audited Financial Statements within 90 days of each fiscal year end and unaudited semi-annual financial statements within 60 days.

MANAGEMENT OF THE FUND

The Manager

Goodwood Inc., a corporation incorporated under the laws of Ontario, became the manager of the Fund effective November 25, 1999. Prior to that date, Puccetti Funds Management Inc. had managed the Fund. The Manager, an investment dealer, manages The Goodwood Capital Fund and also acts as sub-advisor to the Goodwood Fund 2.0 Ltd. and the Arrow Goodwood Fund, as well as segregated accounts. The Manager may also act as investment dealer for the foregoing funds and segregated accounts. The Manager may create and manage, or act as portfolio manager of, other mutual funds or pooled investment vehicles from time to time.

Directors, Officers or Key Personnel of the Manager

The names and municipalities of residence of the directors, officers or key personnel of the Manager, and offices held by each and the principal occupations of each are as follows:

Name and Municipality of Residence	Position with the Manager	Principal Occupation
Peter H. Puccetti, CFA Toronto, Ontario	Chairman, Chief Investment Officer, Director	Chairman and Chief Investment Officer of the Manager since April 2001 and prior thereto was President since May 1999; President of Puccetti Funds Management Inc. since January 1996; prior thereto, President of Puccetti Farrell Capital Partners (investment dealer) since November 1993.
J. Cameron MacDonald, CFA Toronto, Ontario	President, Chief Executive Officer, Director	President and Chief Executive Officer of the Manager since April 2001 and director of the Manager since December 2000; prior thereto, a principal, shareholder and director of Connor Clark Private Trust from May 1990 to April 1999; prior thereto Vice-President of Wood Gundy.
Robert Kittel, CA, CFA Toronto, Ontario	Partner, Research	Shareholder/employee of the Manager since 2002; prior thereto, a Vice-President with a large Canadian based hedge fund; from 1996 to 2000, investment analyst at Cadillac Fairview Corporation (real estate management and holding company); from 1994 to 1996, a staff accountant with KPMG (chartered accountants).
Curt S. Cumming Oakville, Ontario	Chief Financial Officer, Vice-President, Secretary-Treasurer, Director	Chief Financial Officer of the Manager since August 2005, Vice-President of the Manager since April 2001 and Secretary-Treasurer of the Manager since May 1999; prior thereto, institutional equity trader with Kearns Capital Ltd. (investment dealer) from September 1998 to May 1999; prior thereto, registered representative of Altamira Securities Ltd. from April 1996 to September 1998.

Management Agreement

The Manager became manager of the Fund on November 25, 1999. Management services are being provided pursuant to a management agreement (the “**Management Agreement**”) dated July 17, 2000, as amended and restated from time to time. The Management Agreement provides that the Manager is responsible for all general management and administrative services required by the Fund in its day to day operations, including the management of its investment portfolio and the making of the investment decisions relating thereto. The Management Agreement may be terminated by either party by giving at least three months’ prior written notice.

Management Fees and Expenses

As compensation for the services provided by the Manager to the Fund, the Manager is entitled to receive from the Fund a management fee (the “**management fee**”), in an amount equal to 1.90% per annum of the net asset value of the Fund. The management fee is calculated and paid on each Valuation Date and is subject to GST.

In addition, the Manager is entitled to receive from the Fund a performance fee (the “**performance fee**”) equal to: (i) 20% of the amount by which performance of the Class A Units (i.e. return from the investment portfolio attributable to the Class A Units, after payment of the management fee) exceeds 10% per annum, calculated and accrued on each Valuation Date, and payable at the end of the calendar year and upon redemptions of Class A Units (the 10% annual hurdle rate will be prorated in the event an investor redeems Units before the end of the fiscal year); and (ii) 20% of the return from the investment portfolio attributable to the Class B Units, calculated and payable at the end of the year and upon redemptions of Class B Units. Negative performance must be carried forward for one year. Thereafter, the performance fee calculation begins anew. The performance fees payable in respect of Class A Units and Class B Units are accrued and reflected on the respective net asset value of each Class. The percentage of the investment portfolio attributed to each Class of Units for the purpose of these calculations is determined by looking at the respective Net Asset Value of each Class at the beginning of the relevant period. See “Computation of Net Asset Value”.

The Fund is responsible for the payment of the management fee, the purchase price of all securities acquired by the Fund, brokerage fees on the purchase and sale of portfolio securities, interest and other expenses on amounts borrowed by or on behalf of the Fund, taxes of all kinds to which the Fund is or might be subject to, trustee and custodian fees, audit and legal fees. Also, the Fund is responsible for all other expenses incurred in the ordinary course of the administration and operation of the Fund, including the cost of providing information to Unitholders (including proxy solicitation material, financial and other reports). All such expenses are charged against the assets of the Fund and affect the net asset value of all Units equally. The Fund is also responsible for performance fees, which are charged to each Class of Units, representing a charge against the respective share of each Class of the total assets of the Fund.

No change in the basis for the calculation of the management fee or other expenses charged to the Fund will be made which would result in an increase in charges to the Fund without the prior approval of the Unitholders of the Fund, other than increased charges payable by the Fund to parties at arm’s length to the Manager and its affiliates where Unitholders are given at least 60 days’ notice of such increased charges. Unitholder approval is to be expressed by at least a majority of the votes cast at a meeting of the Unitholders duly called for the purpose of considering such change.

PORTFOLIO TRANSACTIONS

The Manager is responsible for placing orders to effect portfolio transactions (i.e., purchase and sell securities) on behalf of the Fund. These orders are allocated by the Manager to the brokers who can offer the volumes and the prices deemed most advantageous to the Fund. It is anticipated that brokerage services may from time to time be provided by the Manager. In the event that the Manager provides brokerage service for the execution orders for the Fund, such order execution will be on terms and conditions no less favourable to the Fund than would otherwise be obtainable if the orders were placed through independent brokers or dealers, and at commission rates less than comparable rates that would have been charged by independent brokers or dealers.

DISTRIBUTION OF UNITS

Units of the Fund are being offered to investors resident in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the “**Offering Jurisdictions**”), as well as certain jurisdictions outside of Canada, pursuant to certain exemptions from prospectus and registration requirements contained in National Instrument 45-106 – *Prospectus and Registration Exemptions* (“**NI 45-106**”).

Any subscriber that is or becomes a “non-resident” within the meaning of the *Income Tax Act* (Canada) (the “**Tax Act**”) shall disclose such status to the Fund at the time of subscription (or when such status changes) and the Fund may restrict the participation of any such investor or require any such investor to redeem all or some of such investor’s Units.

PURCHASE OF UNITS

General

Only Class B Units are offered hereunder. Class A Units will only be issued on reinvestment of distributions paid on previously issued Class A Units. The offering price of the Units of the Fund will be an amount equal to the net asset value per Unit of each respective Class which will be determined as set out in “Computation of Net Asset Value”.

Subscriptions for Units may be placed by investors with the Manager or through agents in the Offering Jurisdictions, as may be required or permitted by applicable securities laws. Prospective investors who wish to subscribe for Units must complete, execute and deliver the Subscription Agreement which accompanies this Offering Memorandum to the Manager or an agent and tender the purchase price in a manner acceptable to the Manager. Non-residents of Canada may be provided with and required to complete supplementary material. Purchases of Units of the Fund can be made at least weekly on each Valuation Date that is the last business day of a week (a “**Trade Date**”). The purchase price is an amount equal to the net asset value per Unit subscribed for. The net asset value per Unit for subscriptions which are received and accepted by the Manager prior to 4:00 p.m. (Toronto time) on a Trade Date will be calculated as of that Trade Date, otherwise the net asset value per Unit will be calculated and Units will be issued on the next Trade Date. See “Computation of Net Asset Value”.

All subscriptions for Units of the Fund are subject to acceptance or rejection by the Manager and the right is reserved to reject any subscription. All subscriptions for Units of the Fund are to be forwarded by dealers, without charge, the same day that they are received, to the Manager on behalf of the Fund. The decision to accept or reject any subscription for Units of the Fund will be made promptly and in any event within two days of receipt of the subscription by the Manager on behalf of the Fund. In the event that a subscription for Units is rejected, all money received with the subscription will be returned immediately to the subscriber without interest or deduction.

Prospectus Exemptions

Units are being sold under available exemptions from the prospectus and registration requirements under NI 45-106. Unless a subscriber can establish to the Manager’s satisfaction that another exemption is available, this will generally require that each investor is investing as principal (and not for or on behalf of any other persons) and is either an “accredited investor” pursuant to NI 45-106 or is investing a minimum amount of \$150,000 (the “**Minimum Investment Exemption**”). **This minimum amount is net of any front end commissions paid by an investor to his or her agent.** Investors, other than individuals, that are not accredited investors, or are accredited investors solely on the basis that they have

net assets of at least \$5,000,000, must also represent to the Manager (and may be required to provide additional evidence at the request of the Manager to establish) that such investor was not formed solely in order to make private placement investments which may not have otherwise been available to any persons holding an interest in such investor. The so-called “Offering Memorandum Exemption” is not being relied on, nor is the Minimum Investment Exemption being relied on in Alberta, and investors do not have the benefit of certain additional protections that NI 45-106 gives to investors when an issuer relies on the Offering Memorandum Exemption.

