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These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, and, subject to certain exemptions, will not be offered or sold within the United States or to U.S. persons.

PROSPECTUS

Initial Public Offering

November 26, 2009



Horizons AlphaPro Income Plus Fund

Maximum \$100,000,000 Class A Units and Class F Units (Maximum 10,000,000 Class A Units and Class F Units)

Horizons AlphaPro Income Plus Fund (the "Fund") is an investment fund established under the laws of the Province of Ontario. The Fund proposes to offer Class A Units and Class F Units (collectively, the "Units"), each at a price of \$10.00 per Unit (the "Offering"). Each Class A Unit consists of one transferable Class A trust unit ("Class A Trust Unit") and one transferable Class A Trust Unit purchase warrant ("Class A Warrant"). Each Class F Unit consists of one Class F trust unit ("Class F Trust Unit" and collectively with the "Class A Trust Units", the "Trust Units") and one Class F Trust Unit purchase warrant ("Class F Warrant" and collectively with the "Class A Warrant", the "Warrants"). Each Warrant entitles the holder to purchase one Trust Unit of the corresponding class at a subscription price of \$10.00 on or before 5:00 p.m. (Toronto time) on January 31, 2011. The Class A Trust Units and Class A Warrants comprising the Class A Units, and the Class F Trust Units and Class F Warrants comprising the Class F Units, will separate upon the earlier of the closing of the Over-Allotment Option (as defined herein) and the 30th day following the closing of the Offering. The Toronto Stock Exchange ("TSX") has conditionally approved the listing of the Class A Units, subject to the Fund fulfilling all of the requirements of the TSX on or before February 9, 2010. Class F Trust Units are designed for fee based accounts and neither the Class F Trust Units nor the Class F Warrants will be listed on a stock exchange. The Class F Trust Units will be convertible into Class A Trust Units on a monthly basis.

The Manager (as defined below) believes that increased money supply resulting from recent aggressive United States government ("U.S.") monetary and fiscal stimulus has significantly increased the risk of inflation in the United States. However, continued economic stagnation or further deterioration in economic conditions could result in deflation. The Fund will seek to create a portfolio (the "Portfolio") that delivers returns in periods of inflation and deflation that are higher than that of a portfolio of U.S. Treasury bonds or U.S. Treasury Inflation-Protected Securities ("TIPs") with medium to low risk.

The investment objectives of the Fund are to provide holders of Trust Units (each a "Unitholder") with both: (i) semi-annual distributions and (ii) the opportunity for capital appreciation in periods of inflation and deflation by tactically allocating exposure of the Fund to (i) U.S. Treasury bonds and TIPs; (ii) commodities; and (iii) money market securities. The Fund will seek to hedge its foreign currency exposure at all times. See "Investment Objectives".

Barclays Capital Inc., through its investment advisory unit, Barclays Capital Fund Solutions – Americas ("Barclays" or the "Sub-Advisor") has been retained by JovInvestment Management Inc. (the "Portfolio Manager"), the portfolio manager of the Fund, to act as the investment sub-advisor of the Fund. Barclays will advise the Portfolio Manager on the tactical allocation of the exposure of the Fund among three asset classes (the "Asset Classes"): (i) U.S. Treasury bonds and TIPs; (ii) commodities; and (iii) money market securities. Barclays will seek to optimize the Portfolio's allocations by means of its proprietary multi-stage methodology. The Portfolio Manager, in its sole discretion, will allocate the Portfolio among the Asset Classes based on Barclays' advice, resulting from their assessment of fundamental and technical factors (including aggregate supply and demand, global economic growth, price momentum and general market trends). On a monthly basis, Barclays will advise the Portfolio Manager with

respect to the optimal allocation among the Asset Classes subject to the investment restrictions of the Fund which include that, 70% of the net asset value of the Fund (the “NAV”) will be exposed to Treasury bonds and/or TIPs combined and 30% of the NAV will be exposed to commodities and/or money market securities combined, each as determined at the time of investment. See “Investment Strategy” and “Investment Restrictions”.

Initially, the Fund intends to enter into a total return swap (a “Swap”) with a Canadian chartered bank (the “Counterparty”) pursuant to which it will gain exposure to the Asset Classes in accordance with the allocations advised by Barclays. It is expected that initially the reference assets of the Swap will be substantially similar to the index components of the Barclays Income Plus USD Index or the subindices thereof.

Barclays Bank PLC (“Barclays Bank”) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services with an extensive international presence in Europe, the Americas, Africa and Asia. With over 300 years of history and expertise in banking, Barclays Bank operates in over 50 countries and employs approximately 145,000 people. Barclays Bank moves, lends, invests and protects money for more than 49 million customers and clients worldwide.

The investment banking division of Barclays Bank operates globally under the name Barclays Capital, and operates in the United States through Barclays Capital Inc. Barclays Capital provides large corporate, government and institutional clients with a full spectrum of solutions to their strategic advisory, financing and risk management needs. The Barclays Capital Indices platform offers market leading benchmarks and alpha generating index products to meet the diverse needs of global investors including investment and market analysis of both alpha and beta sources, portfolio benchmarking and performance measurement, asset allocation, and the creation of index-based structured products. Through its beta/benchmark platform, Barclays Capital is the leading provider of fixed income, inflation-linked, and swaps indices offering unmatched market coverage and a full suite of customized client solutions for benchmark and informational needs. Flagship benchmarks in the Barclays Capital Indices platform include the Aggregate, Inflation-Linked Bond, High-Yield, Emerging Markets, Municipal, Floating-Rate, Government/Treasury, Universal, and Swaps (Nominal and Inflation) Index families which include both global/multicurrency macro benchmarks as well as regional single-currency versions. The Barclays Capital Indices platform also includes a diverse family of alpha generating strategy indices that offer quick and easy access to outperformance sources and a quantitative way to express investment strategies in markets that would otherwise be difficult to access. Index products are available across multiple asset classes including equities, fixed income, foreign exchange, commodities, derivatives, and alternative investments. Barclays Capital Fund Solutions (“BCFS”), the global asset management business within Barclays Capital, has assets under management globally as at October 31, 2009 in excess of US\$5.9 billion in investment strategies and customized solutions. The Sub-Advisor is a newly-formed asset management and investment advisory business in the BCFS global family.

The Fund initially intends to pay semi-annual distributions to Unitholders equal to the implied yield to, or the distributable cash derived by, the Fund from its exposure to money market and fixed income related securities and deducting an estimate of the Fund’s expenses. To the extent that the distributions are based on payments received under the Swap, such distributions are expected to be ordinary income for tax purposes. Distributions are expected to fluctuate from period to period. See “Distribution Policy”.

Many of the securities in which the Fund may invest or to which the Fund may have exposure are denominated in a currency other than the Canadian dollar. The Portfolio Manager will seek to hedge the full value of the Fund’s assets which are denominated in specific foreign currencies back to the Canadian dollar. The Fund typically will have between 95% and 105% of the value of the Portfolio exposed to foreign currencies hedged to the Canadian dollar by means of one or more derivative instruments. It is expected that, initially, the currency hedge will be achieved by means of the Swap.

AlphaPro Management Inc., the manager and the trustee of the Horizons AlphaPro Exchange Traded Funds, (“AlphaPro”, the “Manager” or the “Trustee”) will act as the manager and the trustee of the Fund and will be considered a promoter of the Fund under Canadian securities laws. AlphaPro is an innovative financial services company specializing in actively managed ETFs with approximately \$100 million in assets under management as at October 31, 2009. AlphaPro is a subsidiary of BetaPro Management Inc. (“BetaPro”). BetaPro is Canada’s largest provider of leveraged, inverse leveraged and inverse exchange traded funds (“ETFs”). BetaPro managed approximately \$2.7 billion in assets in the BetaPro ETFs as at October 31, 2009. BetaPro is a subsidiary of Jovian Capital Corporation (“Jovian”), a publicly-traded company listed on the TSX (TSX: JOV). Jovian acquires, creates

and grows financial services companies specializing in wealth and asset management. The Jovian group of companies is a national financial services organization with approximately \$11.5 billion of client assets (approximately \$6.8 billion in assets under management and \$4.7 billion in assets under administration) as at October 31, 2009. The Portfolio Manager, a subsidiary of Jovian, will be responsible for implementing the investment strategy of the Fund, engaging the services of Barclays to act as sub-advisor to the Fund and overseeing Barclays' advice with respect to the investment strategy of the Fund. See "Organization and Management Details of the Fund".

Price: \$10.00 per Class A Unit and \$10.00 per Class F Unit

	Price to the Public	Agents' Fee	Net Proceeds to the Fund⁽²⁾
Per Class A Unit	\$10.00	\$0.525	\$9.475
Per Class F Unit	\$10.00	\$0.225	\$9.775
Minimum Total Offering ⁽³⁾⁽⁴⁾	\$20,000,000	\$1,050,000	\$18,950,000
Maximum Total Offering ⁽⁴⁾⁽⁵⁾	\$100,000,000	\$5,250,000	\$94,750,000

Notes:

- (1) The terms of the Offering were established through negotiation between the Agents (as defined below) and the Manager on behalf of the Fund.
- (2) Before deducting the expenses of the Offering, estimated to be \$750,000 (but not to exceed 1.5% of the gross proceeds of the Offering) which, together with the Agents' fees, will be paid by the Fund from the proceeds of the Offering. Any expenses, excluding the Agents' fees, in excess of 1.5% of the gross proceeds of the Offering will be paid by the Manager.
- (3) There will be no closing of the Offering unless a minimum of 2,000,000 Units are sold. If subscriptions for a minimum of 2,000,000 Units have not been received within 90 days after a final receipt for this prospectus is issued, the Offering may not continue without the consent of the Canadian Securities Administrators and those who have subscribed for Units on or before such date.
- (4) The Agents' fees shown are based on the fee payable on Class A Units. This amount will be lower and the net proceeds to the Fund will be higher to the extent that Class F Units are sold.
- (5) The Fund has granted to the Agents an option (the "Over Allotment Option"), exercisable for a period of 30 days from the date of closing of the Offering, to purchase additional Class A Units in an amount up to 15% of the Units issued on the date of closing of the Offering on the same terms as set forth above solely to cover over allotments, if any. If the Over Allotment Option is exercised in full under the maximum Offering, the price to the public, Agents' fee and net proceeds to the Fund are estimated to be \$115,000,000, \$6,037,500 and \$108,962,500, respectively. This prospectus also qualifies the grant of the Over Allotment Option and the distribution of the Class A Units issuable on the exercise of the Over Allotment Option. A purchaser who acquires Class A Units forming part of the Over Allotment Option acquires such Class A Units under this prospectus, regardless of whether the Over Allotment Option is ultimately filled through the exercise of the Over Allotment Option or secondary market purchases. See "Plan of Distribution".

The value of the Trust Units will be reduced if the NAV per Trust Unit exceeds \$9.70 and Warrants are exercised. If a Unitholder does not exercise Warrants in such circumstances, the Unitholder's pro rata interest in the assets of the Fund will be diluted. The Unitholder will be required to pay in connection with the exercise of the Warrants, an additional amount equal to the amount originally invested by the Unitholder on the date of the closing of the Offering. While a Unitholder may sell the Warrants acquired hereunder, no assurance can be given that the proceeds of such sale would compensate the Unitholder for such dilution. See "Warrant Considerations".

If after January 31, 2011, the weighted average trading price of the Class A Trust Units during a period of 10 consecutive trading days is at a discount greater than 2% of the average NAV per Class A Trust Unit for that period or the NAV per Class A Trust Unit exceeds the issue price of \$10.00, but in any event by no later than May 31, 2011, there will be an automatic conversion (the "Conversion") of the Class A Trust Units and the Class F Trust Units of the Fund into Class E Units of an ETF as soon as reasonably practicable thereafter (the Fund following the Conversion, the "Fund ETF"). As the Warrants are exercisable prior to the Conversion, they will provide holders with the ability to acquire Class A Trust Units or Class F Trust Units, as the case may be, which will also be converted into Class E Units. Class E Units of the Fund ETF will be offered and redeemed daily primarily through designated brokers and underwriters. Conversion of the Fund into an ETF is expected to provide Unitholders with a number of benefits, including potentially greater market liquidity, potentially more efficient trading as the market

price of the Class E Units is expected to be closer to the Fund ETF's NAV and the potential ability to increase the asset base for the Fund ETF as a result of the continuous offering of its units as an ETF. Following the Conversion, the investment objectives, investment strategy and investment restrictions of the Fund as described herein will remain the same, except as may be necessary to comply with applicable law, including National Instrument 81-102 – Mutual Funds. At such time, the Fund ETF will prepare and file a continuous offering prospectus for its Class E Units issuable from and after the Conversion. See “Conversion of the Fund”. Except where the context otherwise requires, all references herein to “Trust Units” shall mean: (i) prior to the Conversion, the Class A Trust Units and the Class F Trust Units of the Fund; and (ii) from and after the Conversion, the Class E Units of the Fund ETF.

In the opinion of counsel, provided that the Fund qualifies as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the “Tax Act”) the Trust Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (“Registered Plans”). Provided that the Trust Units to which the Warrants relate are qualified investments for Registered Plans and the Fund is not, and deals at arm's length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of a Registered Plan, the Warrants will be qualified investments for such Registered Plans. See “Income Tax Considerations”.

There is no guarantee that an investment in the Fund will earn any positive return in the short or long term nor is there any guarantee that the NAV per Trust Unit will appreciate or be preserved. An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. There are certain risk factors associated with an investment in Units. There is no market through which the Class F Trust Units or Class F Warrants may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Class F Units and the extent of issuer regulation. See “Risk Factors”.

Each investor should carefully consider whether their financial condition and/or retirement savings objectives permit them to buy Class A Trust Units or Class F Trust Units which can be exchanged for Class A Units that will convert into Class E Units of the Fund ETF, which will be a commodity pool that will use derivatives like swaps in a manner that conventional mutual funds cannot. As an ETF, the Fund ETF will be subject to the same risks as other commodity pools. For example, the risk of loss associated with derivatives can sharply reduce the NAV of the Fund ETF and, consequently, the value of an investor's Class E Units in the Fund ETF. Although the Fund ETF will be a mutual fund, certain provisions of the legislation and policies of the Canadian Securities Administrators applicable to conventional mutual funds and designed to protect investors who purchase securities of mutual funds will, similar to other commodity pools, not apply.

One of the Agents, MGI Securities Inc. (“MGI”) is controlled by Jovian. Jovian also controls the Manager and the Portfolio Manager. Accordingly, in connection with this Offering, the Fund may be considered a related and/or connected issuer of MGI under applicable securities laws. The Manager is entitled to receive certain fees. An affiliate of National Bank Financial Inc. (“NBF”), one of the Agents, owns a minority interest in the Manager. Accordingly, the Fund may be considered to be a related and/or connected issuer of NBF under applicable securities laws. See “Organization and Management Details of the Fund — The Manager”, “Organization and Management Details of the Fund — Conflicts of Interest”, “Plan of Distribution” and “Relationship between the Fund and the Agents”.

CIBC World Markets Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., National Bank Financial Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc., Raymond James Ltd., Wellington West Capital Markets Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation, GMP Securities L.P., MGI Securities Inc., Blackmont Capital Inc., and Research Capital Corporation (collectively, the “Agents”) conditionally offer the Units for sale, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund in accordance with the conditions contained in the Agency Agreement (as defined herein) referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of the Fund by Fasken Martineau DuMoulin LLP and on behalf of the Agents by Blake, Cassels & Graydon LLP. See “Plan of Distribution”.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the Fund reserves the right to close the subscription books at any time without notice. All prospective purchasers will be entitled to

withdraw their purchase on or before midnight on the second business day after receipt or deemed receipt of the final prospectus and any amendment in accordance with applicable securities laws. See “Purchasers’ Statutory Rights of Withdrawal and Rescission”. The Agents may over-allot or effect transactions as described under “Plan of Distribution”. Registrations of interests in and transfers of Trust Units and Warrants will be made through the book-based system administered by CDS Clearing and Depository Services Inc. (“CDS”). Book-based certificates representing the Trust Units and Warrants will be issued in registered form only to CDS or its nominee and will be deposited with CDS on the date of closing of the Offering, which is expected to occur on or about December 9, 2009 or such later date as the Fund and the Agents may agree, but in any event not later than 90 days after a final receipt for this prospectus is issued (the “Closing Date”). The Fund may, in its sole discretion issue one or more certificates registered in the name of the holder. Subject to the foregoing, a purchaser of Units will receive a customer confirmation from the registered dealer from or through which the Units are purchased and will not have the right to receive physical certificates evidencing their ownership in the Trust Units and Warrants. See “Attributes of the Securities”.

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PROSPECTUS SUMMARY

The following is a summary of the principal features of the offering (the "Offering") and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars.

THE OFFERING

Issuer: Horizons AlphaPro Income Plus Fund (the "Fund") is an investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of November 26, 2009 (the "Declaration of Trust").

Offering: The Fund is offering two classes of units of the Fund (the "Units"), Class A Units and Class F Units. Class F Units will not be listed on any stock exchange. Each Class A Unit consists of one transferable Class A trust unit ("Class A Trust Unit") and one transferable Class A Trust Unit purchase warrant ("Class A Warrant"). Each Class F Unit consists of one Class F trust unit ("Class F Trust Unit" and collectively with the "Class A Trust Units", the "Trust Units") and one Class F Trust Unit purchase warrant ("Class F Warrant" and collectively with the "Class A Warrant", the "Warrants"). Each Warrant entitles the holder to purchase one Trust Unit of the corresponding class at the subscription price of \$10.00 per Trust Unit by notifying the Warrant Trustee (as defined herein) between the first business day of any month and on or before 5:00 p.m. (Toronto time) on the tenth business day of such month ("Warrant Notice Period") up until January 31, 2011 (the "Warrant Expiry Time"). Such Warrants will be exercised effective as at 5:00 p.m. on the tenth business day of the applicable month ("Warrant Exercise Date"). The Warrants are also exercisable on January 31, 2011 prior to 5:00 p.m. on that date. In addition, the Class F Warrants are exercisable by the holder thereof in order to complete a Concurrent Warrant Exercise (as defined herein). See "Attributes of the Securities - Exchange of Class F Trust Units". Holders who exercise the Warrants will become holders of Trust Units, issued through the exercise of the Warrants. **WARRANTS NOT EXERCISED PRIOR TO 5:00 P.M. (TORONTO TIME) ON JANUARY 31, 2011 WILL BE VOID AND OF NO VALUE.** See "Attributes of the Securities - Warrants" and "Plan of Distribution".

The value of the Trust Units will be reduced if the net asset value ("NAV") per Trust Unit exceeds \$9.70 and Warrants are exercised. If a Unitholder does not exercise Warrants in such circumstances, the Unitholder's pro rata interest in the assets of the Fund will be diluted. The Unitholder will be required to pay in connection with the exercise of the Warrants an additional amount equal to the amount originally invested by the Unitholder on the date of closing of the Offering (the "Closing Date"). While a Unitholder may sell the Warrants acquired hereunder, no assurance can be given that the proceeds of such sale would compensate the Unitholder for such dilution. See "Warrant Considerations".

Class F Trust Units are intended for investors who have or arrange to have fee-based accounts with a registered dealer. The fees payable to the Agents (as defined herein) on the issuance of Trust Units of each class is different and the Service Fee (as defined herein) is only payable in respect of Class A Trust Units (as described under "Fees and Expenses"). Accordingly, the NAV per Trust Unit of each class will not be the same as a result of the different fees allocable to each class of Trust Units. See "Attributes of the Securities - The Trust Units".

Except where the context otherwise requires, all references herein to "Trust Units" shall mean: (i) prior to the Conversion (as defined herein), the Class A Trust Units and the Class F Trust Units of the Fund; and (ii) from and after the Conversion, the Class E Units of the Fund ETF (as defined herein).

Maximum Issue: \$100,000,000 (10,000,000 Units)

Minimum Issue: \$20,000,000 (2,000,000 Units)

Price: \$10.00 per Unit

Minimum Subscription: 100 Class A Units (\$1,000)
100 Class F Units (\$1,000)

Investment Objectives: The investment objectives of the Fund are to provide holders of Trust Units (each a “Unitholder”) with both: (i) semi-annual distributions; and (ii) the opportunity for capital appreciation in periods of inflation and deflation by tactically allocating exposure of the Fund to (i) U.S. Treasury bonds and U.S. Treasury Inflation-Protected Securities (“TIPs”); (ii) commodities; and (iii) money market securities. The Fund will seek to hedge its foreign currency exposure at all times. See “Investment Objectives”.

Investment Rationale: The Manager (as defined herein) believes that increased money supply resulting from recent aggressive United States government (“U.S.”) monetary and fiscal stimulus has significantly increased the risk of inflation in the United States. However, continued economic stagnation or further deterioration in economic conditions could result in deflation. The Fund will seek to create a portfolio (the “Portfolio”) that delivers returns in periods of inflation and deflation that are higher than that of a portfolio of U.S. Treasury bonds or TIPs with medium to low risk.

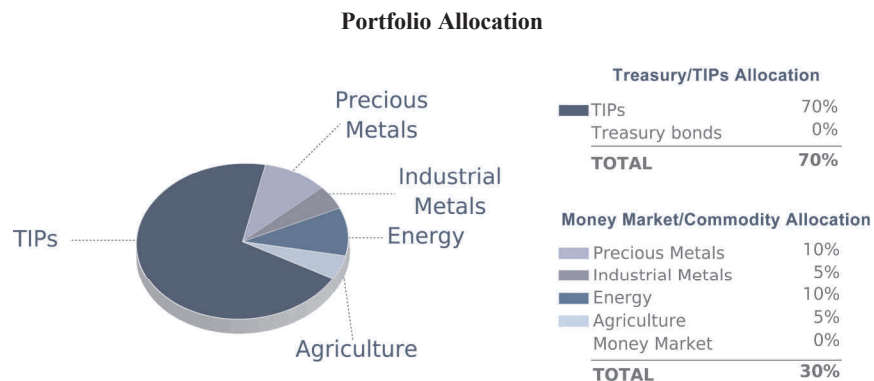
See “Investment Rationale”.

Sample Portfolio

The information contained in this section is hypothetical and for demonstration purposes only. The composition of the Portfolio will vary from time to time and may differ substantially from the sample Portfolio whose information is described below.

If the Portfolio had been in existence on November 1, 2009, Barclays (as defined herein) would have advised that the Portfolio Manager (as defined herein) allocate the Portfolio to provide exposure as follows: 0% to U.S. Treasury bonds, 70% to TIPs, 30% to commodities (10% to Precious Metals, 5% to Industrial Metals, 5% to Agriculture and 10% to Energy) and 0% to money market securities as shown in the pie graph below. The sample Portfolio composition reflects the tactical allocations of Barclays’ proprietary methodology as of November 1, 2009.

If the sample Portfolio were in existence as of November 1, 2009, it would have been diversified as follows:



See “Investment Rationale – Sample Portfolio”.

Investment Strategy: Barclays Capital Inc., through its investment advisory unit, Barclays Capital Fund Solutions – Americas (“Barclays” or “Sub-Advisor”) has been retained by JovInvestment Management Inc. (the “Portfolio Manager”), the portfolio manager of the Fund, to act as the investment sub-advisor of the Fund. Barclays will advise the Portfolio Manager on the tactical allocation of the exposure of the Fund among three asset classes (the “Asset Classes”): (i) U.S. Treasury bonds and TIPs; (ii) commodities; and (iii) money market securities. Barclays will seek to optimize the Portfolio’s allocations by means of its proprietary multi-stage methodology. The Portfolio Manager, in its sole discretion, will allocate the Portfolio among the Asset Classes based on Barclays’ advice, resulting

from their assessment of fundamental and technical factors (including aggregate supply and demand, global economic growth, price momentum and general market trends). On a monthly basis, Barclays will advise the Portfolio Manager with respect to the optimal allocation among the Asset Classes subject to the investment restrictions of the Fund which include that, 70% of the NAV of the Fund will be exposed to Treasury bonds and/or TIPs combined and 30% of the NAV will be exposed to commodities and/or money market securities combined, each as determined at the time of investment.

The Portfolio may be invested either directly or indirectly in the Asset Classes and their component parts including by investment in, or exposure to, indices linked thereto. The form of investment will depend on the type of available investments, the associated costs and the prevailing market conditions. Exposure to an Asset Class can be achieved either directly or indirectly, (i) by investing in U.S. Treasury bonds, TIPs, exchange traded funds (“ETFs”) and money market securities, or (ii) through derivative instruments (including standardized futures contracts or similar derivatives) linked to the Asset Class or an index linked to the performance of one or more Asset Classes.

Initially, the Fund intends to enter into a total return swap (a “Swap”) with a Canadian chartered bank (the “Counterparty”) pursuant to which it will gain exposure to the Asset Classes in accordance with the allocations advised by Barclays. It is expected that initially the reference asset of the Swap will be substantially similar to the index components of the Barclays Income Plus USD Index or the subindices thereof. See “Investment Strategy”.

The Fund will be exposed, directly or indirectly, to the following Asset Classes:

- i. Treasury bonds: comprised primarily of 7 to 10 year U.S. Treasury Notes and will not hold Notes that fall under 7 years of maturity, and Inflation Linked Securities: comprised primarily of U.S. TIPs of all maturities with coupon payments reinvested on the exact dates received.
- ii. Money Market Securities: cash invested overnight and money market securities with rates seeking to equal or exceed the Federal Funds Effective Rate calculated and compounded daily by the Federal Reserve Bank of New York.
- iii. Commodities, including:
 - a. Industrial Metals Asset Class: comprised primarily of industrial metals including all of the following: aluminum, copper, lead, nickel and zinc.
 - b. Energy Asset Class: comprised primarily of energy commodities including all of the following: crude oil, Brent crude oil, gasoline, heating oil, gasoil and natural gas.
 - c. Precious Metals Asset Class: comprised primarily of precious metals including all of the following: gold and silver.
 - d. Agriculture Asset Class: comprised primarily of agriculture commodities including all of the following: wheat, red wheat, corn, soybeans, cotton, sugar, coffee and cocoa.

See “Investment Strategy” and “Investment Restrictions”.

Barclays:

Barclays has been engaged by the Portfolio Manager as the investment sub-advisor of the Fund. Barclays will be responsible for advising the Portfolio Manager with respect to the Portfolio and, in particular, allocating the assets of the Fund among the Asset Classes and the components thereof.

Barclays Bank PLC (“Barclays Bank”) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services with an extensive international presence in Europe, the Americas, Africa and Asia. With over 300 years of history and expertise in banking, Barclays Bank operates in over 50 countries and employs approximately 145,000 people. Barclays Bank moves, lends, invests and protects money for more than 49 million customers and clients worldwide.