Purchasers will be required to make certain representations in the Subscription Agreement and the Manager will rely on such representations to establish the availability of the exemptions from prospectus requirements described above. No subscription will be accepted unless the Manager is satisfied that the subscription is in compliance with applicable securities laws.

Unitholders who previously invested in and continue to hold Units in reliance on the Minimum Investment Exemption, or in applicable securities legislation prior to September 14, 2005, having an acquisition cost or current net asset value equal to \$150,000 (or such lesser amount provided in the applicable securities legislation prior to September 14, 2005) will be permitted to make subsequent “top up” investments in any amount. **If, at such time, a new Subscription Agreement is not executed, the Unitholder will be deemed to have repeated and reconfirmed the representations, warranties, acknowledgements and covenants made by the Subscriber in the original subscription as at the date of the additional purchase of Units.**

Accredited Investors

The Manager has determined that the minimum investment for persons resident in one of the Offering Jurisdictions who meet the definition of “accredited investor” (as defined in NI 45-106) is \$25,000. A list of accredited investors is set out in the Subscription Agreement attached to this Offering Memorandum, but generally includes individuals who have net investment assets of at least \$1,000,000, personal income of at least \$200,000 or combined spousal income of at least \$300,000 (in the previous two years with reasonable prospects of same in the current year).

Acquisition Charge

No acquisition charge is payable to the Manager in respect of orders to purchase Units of the Fund, however registered dealers selling Units of the Fund may charge an up front fee to purchasers of up to 5% of total subscription amounts.

Dealers through whom Class B Units are sold may be paid a trailer fee by the Manager equal to 1% per annum of the net asset value of, plus 10% of the paid year end performance fee earned in respect of, Class B Units sold by such dealers, where the Manager and the dealer have specifically agreed. Such trailer fees are payable by the Manager from its management and performance fees.

Registered Plans

Units of the Fund are qualified investments under the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans (collectively, “**registered plans**”). Investors are urged to consult with their tax advisers in respect of purchases made through a registered plan. A \$100 administrative fee is charged for each transfer or deregistration of Units held directly with the Manager in a registered plan.

Group RRSPs

Employers can arrange for the registration of special purpose retirement savings plans (“**Group RRSPs**”) under which employers, on behalf of employees, and/or employees on their own behalf can make periodic deposits. The trustees of Group RRSPs are entitled to establish minimum deposit thresholds and to charge fees for their services. If an employee is participating as a member of a Group RRSP, the employee should be aware that although the inclusion of the Fund on the list of available investment alternatives for the Group RRSP may have been an employer’s decision, the employer generally will not monitor the performance of the Fund on an ongoing basis and will also generally disclaim any responsibility with respect to such performance. Accordingly, the decision to purchase Units from the available investment alternatives through the Group RRSP, and the decision as to which Units to retain, may be that of the employee alone. Employees are encouraged to consult the particular dealer, broker or mutual fund specialist through which the Group RRSP investments are made, in order to discuss all available investment alternatives. Employees participating in a Group RRSP may not be required by their employer to have investments made by them or on their behalf through the Group RRSP or to retain investments therein. Such employees may wish to consult their own Managers about investment opportunities available to them in addition to those available through the Group RRSP.

Rescission of Purchase

Pursuant to Ontario securities legislation, where the amount of a purchase does not exceed the sum of \$50,000, purchasers of mutual funds may rescind their purchase within 48 hours after receipt of the sale confirmation. Purchasers of mutual funds under a regular investment plan may have longer to cancel an order. Purchasers must exercise these rights within the prescribed time limits. Purchasers should refer to applicable provisions of the securities legislation in their Province of residence to determine whether they have similar rescission rights or consult with their legal adviser for more details.

USE OF PROCEEDS

The net proceeds derived by the Fund from the sale of the Units offered by this Offering Memorandum will be used for investment purposes in accordance with the investment objectives and policies of the Fund as described in this Offering Memorandum.

REDEMPTION OF UNITS

A Unitholder may, upon request to the Manager in a manner or form acceptable to the Manager, have Units of the Fund redeemed at a redemption price equal to the net asset value per Unit of the Class of Units redeemed on the Trade Date next following the date on which the request for redemption in proper form is received by the Manager. Payment for Units which are redeemed will be made out of the assets of the Fund within three days from such date.

A redemption of Units in the Fund will be subject to a fee equal to 1% of the net asset value of such Units for the applicable Class at the time of redemption if redeemed within the first three years of purchase. The redemption fee will be deducted from the redemption price otherwise payable and will be paid to the Manager. No redemption fee will be charged if Units are redeemed as a result of the death of a Unitholder or as a result of the Unitholder exercising a statutory right of withdrawal or rescission.

The Manager reserves the right to suspend the right to tender Units of the Fund for redemption or to postpone the date of payment upon redemption for any period during which normal trading is suspended on any stock exchange within Canada on which securities are listed which represent more than 50%, by

value, of the total assets of the Fund (without allowance for liabilities). In case of suspension of the right to request redemption, a Unitholder may either withdraw a request for redemption or receive payment based on the net asset value of the Units on the Trade Date next following the date on which the suspension is terminated. During such period, the Fund will not accept any subscriptions for the purchase of Units.

RESALE RESTRICTIONS

As the Units offered by this Offering Memorandum are being distributed pursuant to exemptions from the prospectus requirements of applicable securities legislation, the resale of these securities by investors is subject to restrictions. An investor should refer to applicable provisions in consultation with a legal adviser. Units are not transferable (except by operation of law or with the consent of the Manager) and there is therefore no market for these Units.

COMPUTATION OF NET ASSET VALUE

The net asset value of the Fund will be determined on each Valuation Date and on the last business day of each month, by taking the value of all assets less the liabilities of the Fund. In calculating net asset value per Unit of the Fund at any time:

1. The value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, dividends receivable (if such dividends are declared and the date of record is before the date as of which the net asset value is being determined) and interest accrued and not yet received, shall be deemed to be the full amount thereof, unless the Manager determines that any such deposit, bill, demand note, account receivable, prepaid expense, dividend receivable or interest accrued and not yet received is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Manager determines to be the reasonable value thereof.
2. The value of any security which is listed or dealt in upon a public securities exchange will be valued at the last available trade price on the Valuation Date or, if the Valuation Date is not a business day, on the last business day preceding the Valuation Date. If no sales are reported on such day, such security will be valued at the average of the current bid and asked prices. If the closing price is outside of the closing bid-ask range, then the closest bid or ask to the last trade will be used. Securities that are listed or traded on more than one public securities exchange or that are actively traded on over-the-counter markets while being listed or traded on such securities exchanges or over-the-counter markets will be valued on the basis of the market quotation which, in the opinion of the Manager, most closely reflects their fair value.
3. Any securities which are not listed or dealt in upon any public securities exchange will be valued at the mean of the latest current bid and the latest current asked prices.
4. The value of any restricted security shall be the lesser of (i) the value thereof based on any available reported quotations in common use and (ii) that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, warranty or agreement or by law, equal to the percentage that the acquisition cost thereof was of the market value of such securities at the time of acquisition thereof.
5. Securities quoted in foreign currencies will be translated to Canadian dollars using the exchange rate as at the date at which the net asset value per Unit is being determined.

6. The value of any security or property to which, in the opinion of the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available or for any other reason), shall be the fair value thereof determined in such manner as the Manager may from time to time determine.
7. Each transaction of purchase or sale of portfolio securities effected by the Fund will be reflected in the computation of the net asset value of the Fund not later than the first computation of such net asset value made after the date on which such transaction becomes binding.
8. The issue or redemption of Units of the Fund will be reflected in the computation of the net asset value of the Fund no later than the next computation of such net asset value made after the time as at which a net asset value per Unit is determined for the purpose of the issue or redemption of the Units of the Fund.
9. Liabilities include only those expenses payable by the Fund, including accrued contingent liabilities and management fees **but not including** accrued performance fees (until paid).

On any Valuation Date, the **net asset value per Class A Unit** will be determined by dividing the Class A net asset value by the number of Class A Units then outstanding. Class A net asset value is calculated as a percentage of the net asset value of the Fund (based on respective net asset values of each class immediately following the previous Valuation Date, after subscriptions and redemptions on such date) less any performance fee accrued (whether payable on such date or not) on the Valuation Date in respect of the Class A Units.