The investment banking division of Barclays Bank operates globally under the name Barclays Capital, and operates in the United States through Barclays Capital Inc. Barclays Capital provides large corporate, government and institutional clients with a full spectrum of solutions to their strategic advisory, financing and risk management needs. The Barclays Capital Indices platform

offers market leading benchmarks and alpha generating index products to meet the diverse needs of global investors including investment and market analysis of both alpha and beta sources, portfolio benchmarking and performance measurement, asset allocation, and the creation of index-based structured products. Through its beta/benchmark platform, Barclays Capital is the leading provider of fixed income, inflation-linked, and swaps indices offering unmatched market coverage and a full suite of customized client solutions for benchmark and informational needs. Flagship benchmarks in the Barclays Capital Indices platform include the Aggregate, Inflation-Linked Bond, High-Yield, Emerging Markets, Municipal, Floating-Rate, Government/Treasury, Universal, and Swaps (Nominal and Inflation) Index families which include both global/multicurrency macro benchmarks as well as regional single-currency versions. The Barclays Capital Indices platform also includes a diverse family of alpha generating strategy indices that offer quick and easy access to outperformance sources and a quantitative way to express investment strategies in markets that would otherwise be difficult to access. Index products are available across multiple asset classes including equities, fixed income, foreign exchange, commodities, derivatives, and alternative investments. Barclays Capital Fund Solutions (“BCFS”), the global asset management business within Barclays Capital, has assets under management globally as at October 31, 2009 in excess of US\$5.9 billion in investment strategies and customized solutions. The Sub-Advisor is a newly-formed asset management and investment advisory business in the BCFS global family.

Barclays is an investment advisor registered with the U.S. Securities and Exchange Commission pursuant to the *U.S. Investment Advisers Act of 1940*, with its head office located at 745 Seventh Avenue, New York, NY 10019. In the conduct of its services to the Portfolio Manager and the Fund, Barclays will operate under an exemption from the investment advisory and commodities advisory registration requirements of the Ontario Securities Commission. The Portfolio Manager will be responsible to the Fund for the services provided by Barclays as long as it is relying on an exemption from the requirement to register as an adviser under Ontario securities laws. As Barclays and the majority of its directors and officers are resident outside Canada and all or a substantial portion of its assets are situated outside Canada, it may be more difficult to enforce legal rights against any such persons than if each person was resident in Canada.

See “Organization and Management Details of the Fund – The Sub-Advisor”.

Distributions:

The Fund initially intends to pay semi-annual distributions to Unitholders equal to the implied yield to, or the distributable cash derived by, the Fund from its exposure to money market and fixed income related securities and deducting an estimate of the Fund’s expenses. To the extent that the distributions are based on payments received under the Swap, such distributions are expected to be ordinary income for tax purposes. Distributions are expected to fluctuate from period to period.

The Fund may make additional distributions in any given year. The Manager will review the Fund’s distribution policy from time to time and the distribution amount may change from time to time.

See “Distribution Policy”.

Currency Hedging:

Many of the securities in which the Fund may invest or to which the Fund may have exposure are denominated in a currency other than the Canadian dollar. The Portfolio Manager will seek to hedge the full value of the Fund’s assets which are denominated in specific foreign currencies back to the Canadian dollar. The Fund typically will have between 95% and 105% of the value of the Portfolio exposed to foreign currencies hedged to the Canadian dollar by means of one or more derivative instruments. It is expected that initially the currency hedge will be achieved by means of the Swap. See “Investment Strategy – Currency Hedging.”

Manager:

AlphaPro Management Inc., the manager and the trustee of the Horizons AlphaPro ETFs, (“AlphaPro”, the “Manager” or the “Trustee”) will act as the manager and the trustee of the Fund and will be considered a promoter of the Fund under Canadian securities laws. AlphaPro is an innovative financial services company specializing in actively managed ETFs with over \$100 million in assets under management as at October 31, 2009. AlphaPro is a subsidiary of BetaPro Management Inc. (“BetaPro”). BetaPro is Canada’s largest provider of leveraged, inverse leveraged and inverse ETFs. BetaPro managed approximately \$2.7 billion in assets in the BetaPro ETFs as at October 31, 2009. BetaPro is a subsidiary of Jovian Capital Corporation (“Jovian”), a publicly-traded company listed on the Toronto Stock Exchange (the “TSX”) (TSX: JOV). Jovian acquires, creates and grows financial services companies specializing in wealth and asset management. The

Jovian group of companies is a national financial services organization with approximately \$11.5 billion of client assets (approximately \$6.8 billion in assets under management and \$4.7 billion in assets under administration) as at October 31, 2009. See “Organization and Management Details of the Fund – The Manager”.

**Automatic
Conversion to an ETF:**

If after January 31, 2011, the weighted average trading price of the Class A Trust Units during a period of 10 consecutive trading days is at a discount greater than 2% of the average NAV per Class A Trust Unit for that period or the NAV per Class A Trust Unit exceeds the issue price of \$10.00, but in any event by no later than May 31, 2011, there will be an automatic conversion (the “Conversion”) of the Class A Trust Units and the Class F Trust Units of the Fund into Class E Units of an ETF as soon as reasonably practicable thereafter (the Fund following the Conversion, the “Fund ETF”). As the Warrants are exercisable prior to the Conversion, they will provide holders with the ability to acquire Class A Trust Units or Class F Trust Units, as the case may be, which will also be converted into Class E Units. For each Class A Trust Unit or Class F Trust Unit so converted, a holder will receive a number of Class E Units equal to the NAV per Trust Unit of a Class A Trust Unit or Class F Trust Unit, respectively, as of the date upon which the Conversion takes place, divided by the NAV per Class E Unit as of such day rounded down to the nearest whole unit. The Manager will issue a press release announcing the effective date of such Conversion as soon as reasonably practicable thereafter.

Class E Units of the Fund ETF will be offered and redeemed daily primarily through designated brokers and underwriters. Following the Conversion, the investment objectives, investment strategy and investment restrictions of the Fund as described herein will remain the same, except as may be necessary to comply with applicable law, including National Instrument 81-102 – Mutual Funds.

Benefits of an ETF Structure

Conversion of the Fund into an ETF is expected to provide Unitholders with a number of benefits, including potentially greater market liquidity, potentially more efficient trading as the market price of the Class E Units is expected to be closer to the Fund ETF’s NAV and the potential ability to increase the asset base for the Fund ETF as a result of the continuous offering of its units as an ETF. In addition, in the event there is lack of liquidity for trading the Trust Units prior to the Conversion, Unitholders who want to trade large positions of Trust Units may have a significant impact on the market price. As an ETF, Unitholders should be able to buy and sell their Class E Units of the Fund ETF without materially affecting the market price of the Fund ETF on a relative basis as a result of increased liquidity.

See “Conversion of the Fund”.

**Distribution of Units
Post-Conversion:**

From and after the effective date of the Conversion, the existing Trust Units of the Fund will be converted into Class E Units of the Fund ETF. At such time, the Fund ETF, will prepare and file a continuous offering prospectus for its Class E Units issuable from and after the Conversion. Class E Units of the Fund ETF will be issued and sold on a continuous basis at the NAV per Class E Unit. Investors will be able to buy or sell Class E Units of the Fund ETF on a stock exchange through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Class E Units. Class E Units of the Fund ETF will be sold directly to designated brokers and underwriters and there will be no maximum number of Class E Units that may be issued. See “Conversion of the Fund” and “Continuous Distribution of Units following Conversion”.

**Termination of the Fund
and the Fund ETF:**

The Fund does not have a fixed termination date. The Manager may, in its discretion, terminate the Fund without the approval of Unitholders if, in its opinion, it would be in the best interests of the Unitholders to terminate the Fund. Upon termination, the Fund will distribute to Unitholders their pro rata portions of the remaining assets of the Fund after all liabilities of the Fund have been satisfied or appropriately provided for.

From and after the Conversion, subject to complying with applicable securities law, the Manager may terminate the Fund ETF at its discretion.

See “Termination of the Fund”.

Use of Proceeds:

The net proceeds from the issue of the maximum number of Units offered hereby after payment of the Agents' fee and the expenses of the Offering are estimated to be \$94,000,000 (\$18,650,000 if the minimum number of Units are issued). The Fund will use the net proceeds of the Offering (including any net proceeds from the exercise of the Over-Allotment Option (as defined below)) to invest in or seek exposure to the Asset Classes in accordance with the investment objectives, investment strategy and investment restrictions of the Fund as described herein as soon as possible after closing. See "Use of Proceeds".

Exchange of Class F Trust Units:

Prior to the Conversion, a holder of Class F Trust Units may exchange Class F Trust Units into Class A Trust Units. The holder shall concurrently exercise (the "Concurrent Warrant Exercise"), in accordance with their terms, the number of Class F Warrants (the "Exercisable Warrants") equal to the number of Class F Trust Units being exchanged into Class A Trust Units or, in the event that the holder does not proceed with the Concurrent Warrant Exercise, the Exercisable Warrants of the holder will terminate at the time of the exchange of the Class F Trust Units into Class A Trust Units and be void and of no value. Where proper notice of the exchange from Class F Trust Units into Class A Trust Units has been provided (together with the Class F Trust Units to be converted) on any business day ending before 5:00 p.m. (Toronto time) on the last day of a month (the "Monthly Exchange Notification Date"), such Class F Trust Units will be exchanged into Class A Trust Units on or before the 10th business day following the Monthly Exchange Notification Date (the "Monthly Exchange Date"). For each Class F Trust Unit so exchanged, a Unitholder will receive a number of Class A Trust Units equal to the NAV per Class F Trust Unit as of the Monthly Exchange Date divided by the NAV per Class A Trust Unit as of the Monthly Exchange Date rounded down to the nearest whole Class A Trust Unit. No fractional Class A Trust Units will be issued on an exchange of Class F Trust Units. See "Attributes of the Securities – Exchange of Class F Trust Units".

Market Purchases:

Subject to applicable law, the Fund has the right (but not the obligation), exercisable in its sole discretion, at any time, to purchase (in the open market or by invitation for tenders) Class A Trust Units for cancellation up to a maximum in any 12 month period of up to 10% of the number of Class A Trust Units outstanding at the commencement of such period, in all cases at prices not exceeding the NAV per Class A Trust Unit on the Valuation Date (as defined herein) immediately prior to the date of any such purchase of Class A Trust Units. See "Attributes of the Securities – Market Purchases".

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

- (i) there can be no assurance that the Fund will be able to achieve its investment objectives;
- (ii) commodity risk;
- (iii) inflation and deflation risk;
- (iv) interest rate risk;
- (v) specific issuer risk;
- (vi) risks relating to the use of derivatives;
- (vii) tax-related risks;
- (viii) Counterparty unsecured credit risk related to the use of swaps;
- (ix) recent global financial developments;
- (x) risk relating to the use of a quantitative model;
- (xi) the Fund's performance will vary from the performance of the Barclays Income Plus Index;

- (xii) risks relating to investing in ETFs;
- (xiii) foreign security risk;
- (xiv) foreign currency risk;
- (xv) reliance on the Manager, the Portfolio Manager, the Sub-Advisor and their key personnel;
- (xvi) the failure of a futures commission merchant;
- (xvii) hedging risk;
- (xviii) credit risk;
- (xix) risks relating to distributions;
- (xx) liquidity risk;
- (xxi) risks relating to significant redemptions;
- (xxii) risks regarding the potential dilution caused by Warrants;
- (xxiii) conflicts of interest;
- (xxiv) loss of limited liability for Unitholders;
- (xxv) changes in legislation affecting the Fund;
- (xxvi) the NAV per Trust Unit will vary according to, among other things, the value of the securities and other instruments in the Portfolio and the distributions, if any, paid thereon;
- (xxvii) the Class A Trust Units may trade in the market at a premium or a discount to the NAV per Class A Trust Unit;
- (xxviii) there can be no guarantee that Units will trade at prices that reflect their NAV. There will be no market for the Class F Units;
- (xxix) no ownership of Portfolio securities;
- (xxx) the lack of an operating history for the Fund and a market for Units;
- (xxxi) securities lending risk;
- (xxxii) as the Fund is not, prior to the Conversion, a mutual fund or commodity pool as defined under Canadian securities laws, the Fund is not subject to the policies and regulations of the Canadian securities regulators that apply to open-end mutual funds or commodity pools; and
- (xxxiii) risk of potential termination of Class F Warrants.

See "Risk Factors".

Income Tax Considerations:

The Fund intends to distribute a sufficient amount of its income for each taxation year so that it will generally not be liable for non-refundable income tax under the *Income Tax Act (Canada)* (the "Tax Act"). A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year.

Based on counsel's understanding of the current published administrative policies and assessing

practices of the Canada Revenue Agency, the conversion of the Class F Trust Units into Class A Trust Units or the Class A Trust Units and the Class F Trust Units into Class E Units of the Fund ETF in connection with the Conversion will not constitute a disposition of Trust Units for purposes of the Tax Act.

Prospective investors should consult their own tax advisors with respect to the income tax consequences of investing in Units, based upon their own particular circumstances. See “Income Tax Considerations”.

Eligibility for Investment:

In the opinion of Fasken Martineau DuMoulin LLP, counsel for the Fund, and Blake, Cassels & Graydon LLP, counsel for the Agents, provided that the Fund qualifies as a mutual fund trust within the meaning of the Tax Act the Trust Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (“Registered Plans”). Provided that the Trust Units to which the Warrants relate are qualified investments for Registered Plans and the Fund is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of a Registered Plan, the Warrants will be qualified investments for such Registered Plans. See “Income Tax Considerations – Status of the Fund” and “Income Tax Considerations – Taxation of Registered Plans”.

Organization and Management of the Fund:

Manager and Promoter

AlphaPro will act as the manager of the Fund and will provide the administrative services required by the Fund. AlphaPro is considered a promoter of the Fund within the meaning of the securities legislation of certain provinces or territories of Canada by reason of its initiative in organizing the Fund. The principal office of AlphaPro is 26 Wellington Street East, Suite 700, Toronto, Ontario M5E 1S2. See “Organization and Management Details of the Fund – The Manager” and “Organization and Management Details of the Fund – The Promoter”.

Trustee

AlphaPro will also act as trustee of the Fund. See “Organization and Management Details of the Fund – The Trustee”.

Portfolio Manager

JovInvestment Management Inc. (“JovInvestment” or the “Portfolio Manager”) has been retained to implement the investment strategy of the Fund, to engage Barclays to act as sub-advisor to the Fund and to oversee Barclays’ advice with respect to the investment strategy of the Fund. The Portfolio Manager is an affiliate of the Manager. The principal office of the Portfolio Manager is 26 Wellington Street East, Suite 930, Toronto, Ontario M5E 1S2. See “Organization and Management Details of the Fund – The Portfolio Manager”.

Custodian

RBC Dexia Investor Services Trust will act as custodian of the assets of the Fund. The Custodian is located in Toronto, Ontario. See “Organization and Management Details of the Fund – The Custodian”.

Registrar and Transfer Agent

Computershare Investor Services Inc., at its principal offices in Toronto, Ontario, will be appointed the registrar and transfer agent for the Units pursuant to a registrar and transfer agency agreement to be entered into as of the date of the closing of the Offering.

Valuation Agent

The Manager has retained a service provider, CIBC Mellon Global Securities Services Company, to provide accounting services in respect of the Fund.

Auditors

The auditors of the Fund are KPMG LLP, Chartered Accountants, Toronto, Ontario.

Agents:

CIBC World Markets Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., National Bank Financial Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc., Raymond James Ltd., Wellington West Capital Markets Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation, GMP Securities L.P., MGI Securities Inc., Blackmont Capital Inc., and Research Capital Corporation (collectively, the “Agents”) conditionally offer the Units for sale, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in agency agreement dated as of November 26, 2009 (the “Agency Agreement”) between the Agents, the Manager, the Portfolio Manager, the Sub-Advisor and the Fund, and subject to the approval of certain legal matters on behalf of the Fund by Fasken Martineau DuMoulin LLP and on behalf of the Agents by Blake, Cassels & Graydon LLP.

The Fund has granted to the Agents an option (the “Over-Allotment Option”), exercisable for a period of 30 days from the date of closing of the Offering, to offer additional Class A Units in an amount up to 15% of the Units sold on the date of the Offering on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full under the maximum Offering, the price to the public, Agents’ fee and net proceeds to the Fund are estimated to be \$115,000,000, \$6,037,500 and \$108,962,500, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Class A Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Class A Units forming part of the Over-Allotment Option acquires such Class A Units under this prospectus, regardless of whether the Over-Allotment Option is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

Agents’ Position	Maximum Size	Exercise Period	Exercise Price
Over Allotment Option	1,500,000 Class A Units	Within 30 days following the date of closing of the Offering	\$10.00 per Class A Unit

SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees and expenses payable by the Fund and the Manager, which will therefore reduce the value of a Unitholder's investment in the Fund. For further particulars, see "Fees and Expenses".

<u>Type of Fee</u>	<u>Amount and Description</u>
Fees payable to the Agents for selling Units:	\$0.525 per Class A Unit (5.25%) \$0.225 per Class F Unit (2.25%).
Expenses of the Offering:	The Fund will, subject to a maximum of 1.5% of the gross proceeds of the Offering, pay the expenses incurred in connection with the Offering, which are estimated to be approximately \$750,000. These expenses will be allocated pro rata to each class of Units on the basis of the initial NAV of each class. Any expenses, excluding the Agents' fees, in excess of 1.5% of the gross proceeds of the Offering will be paid by the Manager.
Management Fees:	The Manager will be paid an annual management fee equal to (i) 0.75% of the NAV of each class of Trust Units, accrued and calculated daily on each day on which a session of the TSX is held and such other date(s) determined appropriate by the Manager (each a "Valuation Date") and paid monthly in arrears, plus (ii) an amount equal to the Service Fee (described below), plus applicable taxes. Each of the Portfolio Manager and Barclays will be compensated for its services by the Manager or an affiliate without any cost to the Fund.
Service Fee:	A service fee (the "Service Fee") will be payable by the Manager to each dealer whose clients hold Class A Trust Units at the end of a calendar quarter. The Service Fee will be calculated daily and become payable on the last Valuation Date of each calendar quarter and will be equal to one-quarter of 0.40% of the average daily NAV per Class A Trust Unit during such quarter, plus applicable taxes. The Service Fee payable to registered dealers in respect of the quarter ending December 31, 2009 shall be paid on a pro rata basis. No Service Fee is payable in respect of the Class F Trust Units or, from and after the Conversion, in respect of the Class E Units of the Fund ETF.
Warrant Exercise Fee:	At the time a Warrant is exercised, the Fund will pay \$0.12 per Warrant to the dealer whose client is exercising the Warrant, and \$0.18 per Warrant to the Agents.
Swap Fee	The Fund will pay to the Counterparty quarterly in arrears an amount equal to approximately 0.45% per annum of the value of the Swap.
Operating Expenses:	The Fund will pay for all ordinary expenses incurred in connection with its operation and administration, and will allocate such expenses on a pro rata basis to each class of Units. The aggregate annual amount of these fees and expenses is estimated to be approximately \$200,000. Subject to applicable law, the Fund will pay for expenses incurred in connection with the Conversion and will also be responsible for its costs of portfolio transactions and any extraordinary expenses which it may incur from time to time.

FORWARD-LOOKING STATEMENTS

Certain statements included in this prospectus constitute forward looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions (including negative and grammatical variations) to the extent they relate to the Fund, the Manager, the Portfolio Manager or the Sub-Advisor. The forward looking statements are not historical facts but reflect the Fund’s, the Manager’s, the Portfolio Manager’s or the Sub-Advisor’s current expectations regarding future results or events. These forward looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under “Risk Factors” and in other sections of this prospectus. The Fund, the Manager, the Portfolio Manager and the Sub-Advisor do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by such person or on its behalf, except as required by law.

PUBLICLY AVAILABLE INFORMATION

Certain information contained in this prospectus relating to indices, publicly-traded securities and the issuers of those securities has been taken from and based solely upon information published by the index sponsors or the issuers. In addition, certain information contained in this prospectus, including ratings, was obtained from public sources, such as rating agencies. Neither the Fund, the Manager, the Portfolio Manager, the Sub-Advisor nor the Agents have independently verified the accuracy or completeness of any such information or assume any responsibility for the completeness or accuracy of such information except, in respect of Barclays, the information relating to the Income Plus Index and its strategy.

OVERVIEW OF THE LEGAL STRUCTURE OF THE FUND

Horizons AlphaPro Income Plus Fund (the “Fund”) is an investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of November 26, 2009 (the “Declaration of Trust”). AlphaPro Management Inc. (“AlphaPro”, the “Manager” or the “Trustee”) will act as the manager and the trustee of the Fund and will be considered a promoter of the Fund under Canadian securities laws. JovInvestment Management Inc. (“JovInvestment” or the “Portfolio Manager”) will be responsible for implementing the investment strategy of the Fund, engaging the services of Barclays Capital Inc. through its investment advisory unit, Barclays Capital Fund Solutions – Americas (“Barclays” or “Sub-Advisor”) to act as sub-advisor to the Fund and overseeing Barclays’ advice with respect to the investment strategy of the Fund. See “Organization and Management Details of the Fund”.

The principal office of the Fund is located at 26 Wellington Street East, Suite 700, Toronto, Ontario M5E 1S2. The fiscal year-end of the Fund is December 31.

The Fund is expected to automatically convert (the “Conversion”) into an exchange-traded fund (the Fund following the Conversion, the “Fund ETF”) by no later than May 31, 2011. See “Conversion of the Fund – Benefits of an ETF Structure”. Except where the context requires otherwise, all references herein to “Trust Units” shall mean: (i) prior to the Conversion, the Class A Trust Units and the Class F Trust Units of the Fund; and (ii) from and after the Conversion, the Class E Units of the Fund ETF.

Status of the Fund

The Fund is not a mutual fund or commodity pool as defined under Canadian securities laws and, as such, is not subject to the policies and regulations of the Canadian securities regulators that apply to open-end mutual funds or commodity pools.

The Fund will comply with the provisions of Part 2 of National Instrument 81-102 – Mutual Funds (“NI 81-102”), as modified by National Instrument 81-104 – Commodity Pools (“NI 81-104”). In addition, prior to the Conversion, the Fund will comply with the provisions of NI 81-102 from inception, other than sections 3.3 (Prohibition Against Reimbursement of Organization Costs), 10.3 (Redemption Price of Securities), 10.4 (Payment of Redemption Price) and 12.1 (Compliance Reports). The Fund will comply with the requirement of Part 14 of National Instrument 41-101 – General Prospectus Requirements (“NI 41-101”) rather than Part 6 of NI 81-102 with respect to custodianship of portfolio assets.

INVESTMENT RATIONALE

The Manager believes that increased money supply resulting from recent aggressive United States government (“U.S.”) monetary and fiscal stimulus has significantly increased the risk of inflation in the United States. However, continued economic stagnation or further deterioration in economic conditions could result in deflation. The Fund will seek to create a portfolio (the “Portfolio”) that delivers returns in periods of inflation and deflation that are higher than that of a portfolio of U.S. Treasury bonds or U.S. Treasury Inflation-Protected Securities (“TIPs”) with medium to low risk.

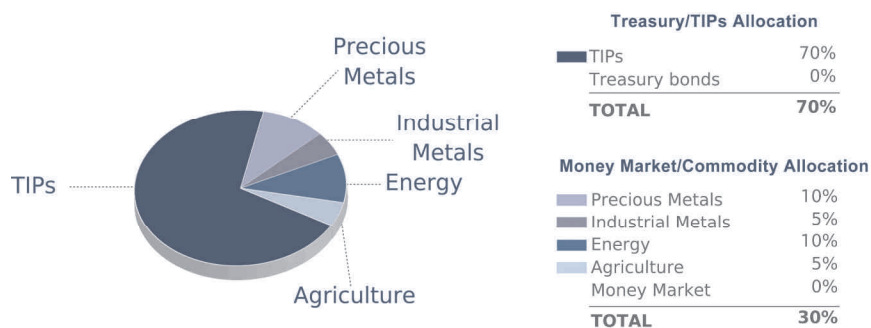
Sample Portfolio

The information contained in this section is hypothetical and for demonstration purposes only. The composition of the Portfolio will vary from time to time and may differ substantially from the sample Portfolio whose information is described below.

If the Portfolio had been in existence on November 1, 2009, Barclays (as defined herein) would have advised that the Portfolio Manager allocate the Portfolio to provide exposure as follows: 0% to U.S. Treasury bonds, 70% to TIPs, 30% to commodities (10% to Precious Metals, 5% to Industrial Metals, 5% to Agriculture and 10% to Energy) and 0% to money market securities as shown in the pie graph below. The sample Portfolio composition reflects the tactical allocations of Barclays’ proprietary methodology as of November 1, 2009.

If the sample Portfolio were in existence as of November 1, 2009, it would have been diversified as follows:

Portfolio Allocation

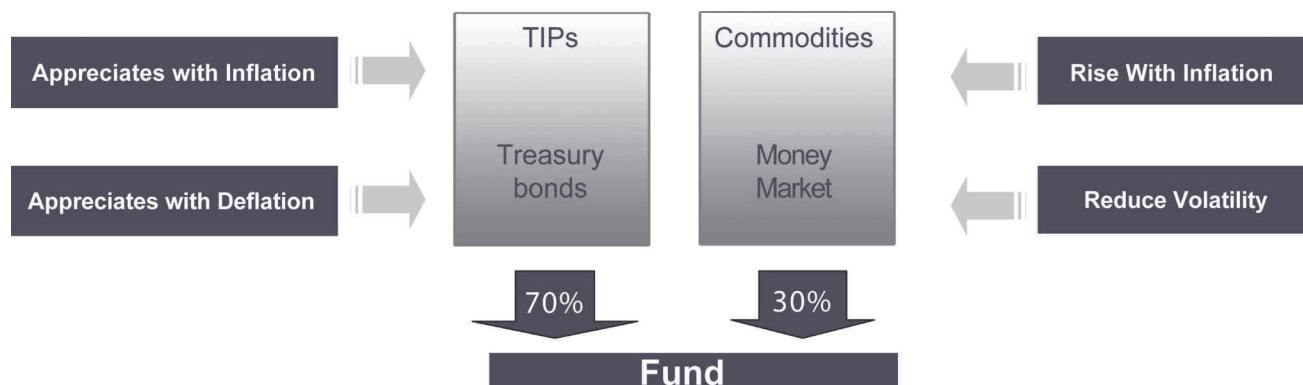


INVESTMENT OBJECTIVES

The investment objectives of the Fund are to provide holders of Trust Units (each a “Unitholder”) with both: (i) semi-annual distributions; and (ii) the opportunity for capital appreciation in periods of inflation and deflation by tactically allocating exposure of the Fund to (i) U.S. Treasury bonds and TIPs; (ii) commodities; and (iii) money market securities. The Fund will seek to hedge its foreign currency exposure at all times.

INVESTMENT STRATEGY

Barclays has been retained by the Portfolio Manager, to act as the investment sub-advisor of the Fund. Barclays will advise the Portfolio Manager on the tactical allocation of the exposure of the Fund among three asset classes (the “Asset Classes”): (i) U.S. Treasury bonds and TIPs; (ii) commodities; and (iii) money market securities. Barclays will seek to optimize the Portfolio’s allocations by means of its proprietary multi-stage methodology. The Portfolio Manager, in its sole discretion, will allocate the Portfolio among the Asset Classes based on Barclays’ advice, resulting from their assessment of fundamental and technical factors (including aggregate supply and demand, global economic growth, price momentum and general market trends). On a monthly basis, Barclays will advise the Portfolio Manager with respect to the optimal allocation among the Asset Classes subject to the investment restrictions of the Fund which include that, 70% of the net asset value of the Fund (the “NAV”) will be exposed to Treasury bonds and/or TIPs combined and 30% of the NAV will be exposed to commodities and/or money market securities combined, each as determined at the time of investment. See “Investment Strategy” and “Investment Restrictions”. Through its allocation methodology, the Fund will seek to avoid the risk of a negative real yield and minimize the impact of commodity volatility.