Similarly, the **net asset value per Class B Unit** on such Valuation Date will be determined by dividing the Class B net asset value by the number of Class B Units then outstanding. Class B net asset value on such Valuation Date is calculated as a percentage of the net asset value of the Fund (based on respective net asset values of each class immediately following the previous Valuation Date, after subscriptions and redemptions on such date) less any performance fee accrued (whether payable on such date or not) on the Valuation Date in respect of the Class B Units.

DISTRIBUTIONS

Generally, the Fund will distribute in each year such portion of its annual net income and net realized capital gains of the Fund as will result in the Fund paying no tax under Part I of the Tax Act. Such net income and net realized capital gains will be calculated and payable as of December 31 and as of such other dates during the year as the Manager in its discretion may decide. The amount of net income and net realized capital gains allocated and payable to the holders of each Class of Units will be determined by the relative net asset value of each Class on the relevant date.

All distributions made by the Fund on each Class of Units will be automatically reinvested in additional Units of the same Class at the net asset value thereof.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of the principal Canadian federal income tax considerations with respect to the tax status of the Fund and Unitholders who are individuals (other than trusts) resident in Canada and who hold their Units as capital property.

This summary is based on the current provisions of the Tax Act, the regulations thereunder, all specific proposals to amend the Tax Act and the regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and the current published administrative and assessing policies of the Canada Revenue Agency. This summary is based on the assumption that the Fund qualifies as a mutual fund trust for purposes of the Tax Act and will continue to so qualify at all relevant times. Other than the Tax Proposals, this summary 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 or foreign income tax considerations which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible income tax considerations and is not intended to constitute legal or tax advice. Accordingly, Unitholders should consult their own tax advisers about their individual circumstances.

Tax Status of the Fund

The Fund is subject to taxation in each year on its income for the year net of expenses, including net realized taxable capital gains, less the portion thereof that is paid or payable in the year to Unitholders and which is deducted by the Fund in computing its income for purposes of the Tax Act. An amount will be considered to be payable in a taxation year to a Unitholder if the Unitholder is entitled in the year to enforce payment of the amount. The taxation year of the Fund is the calendar year. Under the Declaration of Trust, an amount equal the taxable income for the Fund for each year as calculated under the Tax Act, including the taxable portion of capital gains realized by the Fund in the year, will be payable to Unitholders of the Fund by way of distributions of additional Units. For purposes of the Tax Act, the Fund intends to deduct in computing its income the full amount available for deduction in each year to the extent of its taxable income otherwise determined. Therefore, as a result of such deduction, it is expected that the Fund will not be liable for tax in any material amount under the Tax Act. However, no assurance can be given in this regard. Gains and losses of the Fund from short sales will be treated for tax purposes as ordinary income and losses rather than capital gains and capital losses.

Tax Status of Unitholders

Unitholders (other than registered plans) will be required to include in their income for tax purposes for a particular year the amount of income, including taxable capital gains, if any, paid or payable to them, whether or not reinvested in additional Units of the Fund. Certain provisions of the Tax Act permit the Fund to make designations that have the effect of flowing through to the Unitholders the income and taxable capital gains realized by the Fund. To the extent that appropriate designations are made by the Fund, taxable dividends on shares of taxable Canadian corporations and net taxable capital gains paid or payable to Unitholders will be taxable as if such income had been received by them directly. Income of the Fund derived from foreign sources may be subject to foreign withholding taxes which, to the extent permitted by the Tax Act, may be claimed as a deduction or credit by Unitholders. To the extent that distributions to Unitholders of the Fund exceed the income and the taxable portion of net realized capital gains of the Fund for the year, such excess distributions will be a return of capital and will not be taxable in the hands of the Unitholders but will reduce the adjusted cost base to each Unitholder of the Unitholder’s Units in the Fund.

Any upfront sales charges payable by Unitholders to registered dealers on the acquisition of Units of the Fund are not deductible by Unitholders but are added to the adjusted cost of the Units purchased. The cost of Units must be averaged with the adjusted cost base of all other Units of the Fund held by the Unitholder at such time as capital property.

Unitholders will be advised each year of the amount of income, taxable capital gains and return of capital paid or payable to them, the amount of income considered to have been received as taxable dividends from taxable Canadian corporations and the amount of any foreign taxes considered to have been paid by them. Individuals may be liable for alternative minimum tax in respect of dividends received from taxable Canadian corporations and taxable capital gains.

A Unitholder's share of distributions paid by the Fund will be based on the number of Units held by the Unitholder on the record date of the distribution regardless of how long the Unitholder has owned his or her Units of the Fund. Where a Unitholder buys Units of the Fund, the net asset value of the Units, and therefore the price paid for the Unit, may reflect income and gains that have accrued in the Fund which have not yet been realized or distributed. When such income and gains are distributed by the Fund, the Unitholder will be required to include his or her share of the distribution in his or her income even though some of the distribution the Unitholder received may reflect the purchase price paid by the Unitholder for Units. This effect could be particularly significant that the Unitholder purchases Units of the Fund just before a record date for distribution by the Fund.

Upon the actual or deemed disposition of a Unit, including the redemption of a Unit by the Fund, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the Unit exceed (or are exceeded by) the aggregate of the adjusted cost base of the Unit to the Unitholder and any costs of disposition. Under the Tax Act, one-half of capital gains are generally included in an individual's income and one-half of capital losses are generally deductible only against taxable capital gains. Capital gains realized by individuals may give rise to alternative minimum tax.

Registered Plans

Units of the Fund are qualified investments under the Tax Act for registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans.

Canadian Federal Tax Implications to Non-Resident Unitholders

This section is applicable to a Unitholder who is a non-resident of Canada and who does not use or hold Units in the course of carrying on a business in Canada.

A non-resident who holds Units is liable to Canadian withholding tax at the rate of 25% on any distributions of income, excluding taxable capital gains designated by the Fund, paid, or credited, by the Fund to the non-resident. The Fund is obliged to withhold and remit such tax on behalf of the non-resident, and will do so. This 25% rate may be reduced by application of an income tax convention (a "**Tax Treaty**") between the country of residence of the non-resident and Canada (such as the Canada-U.S. Tax Treaty, which reduces the tax rate to 15% for certain residents of the United States).

Certain distributions of capital gains by the Fund to non-residents are subject to Canadian withholding tax, as if they were distributions of income. Generally, the Fund will keep an account of its capital gains realized from dispositions of "taxable Canadian property" after March 22, 2004. Each time the Fund makes a distribution of capital gains, the distribution will first be made out of that account. Distributions from that account to a non-resident will be treated as distributions of income, to which Canadian withholding tax will apply, as described above.

The disposition of Units by a non-resident Unitholder will not be subject to taxation unless such Units are "taxable Canadian property" under the Tax Act, and then only to the extent that the non-resident is not able to benefit from an exemption under a Tax Treaty. Units will be taxable Canadian property at the time of disposition only if, at any time during the 60-month period that ends at that time, not less than 25% of the issued Units of the Fund belonged to the non-resident Unitholder, to persons with whom that

Unitholder did not deal at arm's length, or to that Unitholder and persons with whom that unitholder did not deal at arm's length.

AMENDMENTS TO AND TERMINATION OF THE DECLARATION OF TRUST

The Trustee may amend the Declaration of Trust for certain limited purposes stated therein, including a change of name, to create additional classes of Units, clerical changes which are not prejudicial to the interests of Unitholders and amendments required to bring the Declaration of Trust into conformity with applicable laws and regulations. Certain amendments, such as a change involving the fundamental investment objectives of the Fund, may not be made without the approval of a majority of the votes cast at a meeting of Unitholders duly called for that purpose at which holders of at least 5% of the Units of the Fund are represented.

The Manager may, in its discretion, terminate the Fund by giving at least 60 days' notice to the Trustee and to the Unitholders of the Fund.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Messrs. Peter H. Puccetti, J. Cameron MacDonald, Robert Kittel and Curt S. Cumming are directors, senior officers, key personnel and/or indirect shareholders of the Manager and are primarily responsible for the management of the Fund's investment portfolio. The Manager earns fees from its management of the portfolio of the Fund and may earn commission fees on the execution of portfolio trades on behalf of the Fund. The Manager has instituted a policy not to charge commission fees in excess of fees which would be payable to other investment dealers in respect of similar trades.

TRUSTEE

Computershare Trust Company of Canada, located at 100 University Avenue, Toronto, Ontario, M5J 2Y1, is the Trustee of the Fund.

CUSTODIAL SERVICES

The securities and cash from time to time owned by the Fund are held by NBCN Inc. at its principal office in Toronto, Ontario.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Fund are KPMG LLP, Chartered Accountants, Commerce Court West, Suite 3300, P.O. Box 31, Stn. Commerce Court, Toronto, Ontario, M5L 1B2. The auditors of the Fund may only be changed with the approval of the Unitholders of the Fund in accordance with the provisions of the Declaration of Trust.