The Portfolio may be invested either directly or indirectly in the Asset Classes and their component parts including by investment in, or exposure to, indices linked thereto. The form of investment will depend on the type of available investments, the associated costs and the prevailing market conditions. Exposure to an Asset Class can be achieved either, directly or indirectly, (i) by investing in Treasury bonds, TIPs, exchange traded funds (“ETFs”) and money market securities, or (ii) through derivative instruments (including standardized futures or similar derivatives) linked

to the Asset Class or an index linked to the performance of one or more Asset Classes. It should be noted that where a component of such index is itself an index (a “Component Index”), the exposure to such Component Index can also be achieved through either (i) an investment in one or more derivative instruments linked to the performance of such Component Index, or (ii) by getting exposure directly to the components of such Component Index.

The Fund will be exposed, directly or indirectly, to the following Asset Classes:

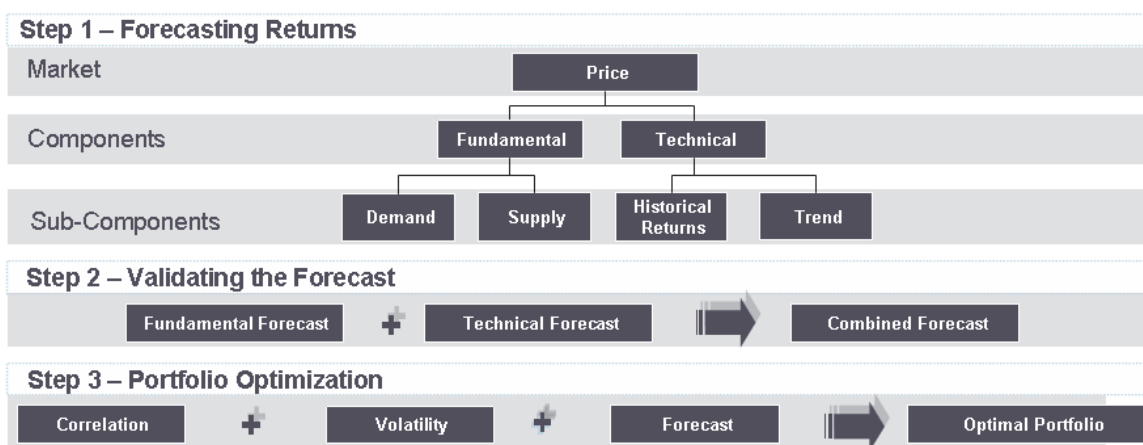
- i. Treasury bonds: comprised primarily of 7 to 10 year U.S. Treasury Notes and will not hold Notes that fall under 7 years of maturity, and Inflation Linked Securities: comprised primarily of U.S. TIPs of all maturities with coupon payments reinvested on the exact dates received.
- ii. Money Market Securities: cash invested overnight and money market securities with rates seeking to equal or exceed the Federal Funds Effective Rate calculated and compounded daily by the Federal Reserve Bank of New York.
- iii. Commodities, including:
 - a. Industrial Metals Asset Class: comprised primarily of industrial metals including all of the following: aluminum, copper, lead, nickel and zinc.
 - b. Energy Asset Class: comprised primarily of energy commodities including all of the following: crude oil, Brent crude oil, gasoline, heating oil, gasoil and natural gas.
 - c. Precious Metals Asset Class: comprised primarily of precious metals including all of the following: gold and silver.
 - d. Agriculture Asset Class: comprised primarily of agriculture commodities including all of the following: wheat, red wheat, corn, soybeans, cotton, sugar, coffee and cocoa.

Initially, the Fund intends to enter into a total return swap (a “Swap”) with a Canadian chartered bank (the “Counterparty”) pursuant to which it will gain exposure to the Asset Classes in accordance with the allocations determined by the Portfolio Manager after receiving advice from Barclays. It is expected that initially the reference assets of the Swap will be substantially similar to the index components of the Barclays Income Plus USD Index or the subindices thereof. As the Swap is a total return swap, the Fund will receive the total return (hedged in Canadian dollars) of the underlying reference assets which includes both the income they may generate and any capital appreciation. The Fund will deposit the net proceeds of the Offering in interest-bearing assets, a portion of which will be pledged to the Counterparty to support the Fund’s obligations under the Swap. If the price of the underlying reference assets fall over the term of the Swap, the Fund will be required to pay the Counterparty at the end of the term the amount by which the assets have fallen in price over the term. The Swap will have an initial term of 5 years with the ability to extend subject to mutual agreement of the parties. Events of default and/or termination events under the Swap include, among others: (i) a failure by a party to make a payment or perform an obligation when due under the Swap which is not cured within any applicable grace period; (ii) fundamental changes are made to the Fund or the Fund’s material contracts which have a material adverse effect on a party to the Swap; (iii) a party makes a representation which is incorrect or misleading in any material respect; (iv) a party defaults in respect of a specified transaction having a value in excess of a specified threshold, which default is not cured within any applicable grace period; (v) certain events related to the bankruptcy or insolvency of a party; (vi) a party consolidates, amalgamates or merges with or into, or transfers substantially all its assets to, another entity and the resulting, surviving or transferee entity fails to assume the obligations of such party under the Swap; (vii) any proposed change in law that prohibits or renders the transactions under the Swap unlawful; (viii) the occurrence or existence at any time of any event or condition arising from any transaction that results in a material adverse tax consequence to a party under the Swap, the Trustee, the Fund or the Unitholders of the Fund; (ix) failure of the Fund to comply with its governing documents; (x) the inability of the Counterparty to the Swap to hedge its exposure to the securities subject to the Swap or an increase in the cost of such hedging that the Fund is unwilling to assume; (xi) the Counterparty or the guarantor ceases to have an approved credit rating within the meaning of NI 81-102; (xii) the notional amount of the Swap becomes less than U.S.\$20,000,000 or (xiii) certain regulatory, market disruption, credit or legal events occur which affect a party.

Barclays' Methodology

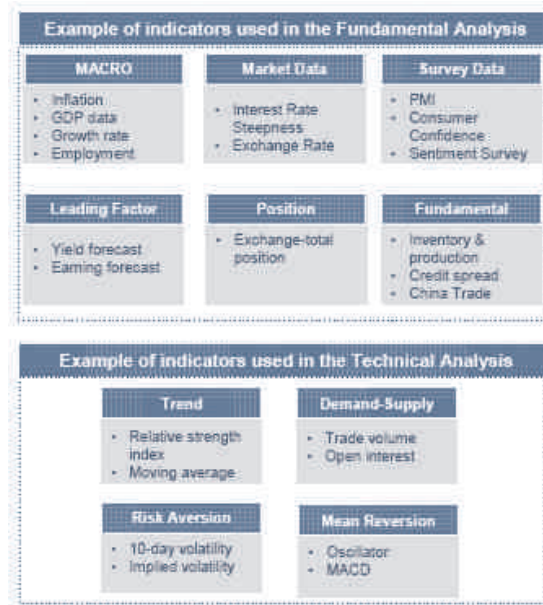
Barclays' methodology consists of the following three steps which are determined on a monthly basis within defined constraints: (i) forecasting returns; (ii) validating the forecast; and (iii) portfolio optimization, each of which are described more fully below.

In order to advise the Portfolio Manager with respect to the investment strategy of the Fund, Barclays factors in global growth, momentum, historical returns and fundamental attributes, as well as other fundamental/macro and technical factors to forecast the expected performance of individual assets in the upcoming month as depicted in the chart below.



Forecasting Returns

Barclays calculates a forward-looking fundamental forecast based on a systematic model and using selected indicators. Expected market direction is generated from Barclays' proprietary model using the selected indicators. See the following charts for examples of indicators used in the fundamental analysis and technical analysis. The stated indicators are not a complete list of all indicators. Barclays determines expected returns for each proposed Asset Class using a (i) fundamental and macro analysis to determine whether the particular asset is fundamentally overvalued or undervalued and (ii) technical analysis of market data to determine market psychology and sentiment in order to take a positive or negative view on estimates generated by the fundamental and macro analysis. A quantitative model (the "Fundamental Model") is run monthly on forward-looking fundamental estimates, recent quantitative or statistical information and economic sentiment survey data. The Fundamental Model produces expected returns, positive or negative in respect of each asset based on the analysis of the fundamental and macro signals. A further quantitative model (the "Technical Model") is then run on a monthly basis utilizing market data relating to the assets such as open levels, close levels, level highs, level lows, volume of trades, moving averages, etc. The Technical Model produces buy, sell or neutral signals based on technical analysis tools such as relative strength index, moving average, 10 day volatility and momentum indicators.



Validating the Forecast

To validate the forecast, Barclays combines its fundamental and technical analysis within a proprietary model. This process results in a combined expected return forecast.

Portfolio Optimization

Once the forecast has been validated, Barclays uses a risk-based optimization model to propose an optimal portfolio allocation. The model utilizes the validated forecast, as well as correlation and volatility data. Optimal weighting signals are generated as ranges, from minimum to maximum, for each position.

Income Plus Index

The investment strategy of the Fund is substantially similar to the strategy of Barclays Capital's Income Plus USD Index™ (the "Strategy"). It is expected that initially the reference assets of the Swap will be substantially similar to the components of Barclays Income Plus USD Index or the subindices thereof.

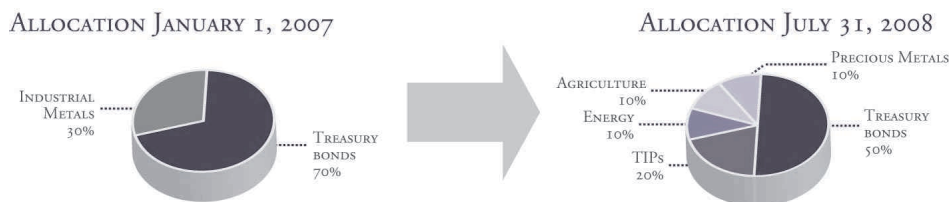
Inflation, Disinflation and Deflation

As the following indicate, pursuant to the Strategy the allocations among Asset Classes will vary in periods of inflation, disinflation and deflation.

Inflation

Inflation is a rise in the general level of prices of goods and services in an economy over a period of time. When the price level rises, each unit of currency buys fewer goods and services; consequently, inflation is also erosion in the purchasing power of money – a loss of real value in the internal medium of exchange and unit of account in the economy. The inflation rate is calculated from the Consumer Price Index (CPI-U) which is compiled by the U.S. Bureau of Labor Statistics.

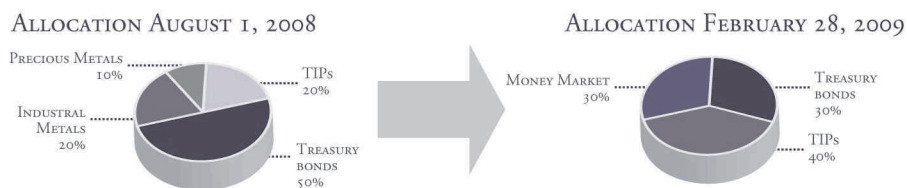
In the period of inflation from January 1, 2007 to July 31, 2008, the Strategy was allocated as shown in the first pie chart below. The Strategy was tactically reallocated by the end of this period from exposure to the U.S. Treasury bonds and industrial metals asset classes to U.S. Treasury bonds, TIPs, energy, precious metals and the agriculture asset classes as demonstrated by the below pie charts.



Disinflation

Disinflation is a decrease in the rate of inflation – a slowdown in the increase of the general price level of goods and services over time.

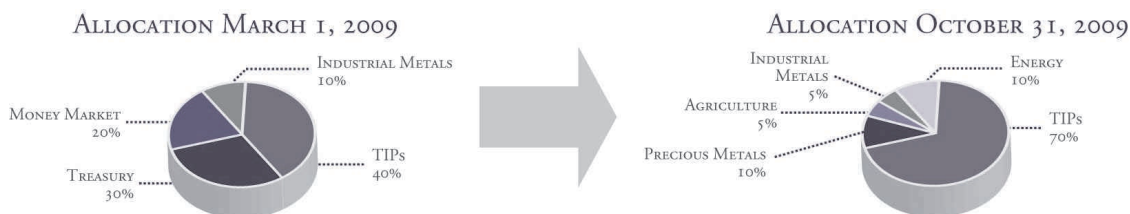
In the period of disinflation from August 1, 2008 to February 28, 2009, the Strategy was allocated as shown in the first pie chart below. The Strategy was tactically reallocated by the end of this period from exposure to U.S. Treasury bonds, TIPs, energy, precious metals and the agriculture asset classes to the U.S. Treasury bonds, TIPs and money market asset classes with no exposure to the commodity asset classes as demonstrated by the below pie charts.



Deflation

Deflation is a decrease in the general price level of goods and services. Deflation occurs when the inflation rate falls below zero percent (a negative inflation rate), resulting in an increase in the real value of money – allowing one to buy more goods with the same amount of money.

In the period of deflation from March 1, 2009 to October 31, 2009, the Strategy was allocated as shown in the first pie chart below. The Strategy was tactically reallocated by the end of this period from exposure to U.S. Treasury bonds, TIPs and money market asset classes with no exposure to the commodity asset classes to TIPs, U.S. Treasury bonds, energy, industrial metals and the precious metals asset classes as demonstrated by the below pie charts.



Currency Hedging

Many of the securities in which the Fund may invest or to which the Fund may have exposure are denominated in a currency other than the Canadian dollar. The Portfolio Adviser will seek to hedge the full value of the Fund’s assets which are denominated in specific foreign currencies back to the Canadian dollar by means of one or more derivative instruments. It is expected that initially the currency hedge will be achieved by means of the Swap. The Fund typically will have between 95% and 105% of the value of the Portfolio exposed to foreign currencies hedged to the Canadian dollar.

Securities Lending and Repurchase Agreements

In order to generate additional returns, the Fund may lend securities to securities borrowers acceptable to the Fund or enter into repurchase transactions and reverse repurchase transactions pursuant to the terms of agreements between the Fund and any such borrower or purchaser under which: (i) the other party will pay to the Fund a negotiated securities lending or repurchase fee and will make compensation payments to the Fund equal to any distributions received by the party on the securities borrowed or repurchased to which the Fund is otherwise entitled; and (ii) the Fund will receive collateral security. The securities lending arrangements shall qualify as “securities lending arrangements” for the purposes of the Tax Act. If an agent is appointed for the Fund to administer the securities lending and/or repurchase transactions entered into by the Fund, such agent will be responsible for the ongoing administration of the transactions, including the obligation to mark-to-market the collateral on a daily basis, all in accordance with NI 81-102 or as otherwise permitted pursuant to exemptive relief.

OVERVIEW OF THE SECTOR THAT THE FUND INVESTS IN

The Fund will, directly or indirectly, invest in or gain exposure to U.S. Treasury bonds and TIPs, money market securities and commodities such as energy, precious metals, industrial metals and agricultures. Except as described under “Investment Restrictions”, there are no restrictions on the nature of the investments that may be held in the Portfolio. Investments in each of these sectors carry certain risks which are detailed under “Risk Factors”. Global markets have experienced a sharp increase in volatility during recent months, and there can be no certainty if, or for how long, such volatility may continue. Such volatility has impacted each of the sectors contemplated for the Fund. Additionally, as described under “Risk Factors - Commodity Risk”, the Commodity Futures Trading Commission in the United States is reviewing the regulation of commodity futures trading in the United States and is considering the imposition of position limits, and possible exemptions, which could impact the Fund and its trading in this sector.

INVESTMENT RESTRICTIONS

The Fund is subject to the following investment restrictions which provide that the Fund:

- (a) may not invest directly or indirectly through a derivative instrument, more than 70% of the NAV of the Fund in U.S. Treasury bonds and TIPs, determined at the time of investment;
- (b) may not invest directly or indirectly through a derivative instrument, more than 30% of the NAV of the Fund in money market securities and commodities, determined at the time of investment, not including any money market securities held to support obligations under a derivative instrument including the Swap;
- (c) may use derivative instruments including standardized futures contracts and other derivatives as permitted by its investment strategies and restrictions for hedging all or a portion of the value of the Portfolio’s non-Canadian currency exposure back to the Canadian dollar and for non-hedging purposes to gain exposure to the Asset Classes;
- (d) will not enter into any arrangement where the result is a dividend rental arrangement for the purposes of the Tax Act;
- (e) will not invest in securities of an issuer that is a foreign affiliate of the Fund for the purposes of the Tax Act;
- (f) will not invest in the securities of any non-resident corporation, trust or other non-resident entity (or of any partnership that holds such securities) where such securities would be a “participating interest” in a “tracking entity” or a “foreign investment entity” (other than an “exempt interest”) or invest in any non-resident trust other than an “exempt foreign trust”, as set forth in Bill C-10, which was previously before the 39th Parliament (or such proposals as amended or enacted, or successor provisions thereto);
- (g) will not invest in any security that would be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act;
- (h) will not pledge any of its assets or employ leverage except in connection with currency hedging transactions or to support its obligations under derivative instruments including the Swap;

- (i) will not purchase the securities of an issuer for the purposes of exercising control over management of that issuer or if, as a result of such purchase, the Fund would be required to make a take-over bid that is a “formal bid”;
- (j) will not make or hold any investment that would result in the Fund failing to qualify as a “mutual fund trust” for purposes of the Tax Act and will not acquire any property that would be “taxable Canadian property” of the Fund as such term is defined in the Tax Act (if the definition were read without reference to paragraph (b) thereof); and
- (k) will not hold any “non-portfolio property” as such term is defined in the Tax Act.

In the event that any necessary exemptive relief is not obtained by the Fund, the investment restrictions of the Fund will be amended from and after the Conversion to conform with NI 81-102 and NI 81-104. See “Exemptions and Approvals”.

The investment objectives or, prior to the Conversion, the investment restrictions, of the Fund may not be changed without the approval of Unitholders by an Extraordinary Resolution (as defined herein) at a meeting called for such purpose.

The Fund is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to conventional mutual funds under such legislation, including NI 81-102. However, the Fund will comply with the provisions of NI 81-102, as modified by NI 81-104. In addition, prior to the Conversion, the Fund will comply with the provisions of NI 81-102 from inception, other than sections 3.3 (Prohibition Against Reimbursement of Organization Costs), 10.3 (Redemption Price of Securities), 10.4 (Payment of Redemption Price) and 12.1 (Compliance Reports). The Fund will comply with the requirement of Part 14 of NI 41-101 rather than Part 6 of NI 81-102 with respect to custodianship of portfolio assets. The Fund is also subject to certain other requirements and restrictions contained in securities legislation, including National Instrument 81-106 Investment Fund Continuous Disclosure of the Canadian Securities Administrators (“NI 81-106”), which governs the continuous disclosure obligations of investment funds, including the Fund.

FEES AND EXPENSES

Initial Expenses

The expenses of the Offering, which are estimated to be approximately \$750,000 (including the costs of creating the Fund, the costs of printing and preparing this prospectus, legal expenses of the Fund, marketing expenses and legal and other out-of-pocket expenses incurred by the Agents (as defined herein) and certain other expenses), subject to a maximum of 1.5% of the gross proceeds of the Offering, will, together with the Agents’ fees, be paid from the gross proceeds of the Offering. Any expenses, excluding the Agents’ fees, in excess of the 1.5% of the gross proceeds of the Offering will be paid by the Manager. The expenses of the Offering will be allocated pro rata to each class of Units on the basis of the initial NAV of each class.

Ongoing Fees and Expenses

Management Fees

Pursuant to the terms of the Declaration of Trust, the Manager will be paid an annual management fee equal to (i) 0.75% of the NAV of each class of Trust Units, accrued and calculated daily on each Valuation Date (as defined herein) and paid monthly in arrears, plus (ii) an amount equal to the Service Fee (described below), plus applicable taxes. Each of the Portfolio Manager and Barclays will be compensated for their services by the Manager or an affiliate without any further cost to the Fund.

Service Fee

A service fee (the “Service Fee”) will be payable by the Manager to each dealer whose clients hold Class A Trust Units at the end of a calendar quarter. The Service Fee will be calculated daily and become payable on the last Valuation Date of each calendar quarter and will be equal to one-quarter of 0.40% of the average daily NAV per

Class A Trust Unit during such quarter, plus applicable taxes. The Service Fee payable to registered dealers in respect of the quarter ending December 31, 2009, shall be paid on a pro rata basis. No Service Fee is payable in respect of the Class F Trust Units or, from and after the Conversion, in respect of the Class E Units of the Fund ETF.

Warrant Exercise Fee

At the time a Warrant is exercised, the Fund will pay \$0.12 per Warrant to the dealer whose client is exercising the Warrant, and \$0.18 per Warrant to the Agents (the "Warrant Exercise Fee").

Swap Fee

The Fund will pay to the Counterparty quarterly in arrears an amount equal to approximately 0.45% per annum of the value of the Swap.

Operating Expenses

The Fund will pay for all ordinary expenses incurred in connection with its operation and administration, and will allocate such expenses on a pro rata basis to each class of Trust Units. It is expected that these expenses will include, without limitation, mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses; fees payable to Computershare Investor Services Inc. for acting as registrar and transfer agent; fees payable to the Custodian (as defined herein), the Valuation Agent (as defined herein) and/or other parties engaged by the Fund for performing certain financial, record keeping, reporting and general administrative services; fees payable to the Trustee for acting as trustee of the Fund, fees paid to the Warrant Trustee (as defined herein), any reasonable out-of-pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; any additional fees payable to the Manager for performance of extraordinary services on behalf of the Fund; fees payable to the auditors and legal advisors; regulatory filing, stock exchange and licensing fees; any expenditures incurred upon the termination of the Fund; fees payable to the securities lending and repurchase agreement agent, if any; and fees payable to the members of the independent review committee of the Fund. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager or any other party is entitled to indemnity by the Fund. The aggregate annual amount of these fees and expenses is estimated to be approximately \$200,000. Subject to applicable law, the Fund will pay for expenses incurred in connection with the Conversion and will also be responsible for its costs of portfolio transactions and any extraordinary expenses which it may incur from time to time.

RISK FACTORS

An investment in Units is speculative, and involves a degree of risk and may only be suitable for persons who are able to assume the risk of losing all or a portion of their investment. Prospective investors should consider the following risks, among others, before subscribing for Units.

General Investment and Fund Risks

Inability to Achieve Investment Objectives

There is no assurance that the Fund will be able to achieve its investment objectives. There is no assurance that the Fund will be able to pay distributions in the short or long term, nor is there any assurance that the NAV of the Fund will appreciate or be preserved. Although the Fund will attempt to identify the optimal weight and position for each Asset Class each month, it will not always do so accurately. As a result, the Fund will sometimes, and possibly always, allocate more weight to Asset Classes that do not perform as well as other Asset Classes that have been allocated less weight. In addition, it is possible that the Fund will include positions in the Asset Classes at times when prices are falling. In that event, the returns on the Fund will be reduced, and losses could be sustained. There is no assurance that the Fund will select and weight positions in Asset Classes at the most advantageous times or in the appropriate Asset Classes or components thereof. Under these circumstances, the value of the Units will be affected adversely. Changes in the relative weightings between the various types of securities in the Portfolio can affect the overall yield to Unitholders. The Fund may invest in a wide variety of portfolio securities and instruments to implement its investment objectives and investment strategy and the Fund's positions in such securities and instruments may change frequently between the Fund's reports on its portfolio holdings.

Commodity Risk

The Fund's exposure to the commodities markets may subject the Fund to greater volatility than traditional securities. Recent prices for many commodities have been at historic highs, since which they have fallen substantially and many have experienced unprecedented volatility. There is no assurance that prices will again reach historic highs or that volatility will subside. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, technological development, embargoes, tariffs and international economic, political and regulatory developments. These and other factors may affect the value of the Fund in varying ways and different factors may cause the price of commodities, and the volatility of those prices, to move in inconsistent directions at inconsistent rates. The prices of commodities may fluctuate widely due to supply and demand disruptions in major producing or consuming regions, as well as due to irrational factors. Also, since certain commodities may be produced in a limited number of countries and may be controlled by a small number of producers, political, economic and supply related events in such countries could have a disproportionate impact on the prices of such commodities.

The Commodity Futures Trading Commission ("CFTC") in the United States is reviewing the regulation of commodity futures trading in the United States and is considering the imposition of position limits, and possible exemptions, which may apply to, and affect the, Fund. The CFTC recently held hearings at the end of July and in early August regarding Concept Release 74 FR 12282 – *Whether to Eliminate the Bona Fide Hedge Exemption for Certain Swap Dealers and Create a New Limited Risk Management Exemption for Speculative Position Limits*.

Draft legislation has also been introduced in the U.S. which will change how over-the-counter derivatives transactions are regulated. This legislation may also have an impact on the Fund.

Inflation and Deflation Risk

Inflation risk is the risk that rising prices of goods and services over time, generally the cost of living, will decrease the value of the return on investments. In addition, the market value of a real return bond prior to maturity can be negatively influenced by rising interest rates. To the extent that the variance in interest rates is caused by a variance in the expected future inflation rate, the value of the bond will be unchanged. However, interest rates will not necessarily move in tandem with future inflation expectations, and a bond's value may be reduced as a result of a change in interest rates. The value of a real return bond at maturity will be negatively affected if there is net deflation at the date of maturity because the face value of the bond will be reduced in order to adjust for deflation.

Interest Rate Risk

The value of fixed income securities to which the Fund may be exposed will generally rise if interest rates fall (or if the markets expect an interest rate decrease) and, conversely, will generally fall if interest rates rise (or if the markets expect an interest rate increase).

Specific Issuer Risk

The value of any security will vary positively or negatively with developments within the specific company or government that issues such securities. Unitholders should be aware that such an investment involves credit risk. Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. Securities may also be subject to the occurrence of a default event. If a default event occurs in respect of a security, the Fund may lose a substantial part of its investment or even all of its investment, in such security. Additionally, the occurrence of a default event in respect of one security may lead to substantial deterioration in credit quality of other Fund assets (other than the defaulted security), which may lead to further loss of value.

Risks Relating to Use of Derivatives

The Fund may use derivative instruments including standardized futures contracts and other derivatives as permitted by its investment strategies and restrictions for hedging all or a portion of the value of the Portfolio's non-Canadian currency exposure back to the Canadian dollar and for non-hedging purposes to gain exposure to the Asset Classes.

The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing in conventional securities. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, leveraging risk and counterparty risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. The Fund or other party to a derivatives transaction may not be able to obtain or close out a derivative contract when the Portfolio Manager, the Sub-Advisor or other manager, as applicable, believes it is desirable to do so, which may prevent the Fund from making a profit or limiting a loss. Where the Fund or other party to a derivatives transaction invests in a derivative instrument, it could lose more than the principal amount invested in such derivative transaction.