Fund accounting and record keeping is carried out by Citigroup Fund Services Canada, Inc., 2920 Matheson Blvd. East, Mississauga, Ontario, L4W 5J4.

RISK FACTORS

Investment in the Units involves certain risk factors. The following risks should be carefully evaluated by prospective investors.

Risks Associated with an Investment in the Fund

Speculative Investment

An investment in the Fund may be deemed speculative and is not intended as a complete investment program. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Fund. Investors should review closely the investment objective and investment strategies to be utilized by the Fund as outlined herein to familiarize themselves with the risks associated with an investment in the Fund. Although the Manager will use its best efforts to achieve the investment objectives of the Fund, no assurance can be given in this regard. The Manager believes that an investor with a long investment time horizon or substantial net worth is best suited to invest in the Fund.

Marketability and Transferability of Units

There is no market for the Units and their resale and transfer are subject to restrictions imposed by the Declaration of Trust and by applicable securities legislation. See “Resale Restrictions”. Redemptions are permitted only once per week and there are circumstances in which the Fund may suspend redemptions. See “Redemption of Units”. Consequently, holders of Units may not be able to liquidate their investment in a timely manner and the Units may not be readily accepted as collateral for a loan. Accordingly, Units of the Fund may not be appropriate for investors seeking greater liquidity.

Income

An investment in the Fund is not suitable for an investor seeking an income from such investment.

Changes in Trading Approach

The Manager may alter its trading approach, without prior approval by, or notice to, the Unitholders of the Fund where the Manager determines that such change is in the best interest of the Fund.

Valuation of the Fund’s Investments

The net asset value of Units of the Fund will vary directly with the market value and return of the investment portfolio of the Fund. While the Fund is independently audited by the auditors on an annual basis in order to ensure as fair and accurate a pricing as possible, valuation of the portfolio securities and other investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the net asset value of the Fund and its Units could be adversely affected. Independent pricing information may not at times be available regarding certain of the Fund’s securities and other investments. Valuation determinations will be made in good faith in accordance with the Declaration of Trust.

Although the Fund generally will invest in exchange-traded and liquid over-the-counter securities, the Fund may from time to time have some of its assets in investments which by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Fund to any such investment differs from the actual value, the net asset value per Unit may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Unitholder who redeems all or part of his

Units while the Fund holds such investments will be paid an amount less than such Unitholder would otherwise be paid if the actual value of such investments is higher than the value designated by the Fund. Similarly, there is a risk that such Unitholder might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Fund in respect of a redemption. In addition, there is risk that an investment in the Fund by a new investor (or an additional investment by an existing Unitholder) could dilute the value of such investments for the other Unitholders if the actual value of such investments is higher than the value designated by the Fund. Further, there is risk that a new Unitholder (or an existing Unitholder that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Fund. The Manager does not intend to adjust the net asset value of the Fund retroactively.

Tax Liability

Distributions of income and capital gains will be automatically reinvested in additional Units, resulting in Unitholders that are taxable becoming subject to taxation without receiving cash distributions. Net losses in a year cannot be allocated to or otherwise deducted by Unitholders in such year but can be carried forward and deducted by the Fund from income in a subsequent year in accordance with the provisions of the Tax Act.

Not a Public Mutual Fund

The Fund is not subject to the restrictions placed on public mutual funds to ensure diversification and liquidity of the Fund's portfolios.

Possible Effect of Redemptions

Substantial redemptions of Units of the Fund could require the Fund to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base. Such factors could adversely affect the value of the Units redeemed and of the Units remaining outstanding.

Charges to the Fund

The Fund is obligated to pay administration fees, brokerage commissions and legal, accounting, filing and other expenses regardless of whether the Fund realizes profits.

Lack of Independent Experts Representing Unitholders

The Fund and the Manager have consulted with a single legal counsel regarding the formation and terms of the Fund and the offering of Units. The Unitholders have not been independently represented. Therefore, to the extent that the Fund, the Unitholders or this offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing Units and the suitability of investing in the Fund.

No Involvement of Unaffiliated Selling Agent

No outside selling agent unaffiliated with the Manager has made any review or investigation of the terms of this offering, the structure of the Fund or the background of the Manager.

Unlimited Liability

The Declaration of Trust provides that no Unitholder shall be subject to any liability to any person in connection with the investment obligations, affairs or assets of the Fund and all such persons shall look solely to the Fund's assets for satisfaction of claims of any nature arising out of or in connection therewith. There is a theoretical risk, which is considered by the Manager to be remote in the circumstances, that a Unitholder could be held personally liable (in the unlikely event that the net asset value of the Fund declines below zero), notwithstanding the foregoing statement in the Declaration of Trust, for obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund. In the event that a Unitholder should be required to satisfy any obligation of the Fund, such Unitholder will be entitled to reimbursement from any available assets of the Fund, however it is unlikely that there would be any Fund assets in such circumstances.

Risks Associated with the Fund's Underlying Investments

All securities investments present a risk of loss of capital. However, the Manager believes that its investment strategies moderate this risk through the careful selection of controlled investment techniques. The Fund's investment strategies may, however, utilize such investment techniques and instruments which can, in certain circumstances, increase any losses.

General Economic and Market Conditions

The success of the Fund's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses.

Liquidity of Underlying Investments

Some of the securities in which the Fund intends to invest may be thinly traded. It is possible that the Fund may not be able to sell or repurchase significant portions of such positions without facing substantially adverse prices. If the Fund is required to transact in such securities before its intended investment horizon, the performance of the Fund could suffer.

Interest Rate Risk

To the extent the Fund invests in bonds, preferred shares, and money market securities, it will primarily be affected by changes in the general level of interest rates. Bonds generally pay interest based on the level of rates when the bond was issued. When interest rates fall, the price of the bonds generally rises. That is because existing bonds pay higher rates than new ones, and are therefore in greater demand and worth more. On the other hand, when interest rates rise, bond prices generally fall, reducing the market value of the funds that hold them.

Legal Risk

This is a financial risk that is faced by companies from uncertainty in laws and regulations, or from legal actions. Legal risk is the most prevalent for commercial entities which provide products or services to consumers that may become targets for lawsuits.

Counterparty and Settlement Risk

Some of the markets in which the Fund will effect its transactions may be “over the counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. In addition, in the case of a default, the Fund could become subject to adverse market movements while replacement transactions are executed. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, neither the Fund nor the Manager has an internal credit function which evaluates the creditworthiness of its counterparties. The ability of the Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

Small Cap Risk

Small capitalization (“small cap”) companies tend to be less stable than large capitalization (“large cap”) companies as a result of such factors as limited financial resources, newer product lines and markets, smaller trading volumes and activity and being more susceptible to loss of key employees. Funds that invest only in small cap companies are more likely to have large changes in value.

Fixed Income Securities

The Fund, to the extent that it holds fixed income portfolio investments, will be influenced by financial market conditions and the general level of interest rates in North America. In particular, if fixed income investments are not held to maturity, the Fund may suffer a loss at the time of sale of such securities.

Equity Securities

To the extent that the Fund holds equity portfolio investments, it will be influenced by stock market conditions in those jurisdictions where the securities held by the Fund are listed for trading and by changes in the circumstances of the issuers whose securities are held by the Fund. Additionally, to the extent that the Fund holds any foreign investments, it will be influenced by world economic factors and by the value of the Canadian dollar as measured against foreign currencies which will be used in valuing the foreign investment positions held by the Fund.

Distressed and High Yield Securities

While the investment objective of the Fund implies potentially higher yields on investments, to the extent that it involves the purchase of distressed or bankrupt securities or junk bonds or other high yield instruments, such investments also entail a higher risk of loss of capital. In addition, high yield debt instruments generally represent a higher credit risk. Distressed securities carry with them a higher credit risk as well as a higher “deal risk”, i.e. the process of restructuring the issuer of distressed securities may result in the Fund’s investment being converted into a security or securities having lower potential value and/or higher risk.

Foreign Exchange Risks

To the extent the Fund invests in foreign property or in companies that operate in foreign countries, the Fund may be influenced by world economic factors and will be affected favourably or unfavourably by changes in currency rates or other exchange control regulations. There may be less publicly available information as certain foreign companies are not usually subject to uniform accounting, auditing and financial reporting standards comparable to those imposed upon North American companies. Some foreign stock and bond markets are less liquid than in North America and at times price volatility may be greater. There may be less government supervision and regulation of stock exchanges, and fewer companies and investment dealers than in North America. In certain foreign countries, there is a possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments that could affect investments and operations in those countries.

Risks of Special Techniques

The special investment techniques that the Manager may use are subject to risks including those summarized below.

Concentration

To the extent that the Manager takes more concentrated positions than a typical fund, there is less diversification and therefore greater risk.