The Fund is subject to credit risk with respect to the amount that the Fund expects to receive from counterparties to derivatives instruments entered into by the Fund. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative instrument, the NAV per unit of the Fund may decline.

Tax-Related Risks

If the Fund fails to or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading “Income Tax Considerations” would be materially and adversely different in certain respects. There can be no assurance that Canadian Federal income tax laws and the administrative policies and assessing practices of the Canada Revenue Agency (“CRA”) respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders.

The Tax Act contains rules concerning the taxation of publicly traded Canadian trusts and partnerships that own certain types of property defined as “non-portfolio property”. A trust that is subject to these rules is subject to trust level taxation, at rates comparable to those that apply to corporations, on the trust’s income earned from “non-portfolio property” to the extent that such income is distributed to its unitholders. These rules should not impose any tax on the Fund as long as the Fund adheres to its investment restriction in this regard. If these rules apply to the Fund, the after-tax return to Unitholders could be reduced, particularly in the case of a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada.

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

One of the conditions that is required to be met to qualify as a mutual fund trust for the purposes of the Tax Act is that the Fund may not be established or maintained primarily for the benefit of non-resident persons unless, at all times, substantially all of its property consists of property other than “taxable Canadian property” within the meaning of the Tax Act. If certain tax proposals released on September 16, 2004 are enacted as proposed, the Fund would cease to qualify as a mutual fund trust for purposes of the Tax Act if, at any time after 2004, the fair market value of all Trust Units held by non-residents or partnerships that are not “Canadian partnerships” for the purpose of the Tax Act, or any combination of the foregoing, is more than 50% of the fair market value of all issued and outstanding Trust Units unless no more than 10% (based on fair market value) of the Fund’s property is at any time “taxable Canadian property” within the meaning of the Tax Act and certain other types of specified property. On December 6, 2004 the Minister of Finance (Canada) suspended implementation of these Tax Proposals pending further consultation with the private sector. Bill C-52, which received Royal Assent on June 22, 2007, amended the relevant provision of the Tax Act such that a trust is deemed not to be a mutual fund trust after any time when it can be reasonably considered that the trust was established or maintained primarily for the benefit of non-resident persons, unless at that time all or substantially all of its property is property other than taxable Canadian property. It is not clear whether this amendment supersedes the Tax Proposals released on September 16, 2004. Under the Declaration of Trust, the Fund is restricted from acquiring investments that are “taxable Canadian property” of the Fund (if the definition were read without reference to paragraph (b) of the definition of such term in the Tax Act).

The Fund will recognize income under the Swap when it is realized by the Fund upon partial settlements or upon maturity of the Swap. This may result in significant gains being realized by the Fund at such times and such gains would be taxed as ordinary income. To the extent such income is not offset by any available deductions, it would be distributed to Unitholders in the taxation year in which it is realized and included in the Unitholder's income for the year. See "Income Tax Considerations – Taxation Implications of the Fund's Distribution Policy".

Counterparty Risk

In entering into a derivative instrument like the Swap, the Fund is exposed to the unsecured credit risk associated with the Counterparty of the Swap. The possibility exists that the Counterparty will default on its payment obligations under the Swap or that the proceeds of the Swap will be used to satisfy other liabilities of the Fund, which liabilities could include obligations to third-party creditors in the event the Fund has insufficient assets, excluding the proceeds from the Swap, to pay its liabilities. The Swap may be terminated early in certain circumstances. In the event of early termination of the Swap, there is no assurance that the Fund will be able to enter into another comparable transaction on acceptable terms. Upon such termination, the Fund or the Counterparty may be liable to make a termination payment (regardless of which party may have caused such termination) based on the mark-to-market value of the Swap at such time, as determined by the Counterparty. Unitholders will have no recourse or rights against the Counterparty in respect of, or arising out of, the Swap. In addition, the Counterparty may terminate the Swap if the Counterparty is unable to effectively hedge its position or is otherwise entitled to early termination. It is expected that the Counterparty to the Swap will be a Canadian chartered bank or an affiliate of a Canadian chartered bank and an affiliate of one of the Agents.

Recent Global Financial Developments

Global financial markets have experienced a sharp increase in volatility during recent months. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. Notwithstanding that central banks as well as global governments are attempting to restore liquidity to the global economies, no assurance can be given that these efforts will abate the combined impact of the significant revaluations and constraints on the availability of credit on the economies around the world in the near to medium term. Some of these economies are experiencing diminished growth or a recession. Continuing adverse market conditions and unexpected volatility or illiquidity in financial markets may also adversely affect the prospects of the Fund and the value of the securities included in the Portfolio.

Risk Relating to the Use of a Quantitative Model

The investment strategy of the Fund is based on quantitative methodology. Unitholders of the Fund will be exposed to risks associated with such a strategy as well as the risks associated with the Portfolio Manager's ability to implement its trading decisions. Market conditions may be such that systematic models may not perform effectively and the Fund may not be able to achieve its investment objectives.

The Fund's Performance Will Vary from the Performance of the Barclays Income Plus Index

The investment strategy implemented by the Fund is not identical to that employed by the Barclays Income Plus Index. Among other factors, the Fund's strategy is constrained by investment restrictions and will employ currency hedging that may result in better or worse performance when compared to such Index's performance.

General Risks of Investing in Exchange Traded Funds

The Fund may invest in ETFs. ETFs seek to provide returns similar to the performance of a particular market index or industry sector index. ETFs may not achieve the same return as their benchmark market or industry sector indices due to differences in the actual weights of securities held in the ETF versus the weights in the relevant index and due to the operating and management expenses of the ETF.

Foreign Currency Risk

The Portfolio may include a significant proportion of securities valued in U.S. dollars or other foreign currencies. Accordingly, the NAV per unit of the Fund, when measured in Canadian dollars, will, to the extent this has not been hedged against, be affected by changes in the value of the U.S. dollar or other foreign currencies relative to the Canadian dollar. The Portfolio may not be hedged at all times and, accordingly, no assurance can be given that the Fund will not be adversely impacted by changes in foreign exchange rates or other factors.

Reliance on Key Personnel

Unitholders will be dependent on the abilities of: (i) Barclays in advising the Portfolio Manager with respect to the investment strategy of the Fund, (ii) the Portfolio Manager in implementing such advice, should it elect to do so; and (iii) the Manager to effectively manage the Fund in a manner consistent with the investment objectives, investment strategy and investment restrictions of the Fund as described herein. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to the Fund will continue to be employed by the Manager, the Portfolio Manager and Barclays.

There is no certainty that Barclays will be retained throughout the life of the Fund. Moreover, no assurance can be given that the trading systems and strategies utilized by Barclays or its successor will prove successful under all or any market conditions.

Failure of Futures Commission Merchant

There is a risk that assets of the Fund deposited on margin with a futures commission merchant may, in certain circumstances, be used to satisfy losses of other clients of the futures commission merchant which cannot be satisfied by such other clients or by the futures commission merchant. Under the terms of industry investor protection fund coverage in Canada and the United States (such as the Canadian Investor Protection Fund in Canada), assets of an insolvent futures commission investment are divided up, on a pro rata basis, among its clients. The Portfolio Manager is a Canadian Investor Protection Fund participant (for the purposes of such coverage, the Fund will be considered as one single client).

Hedging Risk

The use of hedges involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the Portfolio Manager's assessment of certain market movements is incorrect, the risk that the use of hedges could result in losses greater than if the hedging had not been used. The hedging arrangements may have the effect of limiting or reducing the total returns to the Fund if the Portfolio Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, the costs associated with the hedging program may outweigh the benefits of the arrangements in such circumstances.

Credit Risk

The Fund may gain exposure to fixed income securities directly or through the use of derivatives. The value of fixed income securities depends, in part, on the perceived ability of the government or company which issued the securities to pay the interest and to repay the original investments. Securities issued by issuers that have a low credit rating are considered to have a higher credit risk than securities issued by issuers with a high credit rating. In addition, although generally considered less volatile than equity markets, certain types of fixed income securities and certain market conditions may result in significant volatility in the value of one or more fixed income investments to which the Fund may be exposed.

Distributions

Distributions of income and gains may be paid in Trust Units that may be automatically consolidated. Income or taxable capital gains distributed to a Unitholder in Trust Units are nevertheless required to be included in the Unitholder's income even though no cash will be distributed to fund any resulting tax payment.

Liquidity Risk

In certain circumstances, such as the disruption of the orderly markets for the securities in which the Fund invests, the Fund may not be able to dispose of certain holdings quickly or at prices that represent true market value.

Significant Redemptions

If a significant number of Trust Units are redeemed, the trading liquidity of the Trust Units could be significantly reduced. In addition, the expenses of the Fund would be spread among fewer Trust Units resulting in a potentially lower distribution per Trust Unit. The Manager has the ability to terminate the Fund if, in its opinion, it would be in the best interests of Unitholders to do so. The Manager may suspend redemptions in certain circumstances.

Potential Dilution Caused by Warrants

The value of the Trust Units will be reduced if the NAV per Trust Unit exceeds \$9.70 and Warrants are exercised. If a Unitholder does not exercise Warrants in such circumstances, the Unitholder's pro rata interest in the assets of the Fund will be diluted. The Unitholder will be required to pay in connection with the exercise of the Warrants an additional amount equal to the amount originally invested by the Unitholder on the date of closing of the Offering (the "Closing Date"). While a Unitholder may sell the Warrants acquired hereunder, no assurances can be given that the proceeds of such sale would compensate the Unitholder for such dilution. See "Warrant Considerations".

Conflicts of Interest

The Manager, the Portfolio Manager and Barclays, their respective directors and officers and their respective affiliates and associates may engage in the promotion, management or investment management of other accounts, funds or trusts which invest primarily in the securities held by the Fund. Although officers, directors and professional staff of the Manager, the Portfolio Manager and Barclays will devote as much time to the Fund as is deemed appropriate to perform their duties, the staff of the Manager, the Portfolio Manager and Barclays may have conflicts in allocating their time and services among the Fund and the other funds managed by the Manager, the Portfolio Manager and Barclays.

Loss of Limited Liability

The Fund is a unit trust and as such its Unitholders do not receive the protection of statutorily mandated limited liability in some provinces as in the case of shareholders of most Canadian corporations. There is no guarantee, therefore, that Unitholders could not be made party to legal action in connection with the Fund. However, the Declaration of Trust provides that no Unitholder, in its capacity as such, will be subject to any liability whatsoever, in tort, contract or otherwise, to any person in connection with the Fund's property or the obligations or the affairs of the Fund and all such persons are to look solely to the Fund's property for satisfaction of claims of any nature arising out of or in connection therewith and only the Fund's property will be subject to levy or execution.

Pursuant to the Declaration of Trust, the Fund will indemnify and hold harmless each Unitholder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having limited liability. The Declaration of Trust also provides that the Trustee and the Manager shall use reasonable efforts to cause to be inserted in each material written agreement, an undertaking and obligation signed by or on behalf of the Fund a provision to the effect that such agreement, undertaking or obligation will not be binding upon Unitholders personally.

As a result of the foregoing, it is considered that the risk of any personal liability of Unitholders is minimal in view of the nature of its activities. In the event that a Unitholder should be required to satisfy any obligation of the Fund, the Unitholder will be entitled to reimbursement from any available assets of the Fund.

Change in Legislation

There can be no assurance that certain laws applicable to the Fund, including income tax laws relating to the treatment of mutual fund trusts under the Tax Act will not be changed in a manner which could adversely affect the Fund and/or the Unitholders.

The Province of Ontario has recently announced that it plans to harmonize its existing provincial sales tax with the federal goods and services tax (“GST”) effective July 1, 2010. If this tax proposal is implemented as announced, investment funds that are subject to the new Ontario harmonized tax may be required to pay a harmonized sales tax of 13% on fees such as management fees, rather than the currently imposed 5% GST, which may increase costs borne by the Fund.

Market Price and Net Asset Value Deviation Risk

The NAV per Trust Unit will vary according to, among other things, the value of the securities and other instruments in the Portfolio and the distributions, if any, paid thereon. Class A Trust Units may trade in the market at a premium or discount to the NAV per Class A Trust Unit and there can be no assurance that Trust Units will trade at prices that reflect their NAV. Class F Trust Units will not be listed on any stock exchange. The trading prices of the Trust Units of the Fund will fluctuate in accordance with changes in the NAV per Trust Unit, as well as market supply and demand for Trust Units. After closing there will be no market through which Class F Trust Units may be sold and purchasers may not resell Class F Trust Units.

No Ownership Interest

An investment in Units does not constitute an investment by Unitholders in the securities included in the Portfolio. Unitholders will not own the securities held by the Fund.

Operating History and Market for Units

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

Securities Lending Risk

The Fund may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions in order to earn additional income. There are risks associated with these kinds of transactions. Over time, the value of the securities loaned under a securities lending transaction or sold under a repurchase transaction might exceed the value of the cash or collateral held by the Fund. If the third party defaults on its obligation to repay or resell the securities to the Fund, the cash or collateral may be insufficient to enable the Fund to purchase replacement securities and the Fund may suffer a loss for the difference. Likewise, over time, the value of the securities purchased by the Fund under a reverse repurchase transaction may decline below the amount of cash paid by the Fund to the third party. If the third party defaults on its obligation to repurchase the securities from the Fund, the Fund may need to sell the securities for a lower price and suffer a loss for the difference.

Foreign Security Risk

There are certain risks involved in investing or obtaining direct or indirect exposure to securities of issuers in countries other than Canada and the United States which are in addition to the usual risks inherent in U.S. or Canadian investments. The value of foreign securities will be affected by factors affecting other similar securities and could also be affected by additional factors such as the absence of timely information, less stringent auditing standards and less liquid markets. As well, different financial, political and social factors may involve risks not typically associated with investing in Canada or the U.S.