Short Sales

The possible losses to the Fund from a short sale of a security differ from losses that could be incurred from a long position in the security. The former may be unlimited, whereas the latter is limited to the total amount of the investment. In addition, the loss of a borrow of shorted stock can result in the Manager having to bid up the price of the stock, resulting in a loss to the Fund.

Leverage

The use of leverage increases the risk to the Fund and subjects the Fund to higher current expenses. Also, if the Fund's portfolio value drops to the loan value or less, Unitholders could sustain a total loss of their investment. In certain circumstances described below under "Liability of Unitholders" there is some risk that Unitholders may be liable for liabilities of the Fund which exceed the realizable value of the Fund's assets.

Shareholder Activism

The Manager from time to time identifies an issuer with weak management or other features that the Manager believes depresses the fundamental value of the issuer and its securities. In those circumstances, the Manager will take a position in that issuer, sometimes a material position, and will initiate or work with other key shareholders in initiating corporate change. Although the Manager will act prudently and in accordance with applicable law, such shareholder activism opens the Manager, and possibly the Fund and other funds and managed accounts on whose behalf the Manager is acting, to certain risks, including the risk of litigation by existing management or other shareholders, the risk that trading in such issuers' securities may become suspended, and the risk that the Fund's investment in such issuers will be treated as part of a larger control block and subject to statutory restrictions on liquidity.

Dependence on Manager

The Fund is dependent upon the Manager with respect to the investment and reinvestment of the Fund's assets and, as a result, success of the Fund will depend on its abilities and, in particular, the abilities of Messrs. Puccetti and MacDonald. The loss of the services of Messrs. Puccetti and MacDonald may adversely affect the performance of the Fund.

The foregoing risk factors do not purport to be a complete explanation of all risks involved in purchasing Units of the Fund. Potential investors should read this entire Offering Memorandum and consult with their legal and other professional advisers before determining to invest in Units.

STATEMENT OF POLICIES

The Manager may occasionally face conflicts between its own interests and those of its clients, or between the interests of one client and the interests of another. The Manager has adopted certain policies to minimize the occurrence of such conflicts or to deal fairly where those conflicts cannot be avoided. In no case will the Manager put its own interests ahead of those of its clients.

Policy Concerning Conflicts of Interest with Related Issuers and Connected Issuers

The Manager will engage in activities as an investment dealer. In the course of its activities, the Manager may provide advice in respect of the purchase or sale of corporations, general partnerships, limited partnerships, trusts or other issuers which may be considered to be related issuers or connected issuers, to the Corporation within the meaning of section 219 of the Regulation under the *Securities Act* (Ontario) (the "**Securities Act**"), including without limitation one or more investment vehicles formed or sponsored by and/or managed by the Corporation. If the Corporation does provide advice or act as an agent for the purchase or sale of securities of related issuers or connected issuers, it will: (a) disclose this fact in writing to the purchasers of such securities; and (b) comply with all requirements of the Securities Act and regulations applicable thereto.

The securities laws of the Province of Ontario require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal adviser. The definition of the terms "related issuer" and "connected issuer" can be found in National Instrument 33-105 *Underwriting Conflicts* of the Canadian Securities Administrators.

Goodwood Fund, The Goodwood Capital Fund, The Goodwood Fund 2.0 Ltd. and Arrow Goodwood Fund (the "**Funds**") are connected issuers of the Manager by virtue of their relationship. The Funds are unit investment trusts (with the exception of The Goodwood Fund 2.0 Ltd., which is a corporation) to which the Manager provides administrative and/or portfolio management services. In addition, the Manager is a participating dealer of Goodwood Fund and The Goodwood Capital Fund. The Manager may also provide brokerage services to the Funds from time to time and will, in such cases, earn commission from trades of the Funds' portfolios. **The Manager will not accept any commission either from the purchaser or from the Funds in connection with the sale of Units.** Instead, the Manager charges a management fee, redemption fees and a performance fee to the Funds in connection with its management of the Funds' investment portfolios.

Fairness Policy

The Manager acts as portfolio manager to segregated managed accounts and to the Funds (each, a “client”). The portfolios of each client will be managed in accordance with the specific investment objectives of each such client. In the course of managing a number of discretionary accounts, there may arise occasions when the quantity of a security available at the same price is insufficient to satisfy the requirements of every client for whom the Manager is attempting to acquire that security, or the quantity of a security to be sold is too large to be completed at the same price for all clients for whom the Manager is attempting to sell that security. Similarly, new issues of a security may be insufficient to satisfy the total requirements of all clients for whom the Manager deems it appropriate to purchase such securities. In the event of such a situation, to ensure fairness in the allocation of opportunities among its clients, The Manager will ensure:

- where orders are entered simultaneously for execution at the same price, or where a block trade is entered and partially filled, fills are allocated proportionately based on the size of the original order for each account;
- where a block trade is filled at varying prices for a group of clients, fills are allocated on an average price basis;
- in the case of IPO’s, participation is split between clients based proportionately on the size of the original order for each account;
- in the case of a new securities issue, where the allotment received is insufficient to meet the full requirements of all accounts on whose behalf orders have been placed, allocation is made on a pro rata basis based on the size of the original order for each account;
- trading commissions for block trades are allocated on a pro rata basis, in accordance with the foregoing trade allocation policies.

Personal Trading

- The Manager has adopted standards for the conduct of its employees, including the Code of Ethics and Standards of Professional Conduct as set by the CFA Institute and the Principles of the Profession of Investment Counsel as set by the Investment Counsel Association of Canada. To this end, the Manager has implemented a policy intended to restrict and monitor all personal trading by the employees of the Manager in order to ensure that there is no conflict between such personal trading and the interests of its clients.

PROCEEDS OF CRIME (MONEY LAUNDERING) LEGISLATION

In order to comply with Canadian legislation aimed at the prevention of money laundering, the Manager may require additional information concerning investors.

If, as a result of any information or other matter which comes to the Manager’s attention, any director, officer or employee of the Manager, or its professional advisors, knows or suspects that an investor is engaged in money laundering, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise.

STATUTORY AND CONTRACTUAL RIGHTS OF ACTION

Rights of Action for Damages or Rescission

Securities legislation in certain of the provinces of Canada provides subscribers with, in addition to any other right they may have at law, rights of rescission or damages, or both, where this Offering Memorandum and any amendment thereto contains a misrepresentation. As used herein, except where otherwise specifically defined, “**misrepresentation**” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement in the offering memorandum not misleading in light of the circumstances in which it was made. Such rights must be exercised by the subscriber within the prescribed time limits. Subscribers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal adviser. The following is a summary of the rights of rescission or damages, or both, available to subscribers under the securities legislation of certain of the provinces of Canada.

For the purposes of this section, a “**material fact**” means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the Units.

Rights for Purchasers in Ontario

In the event that this Offering Memorandum, together with any amendment hereto, delivered to a purchaser of Units resident in Ontario contains a misrepresentation and it was a misrepresentation at the time of purchase of Units by such purchaser, the purchaser will have, without regard to whether the purchaser relied on such misrepresentation, a right of action against the Fund for damages or, while still the owner of the Units purchased by that purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Fund, provided that:

- (a) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:
 - (i) in the case of an action for rescission, 180 days after the date of purchase; or
 - (ii) in the case of an action for damages, the earlier of (A) 180 days following the date the purchaser first had knowledge of the misrepresentation, and (B) three years after the date of purchase;
- (b) the Fund will not be liable if it proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the Fund will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Units as a result of the misrepresentation relied upon;
- (d) the Fund will not be liable for a misrepresentation in forward-looking information if the Fund proves:
 - (i) that this Offering Memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of

material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

- (ii) the Fund has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information; and
- (e) in no case will the amount recoverable in any action exceed the price at which the Units were sold to the purchaser.

Rights for Purchasers in New Brunswick

In the event that this Offering Memorandum, together with any amendment hereto, or any “advertising or sales literature” (as defined in the *Securities Act* (New Brunswick)), delivered to a purchaser of Units resident in New Brunswick contains a misrepresentation and it was a misrepresentation at the time of purchase of Units by such purchaser, the purchaser will be deemed to have relied upon the misrepresentation and will, as provided below, have a right of action against the Fund for damages or, while still the owner of the Units purchased by that purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Fund, provided that:

- (a) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than,
 - (i) in the case of an action for rescission, 180 days after the date of purchase; or
 - (ii) in the case of an action for damages, the earlier of (A) one year following the date the purchaser first had knowledge of the misrepresentation, and (B) six years after the date of purchase;
- (b) the Fund will not be liable if it proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the Fund will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the Units were sold to the purchaser.

Rights for Purchasers in Nova Scotia

If the Offering Memorandum, together with any amendment or supplement thereto, or any “advertising or sales literature” (as defined in the *Securities Act* (Nova Scotia)) delivered to a purchaser of Units resident in Nova Scotia contains a misrepresentation, and it was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied upon the misrepresentation and will have, subject as hereinafter provided, a right of action against the Fund not more than 120 days subsequent to the date on which payment was made for the Units, either for damages or alternatively for rescission while still the owner of any of the Units offered hereunder, provided that:

- (a) the Fund shall not be held liable pursuant to such right of action if the Fund proves the investor purchased the Units with knowledge of the misrepresentation;

- (b) in an action for damages, the Fund is not liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Units acquired by the investor as a result of the misrepresentation relied upon; and
- (c) in no case shall the amount recoverable pursuant to such right of action exceed the price at which the Units were offered to the investor.

Rights for Purchasers in Saskatchewan

In Saskatchewan, in the event that this Offering Memorandum and any amendment hereto or advertising or sales literature used in connection therewith delivered to a purchaser of Units resident in Saskatchewan contains a misrepresentation and it was a misrepresentation at the time of purchase of the Units, the purchaser will be deemed to have relied upon that misrepresentation and will have a right of action for damages against the Fund and the seller of the Units, or may elect to exercise a right of rescission against the Fund in which case he would have no right of action for damages, provided that:

- (a) no person or company is liable where the person or company proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- (b) no person or company, other than the Fund, is liable with respect to this Offering Memorandum, an amendment to this Offering Memorandum or advertising or sales literature unless that 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;
- (c) no seller of Units acting on behalf of the Fund is liable with respect to this Offering Memorandum, an amendment to this Offering Memorandum or advertising or sales literature if that seller can establish that he cannot reasonably be expected to have had knowledge of any misrepresentation in this Offering Memorandum or amendment to this Offering Memorandum or knowledge that the advertising or sales literature was disseminated and contained a misrepresentation;
- (d) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves does not represent the depreciation in the value of the Units as a result of the misrepresentation; and
- (e) in no case shall the amount recoverable pursuant to such right of action exceed the price at which the Units were offered to the investor;

but 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;
- (b) in the case of any action, other than an action for rescission, the earlier of one year after the purchaser first had knowledge of the facts giving rise to the cause of the action or six years after the date of the transaction that gave rise to the cause of the action.

A subscriber resident in Saskatchewan who has delivered a subscription for Units and who receives an amendment to this Offering Memorandum that discloses a material change in the affairs of the Fund or a change in the terms or conditions of the offering as described in this Offering Memorandum that occurred or arose before the subscription has been accepted, may within two business days of receiving the

amendment deliver a notice to the Manager or agent through whom the Units are being purchased indicating the subscriber's intention not to be bound by the subscription agreement.

General

The foregoing summaries are subject to the express provisions of the securities legislation in each of the above jurisdictions, and the regulations, rules and policy statements under such legislation, and reference is made to such legislation, regulations, rules and policies for the complete text of such provisions.

Investors should consult with their legal advisers to determine whether and the extent to which they may have a right of action or rescission in their province of residence. For example, purchasers in Quebec and Manitoba may have statutory rights in circumstances similar to those described above, which have not been summarized. The rights described above are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

GOODWOOD INC.

212 King Street West, Suite 201
Toronto, Ontario, Canada, M5H 1K5
Toll-Free: 1 (866) 681-4393
Tel: (416) 203-2022
Fax: (416) 203-0734
E-mail: invest@goodwoodfunds.com
www.goodwoodfunds.com



SUBSCRIPTION AGREEMENT GOODWOOD FUND

TO: Goodwood Fund (the "Fund")
c/o Goodwood Inc. (the "Manager")
212 King Street West, Suite 201
Toronto, Ontario M5H 1K5

The undersigned (the "Subscriber") hereby irrevocably subscribes for that number of Class B units (the "Units") of the Fund as set forth below at a price per Unit as described in the offering memorandum of the Fund as it may be amended from time to time, relating to the offering of the Units (the "Offering Memorandum"). **By submitting this subscription, the Subscriber acknowledges having received and read the Offering Memorandum and that the Manager is relying on the representations and warranties set out below. Subscribers purchasing Units directly from the Fund or through the Manager in Ontario must also complete certain account opening and "know-your-client" documentation.**

General

Terms denoted herein with initial capital letters and not otherwise defined have the meanings given in the Offering Memorandum and the declaration of trust of the Fund, as it may be amended from time to time (the "Declaration of Trust"), unless the context otherwise requires.

The Subscriber tenders herewith, in full payment of the aggregate subscription price of the Units, a cheque made payable to the Fund or confirmation of wire instructions or other evidence of payment (as the Manager and the selling dealer may otherwise permit or require) for the amount set forth below representing the purchase price of the Units subscribed for. No Units shall be issued to the Subscriber until the Trade Date next following receipt by the Fund of the subscription proceeds and this subscription form.

The Subscriber acknowledges that this subscription is subject to the acceptance by the Manager and to certain other conditions set forth in the Offering Memorandum. The Subscriber agrees that this subscription is given for valuable consideration and shall not be withdrawn or revoked by the Subscriber. The acceptance of this subscription shall be effective upon the deposit of the Subscriber's payment into any of the Fund's accounts. This subscription and the subscription proceeds shall be returned without interest or deduction to the Subscriber at the address indicated below if this subscription is not accepted. If the subscription is accepted only in part, a cheque representing a portion of the purchase price for that portion of the subscription for the Units which is not accepted will be promptly delivered or mailed to the Subscriber without interest.

General Representations and Warranties

The Subscriber represents, warrants, acknowledges and covenants to and in favour of the Fund and the Manager as follows:

- (1) the Subscriber has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of an investment in the Fund and is able to bear the economic risk of loss of such investment;
- (2) the Subscriber is not relying on the Manager to ensure that an investment in the Fund by the Subscriber is suitable for the Subscriber and that, based on the information in the Offering Memorandum and/or based on the advice of the Subscriber's own advisers, the Subscriber has made that determination;
- (3) the Subscriber is not a "financial institution" within the meaning of section 142.2 of the *Income Tax Act* (Canada) and in the event that the Subscriber becomes a financial institution, the Subscriber will immediately notify the Manager in writing of such change of status;
- (4) if an individual, the Subscriber has attained the age of majority and has the legal capacity and competence to execute this subscription and to take all actions required pursuant hereto;
- (5) if not an individual, the Subscriber has good right, full power and absolute authority to execute this subscription and to take all necessary actions, and all necessary approvals have been given to authorize it to execute this subscription;
- (6) this subscription, when accepted, will constitute a legal, valid, binding and enforceable contract of the Subscriber, enforceable against the Subscriber in accordance with its terms;
- (7) if the Subscriber is purchasing the Units as trustee or agent (including, for greater certainty, a portfolio manager or comparable advisor) for a principal, the Subscriber is duly authorized to execute and deliver this subscription agreement and all other necessary documentation in connection with such purchase on behalf of such principal, to agree to the terms and conditions contained herein and therein and to make the representations, certifications, acknowledgments and covenants made herein and therein, and this subscription agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid and binding agreement enforceable against, such principal, and the Subscriber acknowledges that the Manager is required by law to disclose, on a confidential basis, to certain regulatory authorities, the identity of such beneficial purchaser of Units for whom the Subscriber may be acting;
- (8) the entering into of this subscription and the transactions contemplated hereby will not result in the violation of any terms or provisions of any law applicable to, or the constating documents of, the Subscriber or of any agreement, written or oral, to which the Subscriber may be a party or by which he, she or it is or may be bound;
- (9) the Subscriber is a resident of, or is otherwise subject to the securities laws of, the jurisdiction set out under "Name and Address of Subscriber" below and is not purchasing the Units for the account or benefit of any person in any jurisdiction other than such jurisdiction;
- (10) the Subscriber has no knowledge of a "material fact" or "material change" (as those terms are defined in applicable securities legislation) in the affairs of the Fund that has not been generally disclosed to the public, save knowledge of this particular transaction;
- (11) the Subscriber is aware that there are securities and tax laws applicable to the holding and disposition of the Units and has been given the opportunity to seek advice in respect of such laws and is not relying solely upon information from the Fund, the Manager, or, where applicable, their officers, directors, employees or agents;
- (12) the Subscriber acknowledges that no prospectus has been filed with any securities commission or other regulatory body in connection with the issuance of the Units, such issuance is exempted from the prospectus requirements of applicable securities legislation; and
 - (a) the Subscriber is restricted from using the civil remedies available,
 - (b) the Subscriber may not receive information that would otherwise be required to be provided, and
 - (c) the Fund is relieved from certain obligations that would otherwise apply,under certain applicable securities legislation which would otherwise be available if the Units were sold pursuant to a prospectus;

- (13) the Subscriber has received, reviewed and fully understands the Offering Memorandum and has had the opportunity to ask and have answered any and all questions which the Subscriber wished with respect to the business and affairs of the Fund, the Units and the subscription hereby made;
- (14) specifically, the Subscriber is aware of the characteristics of the Units, of the nature and extent of personal liability and of the risks associated with an investment in the Units;
- (15) the Subscriber understands that (i) there is no right to demand any distribution from the Fund, other than by redemption of Units pursuant to the terms and procedures and subject to the restrictions described in the Offering Memorandum; (ii) it is not anticipated that there will be any public market for the Units; and (iii) it may not be possible to sell or dispose of Units;
- (16) the Subscriber shall not knowingly transfer his, her or its Units in whole or in part to a person without the approval of the Manager and will do so only in accordance with applicable securities laws;
- (17) the investment portfolio and trading procedures of the Fund are proprietary to the Fund and all information relating to such investment portfolio and trading procedures shall be kept confidential by the Subscriber and will not be disclosed to third parties (excluding the Subscriber's professional advisers) without the written consent of the Manager;
- (18) the Subscriber will execute and deliver all documentation as may be required from time to time by applicable securities legislation or by the Fund, as the case may be, to permit the purchase of the Units on the terms herein set forth and the Subscriber will deliver such releases or any other documents for income tax purposes, if any, as from time to time may be required by the Manager; and
- (19) the representations, warranties, covenants and acknowledgments of the Subscriber contained in this subscription agreement shall survive the completion of the purchase and sale of the Units and the Subscriber undertakes to notify immediately the Fund at the address set forth above of any change in any representation, warranty or other information relating to the Subscriber set forth in this subscription agreement.

The Subscriber acknowledges and agrees that these representations, warranties, acknowledgements and covenants given by the Subscriber to and in favour of the Fund and the Manager shall be deemed to be repeated and reconfirmed as at the date of any subsequent subscription for Units ("top-ups") made by the Subscriber unless a new subscription agreement is executed.

Statutory and Contractual Rights

Subscribers resident in certain Provinces of Canada are entitled by applicable legislation to certain rights of action for damages or rescission as described in the Offering Memorandum. Such rights of action for rescission and damages shall be exercised by delivery of notice in writing by the Subscriber to the Fund at 212 King Street West, Suite 201, Toronto, Ontario M5H 1K5 (or at such other address as the Fund may direct, from time to time) within the period set forth, and if exercised by the Subscriber, shall be enforceable against the Fund only.

Anti-Money Laundering Legislation

In order to comply with Canadian legislation aimed at the prevention of money laundering, the Manager may require additional information concerning investors from time to time and the Subscriber hereby agrees to provide all such information.

In accordance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, the Subscribers who are individuals must attach a void cheque from a financial entity for the account in the name of the individual. For these purposes, a financial entity means a bank, credit union, caisse populaire, a trust and loan company or an agent of the Crown that accepts deposit liabilities. For corporations, limited partnerships or similar entities, please complete **Schedule "A"** and attach copies of the articles of incorporation, by-laws or other constating documents. The Manager, in its sole discretion, may waive such requirements where it has reasonable grounds to believe that applicable anti-money laundering laws and regulations have been complied with in respect of such subscription.

The Subscriber acknowledges that if, as a result of any information or other matter which comes to the Manager's attention, any director, officer or employee of the Manager, or its professional advisors, knows or suspects that an investor is engaged in money laundering, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by Canadian law or otherwise.

Privacy Policy

Attached as **Schedule "B"** hereto is a copy of the Fund's Privacy Policy. By signing this subscription agreement, the Subscriber consents to the collection, use and disclosure of his or her personal information in accordance with such policy.

Indemnity

The Subscriber agrees to indemnify the Fund and the Manager against all losses, claims, costs, expenses and damages or liabilities which it may suffer or incur or cause arising from the reliance on the representations, certifications and covenants of the Subscriber by the Fund or the Manager.

Prospectus and Registration Exemptions

The Subscriber acknowledges that, if this Subscription is accepted, Units will be distributed to the Subscriber pursuant to a regulatory exemption from statutory requirements that would otherwise require the Fund to deliver to the Subscriber a prospectus that complies with statutory requirements and to sell the Units through a dealer registered in the Subscriber's province of residence. In doing so, the Fund will be relying on the following representations and certification by the Subscriber:

The Subscriber hereby represents and certifies that the Subscriber is acting for his, her or its own account and is purchasing Units as principal (or is deemed by National Instrument 45-106 *Prospectus and Registration Exemptions* to be acting as principal) for investment purposes only and not with a view to resale and is one of the following **[please check the appropriate box]**:

Accredited Investor

- a resident of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island or Newfoundland and Labrador who meets the definition of "accredited investor" and has completed the Certificate of Accredited Investor attached as Schedule "C" **[please complete Schedule "C"]**; or

\$150,000 minimum investment

- a resident of British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island or Newfoundland and Labrador and is making a firm commitment to invest an aggregate amount of at least \$150,000 and, if neither an accredited investor nor an individual, the Subscriber has not been formed, created, established or incorporated for the purpose of permitting the purchase of the Units without a prospectus; or

Subsequent top-up investment

- a resident of British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island or Newfoundland and Labrador and is purchasing Units with an aggregate acquisition cost of less than \$150,000, but already owns Units with a net asset value or aggregate acquisition cost of at least \$150,000 (or \$100,000 if the Subscriber resides in British Columbia, and acquired Units under the so-called \$97,000 Exemption at the time of purchase); or

Other

has the benefit of the following exemption (specify nature and source of exemption):

Governing Law and Language

This subscription agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. By the Subscriber's execution of this subscription, the Subscriber irrevocably attorns to the jurisdiction of the courts of Ontario.

The Subscriber has required that this Subscription Form and all related documents including any offering memorandum or supplement thereto be in the English language. Le souscripteur a exigé que cette convention de souscription ainsi que tout autre document ou avis afférent incluant toute notice d'offre et supplément à cette notice d'offre soient rédigés en langue anglaise.

This subscription agreement is not transferable or assignable by the Subscriber.

X
Subscriber's Signature _____

Dated this _____ day of _____, _____.
 (day) (month) (year)

Name and Address of Subscriber:	
_____	Telephone Number: _____
Print Name – (Full Legal Name) (Affix seal if a corporation)	Fax Number: _____
_____	Email Address: _____
Address (No P.O. Box Number)	

City, Province, Postal Code	

If Subscriber is not an Individual:	
Type of Entity: _____	Business Identification Number: _____
_____	Trust Identification Number: _____
Name and Position of Signatory (if applicable)	
Date of Incorporation or Formation: _____	
(Attach a notarized copy of corporation's articles, partnership agreement or other constating document and complete Schedule "A")	

If Subscriber is an Individual:	
By what given name are you commonly known? _____	<i>If Subscriber is an individual, his or her signature must be witnessed by a person who is neither a minor or the spouse or child of the Subscriber):</i>
Date of Birth: _____	Witness
Citizenship: _____	_____
S.I.N.: _____	Signature
Employer's Name and Address: _____	_____
	Name
(Attach a void cheque)	

This section to be completed if the Subscriber is a client of a registered adviser or dealer (the "Subscriber's Agent") and is investing in the Fund on the advice of the Subscriber's Agent.

By submitting this completed subscription agreement to the Manager, the Subscriber's Agent hereby acknowledges and confirms that it has fulfilled all relevant "know-your-client" and suitability obligations that it owes to the Subscriber and has obtained from the Subscriber a duly completed Form W-8BEN.

To be initialled by the Subscriber's Agent:

 Name of Subscriber's Agent (Firm Name)

SCHEDULE "A"

[insert name of corporation or other entity above]

CERTIFICATE

TO: Goodwood Inc.
RE: Subscription for the Class B Units of Goodwood Fund

I, _____ *[Name]*, of _____ *[Name of Entity]*
(the "**Entity**"), do hereby certify for and on behalf of the Entity, but without personal liability, to the best of my knowledge, as follows:

1. I am the _____ *[Title]* of the Entity, and as such have knowledge of the matters certified to herein;
2. the Entity has not taken any steps to terminate its existence, to amalgamate, to continue into any other jurisdiction or to change its *[corporate]* existence in any way and no proceedings have been commenced or threatened, or actions taken or resolutions passed that could result in the Entity ceasing to exist;
3. the Entity is not insolvent and no acts or proceedings have been taken by or against the Entity or are pending in connection with the Entity, and the Entity is not in the course of, and has not received any notice or other communications, in each case, in respect of, any amalgamation, dissolution, liquidation, insolvency, bankruptcy or reorganization involving the Entity, or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer with respect to all or any of its assets or revenues or of any proceedings to cancel its constating certificate or declaration or to otherwise terminate its existence or of any situation which, unless remedied, would result in such cancellation or termination;
4. the Entity has not failed to file such returns, pay such taxes, or take such steps as may constitute grounds for the cancellation or forfeiture of its certificate, declaration or existence;
5. attached to this certificate are true copies of the articles of incorporation and by-laws, declaration of trust, partnership agreement and/or other constating documents of the Entity; and
6. the current *[directors]* *[trustees]* of the Entity are listed below: *[Insert Names]*

IN WITNESS WHEREOF I have hereunto signed my name at the _____ *[Insert City]* this ____
day of _____ *[Insert Date]*.

X

Name:
Title:

SCHEDULE "B"
PRIVACY POLICY

GOODWOOD INC.
GOODWOOD FUND

The privacy of our investors is very important to us. Set forth below are our policies with respect to personal information of Subscribers, investors and former investors that we collect, use and disclose. In connection with the offering and sale of Class B units (the "Units") of Goodwood Fund (the "Fund"), we collect and maintain personal information about Subscribers. We collect your personal information to enable us to provide you with services in connection with your investment in the Fund, to meet legal and regulatory requirements and for any other purpose to which you may consent in the future. Your personal information is collected from the following sources:

- (a) subscription agreements or other forms that you submit to us;
- (b) your transactions with us and our affiliates; and
- (c) meetings and telephone conversations with you.

Unless you otherwise advise, by providing us with your personal information you have consented to our collection, use and disclosure of your information as provided herein. We collect and maintain your personal information in order to give you the best possible service and allow us to establish your identity, protect us from error and fraud, comply with the law and assess your eligibility in our products.

We may disclose your personal information to third parties, when necessary, and to our affiliates in connection with the services we provide related to your subscription for Units of the Fund, including:

- (a) financial service providers, such as banks and others used to finance or facilitate transactions by, or operations of, the Fund;
- (b) other service providers to our Fund, such as accounting, legal, or tax preparation services; and
- (c) taxation and regulatory authorities and agencies.

We seek to carefully safeguard your private information and, to that end, restrict access to personal information about you to those employees and other persons who need to know the information to enable the Fund to provide services to you. Each Goodwood Inc. employee is responsible for ensuring the confidentiality of all personal information they may access.

Your personal information is maintained on our networks or on the networks of our service providers accessible at 212 King Street West, Suite 201, Toronto Ontario M5H 1K5. Your information may also be stored on a secure off-site storage facility. You may access your personal information to verify its accuracy, to withdraw your consent to any of the foregoing collections, uses and/or disclosures being made of your personal information and may update your information by contacting Goodwood Inc. at the following number: (416) 203-2022 or toll free at 1-866-681-4393. Please note that your ability to participate in the Fund may be impacted should you withdraw your consent to the collection, use and disclosure of your personal information as outlined above.

Investors resident in Ontario should be aware that the Fund is required to file with the Ontario Securities Commission a report setting out the Subscriber's name and address, the class and series of Units issued, the date of issuance and the purchase price of Units issued to the Subscriber. Such information is collected indirectly by the Commission under the authority granted to it in securities legislation, for the purposes of the administration and enforcement of the securities legislation of Ontario. By submitting this subscription, the Subscriber authorizes such indirect collection of the information by the Commission. The following official can answer questions about the Commission's indirect collection of the information:

**Administrative Assistant to the Director of Corporate Finance
Suite 1903, Box 5520 Queen Street West
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8086
Facsimile: (416) 593-8252**

SCHEDULE “C”

CERTIFICATE OF ACCREDITED INVESTOR

TO: **Goodwood Inc.** (the “Manager”)

In connection with the purchase by the undersigned purchaser (the “Subscriber”) of units of Goodwood Fund (the “Fund”), the Subscriber (or the signatory on behalf of the Subscriber) certifies for the benefit of the Fund and the Manager that the Subscriber is a resident of, or the purchase and sale of securities to the Subscriber is otherwise subject to the securities legislation of, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island or Newfoundland and Labrador, and the Subscriber is (and will at the time of acceptance of the Subscription be) an accredited investor (an “Accredited Investor”) within the meaning of National Instrument 45-106 – *Prospectus and Registration Exemptions* (“NI 45-106”). Specifically, the Subscriber is:

PLEASE CHECK THE BOX OF THE APPLICABLE CATEGORY AND INITIAL:

- (a) a Canadian bank, trust company, insurance company or other Canadian financial institution (as defined in NI 45-106), or a Schedule III bank,
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada),
- (c) a subsidiary of any person referred to in paragraphs (a) or (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,
- (d) a person registered under the securities legislation of a province or territory of Canada as an adviser or dealer, other than a person registered solely as a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador),
- (e) an individual registered or formerly registered under the securities legislation of a province or territory of Canada as a representative of a person referred to in paragraph (d),
- (f) the Government of Canada or a province or territory of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a province or territory of Canada,
- (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l’île de Montréal or an intermunicipal management board in Québec,
- (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government,
- (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a province or territory of Canada,
- (j) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets (cash, securities, contracts of insurance, deposits and evidences of deposits that are not securities for the purpose of securities legislation), having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000,
- (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year,
- (l) an individual who, either alone or with a spouse, has net assets of least \$5,000,000,
- (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000, as shown on its most recently prepared financial statements, and that was not formed for the sole purpose of making a representation to this effect in order to qualify as an accredited investor,
- (n) an investment fund that distributes or has distributed its securities only to

- (i) a person that is or was an accredited investor at the time of the distribution,
 - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [*Minimum amount investment*] and 2.19 [*Additional investment in investment funds*] of NI 45-106 or equivalent exemptions under applicable securities legislation as specified in Section 8.2 of NI 45-106, or
 - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 [*Investment fund reinvestment*] of NI 45-106,
- _____ (o) an investment fund that distributes or has distributed securities under a prospectus in a province or territory of Canada of which the regulator or, in Quebec, the securities regulatory authority, has issued a receipt,
 - _____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a province or territory of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be,
 - _____ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a province or territory of Canada or a foreign jurisdiction, and neither that person nor the legal or beneficial owner of the fully managed account is resident in Ontario,
 - _____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the province or territory of the registered charity to give advice on the securities being traded,
 - _____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function,
 - _____ (t) a person in respect of which all of the owners of interest, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors,
 - _____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser, or
 - _____ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as
 - (i) an accredited investor, or
 - (ii) an exempt purchaser in Alberta and British Columbia after September 14, 2005.

Defined Terms:

Certain terms used above are specifically defined by applicable securities legislation, regulation or rules, as follows:

“**Canadian financial institution**” means:

- (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
- (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a province or territory of Canada to carry on business in Canada or a province or territory of Canada;

“**company**” means any corporation, incorporated association, incorporated syndicate or other incorporated organization;

“director” means:

- (i) a member of the board of directors of a company or an individual who performs similar functions for a company, and
- (ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

“eligibility adviser” means:

- (i) a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the province or territory of a purchaser and authorized to give advice with respect to the type of security being distributed, and
- (ii) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a province or territory of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a province or territory of Canada provided that the lawyer or public accountant must not
 - (A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons, and
 - (B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

“foreign jurisdiction” means a country other than Canada or a political subdivision of a country other than Canada;

“fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;

“individual” means a natural person, but does not include a partnership, unincorporated association, unincorporated organization, trust or a natural person in his or her capacity as trustee, executor, administrator or other legal personal representative;

“officer” means the chair, any vice chair of the board of directors, the president, any vice president, the secretary, the assistant secretary, the treasurer, the assistant treasurer, and the general manager of a company, and any other person designated an officer of a company by by-law or similar authority, or any individual acting in a similar capacity on behalf of the issuer;

“person” includes:

- (i) an individual,
- (ii) a corporation,
- (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
- (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

“**related liabilities**” means:

- (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
- (ii) liabilities that are secured by financial assets;

“**Schedule III bank**” means an authorized foreign bank named in Schedule III of the Bank Act (Canada);

“**spouse**” means, an individual who,

- (i) is married to another individual and is not living separate and apart within the meaning of the Divorce Act (Canada), from the other individual,
- (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
- (iii) in Alberta, is an individual referred to in paragraph (i) or (ii), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta);

“**subsidiary**” means an issuer that is **controlled** directly or indirectly by another issuer and includes a subsidiary of that subsidiary;

Control

A person (first person) is considered to control another person (second person) if

- (i) the first person, directly or indirectly, beneficially owns or exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation,
- (ii) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or
- (iii) the second person is a limited partnership and the general partner of the limited partnership is the first person.

[To be completed by Manager]

ACCEPTANCE

This subscription is accepted and, if applicable, the contractual right of action referred to herein is granted by Goodwood Inc. on behalf of the Fund on the _____ day of _____, _____.
(day) (month) (year)

GOODWOOD INC.,
the Manager of **GOODWOOD FUND**

By: _____

Title: _____

(Manager Only)

Subscription Amount: \$ _____

Valuation Date: _____

Price Per Unit: \$ _____

Number of Units Issued: _____

Exemption: _____

GOODWOOD INC.

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