Status of the Fund for Securities Law Purposes

Prior to the Conversion, the Fund will not be a “mutual fund” or “commodity pool” for securities law purposes. As a result, some of the protections provided to investors in mutual funds and restrictions imposed on mutual funds under such laws will not be available to investors in the Units.

Trading Price of Trust Units

Prior to the Conversion, Class A Trust Units may trade in the market at a premium or discount to the NAV per Class A Trust Unit and there can be no assurance that the Class A Trust Units will trade at prices that reflect their NAV.

Risk of Potential Termination of Class F Warrants

To the extent a holder of Class F Trust Units decides to exchange the Class F Trust Units for Class A Units but does not complete a Concurrent Warrant Exercise (as defined herein), the number of Class F Warrants required to be exercised under the Concurrent Warrant Exercise will be terminated and be void and of no further effect on the date of the exchange.

DISTRIBUTION POLICY

The Fund initially intends to pay semi-annual distributions to Unitholders equal to the implied yield to, or the distributable cash derived by, the Fund from its exposure to money market and fixed income related securities and deducting an estimate of the Fund's expenses. To the extent that the distributions are based on payments received under the Swap, such distributions are expected to be ordinary income for tax purposes. Distributions are expected to fluctuate from period to period. See "Income Tax Considerations".

The distributions are not guaranteed. The initial distribution is payable to Unitholders of record on June 30, 2010 and will be paid no later than July 14, 2010. The first distribution will be pro rated to reflect the period from the date of closing of the Offering to June 30, 2010. The Manager will review the Fund's distribution policy from time to time and the distribution amount may change from time to time.

The Fund will be subject to tax under Part I of the Tax Act on the amount of its income for tax purposes for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. To ensure that the Fund will not generally be liable for non-refundable income tax under Part I of the Tax Act, the Declaration of Trust provides that, if necessary, an additional distribution will be automatically payable in each year to Unitholders of each class of Trust Units of record on the last day of the Fund's taxation year, pro rata based on the NAV of each class. The additional distribution may be necessary where the Fund realizes income for tax purposes which is in excess of the semi-annual distributions paid or made payable to Unitholders during the year. In the event that the Fund must pay an additional distribution, such additional distribution may, at the option of the Manager, be satisfied by the issuance of Trust Units. Following such issue of additional Trust Units, the outstanding Trust Units will be automatically consolidated on a basis such that each Unitholder of a class of the Fund will hold after the consolidation the same number of Trust Units of the applicable class of the Fund as it held before the distribution of additional Trust Units, except in the case of a Unitholder that is a non-resident of Canada for purposes of the Tax Act if tax was required to be withheld in respect of the distribution. The Fund may make additional distributions in any given year.

Each Unitholder will be provided annually with the information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the Fund in respect of its preceding taxation year. See "Income Tax Considerations".

PURCHASES OF UNITS

Each investor must purchase a minimum of 100 Units (\$1,000.00) and pay \$10.00 per Unit subscribed for at the closing of the Offering. Additional subscriptions may be made in multiples of 100 Units (\$1,000.00). Units are offered for sale on the terms described under "Plan of Distribution". Subscriptions for Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscriptions books at any time without notice. Closing of the Offering will take place on or about December 9, 2009 or such later date as the Fund and the Agents may agree, but in any event not later than 90 days after a final receipt for this prospectus is issued.

REDEMPTION OF TRUST UNITS

Annual Redemptions

Assuming the Fund has not converted into an ETF, commencing in June 2011, Trust Units may be surrendered for redemption on any business day during the period from the 16th day of June until 5:00 p.m. (Toronto time) on the last business day prior to the 30th day of June in each year (the “Notice Period”) subject to the Fund’s right to suspend redemptions in certain circumstances. Trust Units properly surrendered for redemption on a business day during the Notice Period will be redeemed on the last business day of June of each year (the “Annual Redemption Date”) and the Unitholder will receive payment on or before the 15th business day following the Annual Redemption Date. When used in this prospectus, a “business day” is any day except Saturday, Sunday, a statutory holiday in Toronto, Ontario or any other day on which the TSX is not open for trading.

Redeeming Unitholders will be entitled to receive a redemption price per Trust Unit equal to the applicable NAV per Trust Unit determined as of the Annual Redemption Date, less any costs and expenses incurred by the Fund in connection with funding the redemption, including any costs relating to the partial settlement of the Swap or any other derivative instrument (the “NAV Redemption Price”). Any unpaid distribution payable on or before the Annual Redemption Date in respect of Trust Units tendered for redemption on such Annual Redemption Date will also be paid on the same day as the redemption proceeds are paid.

Monthly Redemptions

Prior to Conversion, Trust Units also may be surrendered for redemption in any month. Trust Units properly surrendered for redemption by a Unitholder on any business day during the period from the first day of a month until 5:00 p.m. (Toronto time) on the last business day prior to the 16th day of such month will be redeemed on the last business day of that month (“Monthly Redemption Date”) and the Unitholder will receive payment on or before the 15th business day following such Monthly Redemption Date, subject to the Fund’s right to suspend redemptions in certain circumstances.

A Class A Unitholder who properly surrenders a Class A Trust Unit for monthly redemption as described above will receive the amount (the “Monthly Redemption Amount”), if any, equal to the lesser of (A) 94% of the weighted average trading price of the Class A Trust Units on the TSX during the 15 trading days preceding the applicable Monthly Redemption Date, and (B) the “closing market price” of the Class A Trust Units on the principal market on which the Class A Trust Units are quoted for trading on the applicable Monthly Redemption Date. The “closing market price” shall be an amount equal to: (i) the closing price of the Class A Trust Units if there was a trade on the applicable Monthly Redemption Date and the market provides a closing price; (ii) the average of the highest and lowest prices of the Class A Trust Units if there was trading on the applicable Monthly Redemption Date and the market provides only the highest and lowest prices of the Class A Trust Units traded on a particular day; or (iii) the average of the last bid and last asking prices of the Class A Trust Units if there was no trading on the applicable Monthly Redemption Date. Notwithstanding the foregoing, a Class A Unitholder who properly surrenders a Class A Trust Unit for redemption during the Notice Period for an annual redemption will receive the applicable NAV Redemption Price.

A Class F Unitholder who properly surrenders a Class F Trust Unit for a monthly redemption as described above will receive an amount equal to the product of (i) the Monthly Redemption Amount and (ii) a fraction, the numerator of which is the most recently calculated NAV per Class F Trust Unit and the denominator of which is the most recently calculated applicable NAV per Class A Trust Unit.

A Class F Unitholder who properly surrenders a Class F Trust Unit for redemption during the Notice Period for an annual redemption will receive the applicable NAV Redemption Price.

Following the Conversion of the Fund to the Fund ETF, such annual and monthly redemptions will no longer be available and Unitholders will be able to redeem their Class E Units as set forth under “Conversion of the Fund — Redemption of Class E Units”.

The Fund may allocate and designate any income or capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Trust Units to a Unitholder whose Trust Units are being redeemed. In addition, the Fund has the authority to distribute, allocate and designate any income or

capital gains of the Fund to a Unitholder who has redeemed Trust Units during a year in an amount equal to the Unitholder's share, at the time of redemption, of the Fund's income and capital gains for the year or such other amount that is determined by the Fund to be reasonable. Such allocations will reduce the corresponding proceeds of disposition of Trust Units.

Exercise of Redemption Right

An owner of Trust Units, prior to the Conversion, who desires to exercise redemption privileges must do so by causing a broker, dealer, bank or other financial institution or other person for whom, from time to time, CDS Clearing and Depository Services Inc. ("CDS") effects book entries for the Trust Units deposited with CDS (a "CDS Participant") to deliver to CDS (at its office in the City of Toronto) on behalf of the owner a written notice (the "Redemption Notice") of the owner's intention to redeem Trust Units. An owner who desires to redeem Trust Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption privilege sufficiently in advance of the relevant notice period so as to permit the CDS Participant to deliver notice to CDS and so as to permit CDS to deliver notice to the registrar and transfer agent of the Fund in advance of the required time. The form of Redemption Notice will be available from a CDS Participant or the registrar and transfer agent of the Fund. Any expense associated with the preparation and delivery of Redemption Notices will be for the account of the owner exercising the redemption privilege.

Except as provided under "Suspension of Redemptions", by causing a CDS Participant to deliver to CDS a notice of the owner's intention to redeem Trust Units, an owner shall be deemed to have irrevocably surrendered his or her Trust Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

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

Pursuant to the Declaration of Trust, the Fund may allocate and designate any income or capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Trust Units to a Unitholder whose Trust Units are being redeemed. In addition, the Fund has the authority to distribute, allocate and designate any income or capital gains of the Fund to a Unitholder who has redeemed Trust Units during a year in an amount equal to the Unitholder's share, at the time of redemption, of the Fund's income and capital gains for the year or such other amount that is determined by the Fund to be reasonable.

Suspension of Redemptions

Prior to the Conversion, the Fund may suspend the redemption of Trust Units or payment of redemption proceeds during any period when normal trading or trade settlement are suspended on a stock exchange or other market on which securities of the Fund or to which it is exposed are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Fund, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Fund of the suspension and that the redemption will be effected at a price determined on the first business day following the termination of the suspension. In such circumstances, all such Unitholders shall have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Fund shall be conclusive.

INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations that generally apply to the acquisition, holding and disposition of Trust Units and Warrants by a Unitholder who acquires Trust Units and Warrants pursuant to this prospectus. This summary only applies to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length and is not affiliated with the Fund, and holds Trust Units and Warrants as capital property. Generally, Trust Units and Warrants will be considered to be capital property to a Unitholder provided the Unitholder does not hold the Trust Units or Warrants in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Trust Units as capital property may, in certain circumstances, be entitled to have their Trust Units, and all other "Canadian securities" (which does not include Warrants) owned or subsequently owned by such Unitholders, treated as capital property by making an irrevocable election in accordance with the Tax Act.

This summary is based on the facts set out in this prospectus and certificates of the Manager and the Agents respecting certain factual matters. This summary is also based on the current provisions of the Tax Act and the regulations thereunder, counsel's understanding of the current published administrative policies and assessing practices of the CRA, and all specific proposals to amend the Tax Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (such proposals referred to hereafter as the "Tax Proposals"). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Trust Units and Warrants will vary depending on an investor's particular circumstances, including the province or territory in which the investor resides or carries on business. Counsel expresses no views herein in respect of the deductibility of interest on any funds borrowed by a Unitholder to purchase Units. **This summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.**

Status of the Fund

This summary is based on the assumption that the Fund will qualify at all times as, a "mutual fund trust" within the meaning of the Tax Act and that the Fund will validly elect under the Tax Act to be a mutual fund trust from the date it was established. The Manager has advised counsel that it expects that the Fund will meet the requirements necessary for it to qualify as a mutual fund trust no later than the closing of the Offering and at all times thereafter and will elect to be deemed to be a mutual fund trust throughout its first taxation year.

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

This summary is also based on the assumption that the Fund will at no time be subject to the tax for "SIFT trusts" as defined in the rules in the Tax Act relating to the taxation of a SIFT trust and its unitholders on the basis that the Fund will comply with its investment restriction against holding any "non-portfolio property."

Provided that the Fund qualifies as a "mutual fund trust" within the meaning of the Tax Act the Trust Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (each, a "Registered Plan").

A Warrant will be a qualified investment under the Tax Act for Registered Plans provided that the Trust Units to which the Warrants relate are qualified investments under the Tax Act for Registered Plans and the Fund is not an annuitant, a beneficiary, an employer or a subscriber under, or a holder of a Registered Plan, and deals at arm's

length with each person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of a Registered Plan.

For certain tax consequences of holding Trust Units in a Registered Plan, see “Income Tax Considerations – Taxation of Registered Plans”.

Taxation of the Fund

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amount paid or payable to Unitholders (whether in cash or in Trust Units) in the year. The Declaration of Trust for the Fund requires that sufficient amounts be paid or made payable each year so that the Fund is not liable for any non-refundable income tax under Part I of the Tax Act.

In general, gains and losses realized by the Fund from derivative transactions will be on income account except where such derivatives are used to hedge Portfolio securities held on capital account, and the Fund will recognize such gains or losses for tax purposes at the time they are realized by the Fund. In particular, payments received under the Swap will be on income account and the Fund will recognize such income when it is realized by the Fund upon partial settlements or upon maturity of the Swap. There may be a large unrealized gain upon maturity of the Swap.

The Fund is required to include in its income for each taxation year all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. The Fund will also be required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a security held in its Portfolio.

Gains or losses realized upon dispositions of Portfolio securities of the Fund will constitute capital gains or capital losses of the Fund in the year realized unless the Fund is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Fund will treat gains (or losses) as a result of any disposition of Portfolio securities as capital gains (or capital losses) or, depending on the circumstances, may include the full amount of such gains in (or deduct the full amount of such loss from) income. In addition, the Manager has advised counsel that the Fund will elect in accordance with the Tax Act to have each of its “Canadian securities” (as defined in the Tax Act) treated as capital property. Such election will ensure that gains or losses realized by the Fund on the disposition of such Canadian securities are capital gains or capital losses, as the case may be.

With respect to each issuer included in the Portfolio that is a trust and held as capital property (other than a trust that is a SIFT trust), the Fund will be required to include in the calculation of its income the net income, including net taxable capital gains, paid or payable to the Fund by the issuer in the year, notwithstanding that certain of such amounts may be reinvested in additional units of such issuer. Provided that appropriate designations are made by such an issuer who is a resident of Canada, net taxable capital gains realized by the issuer and taxable dividends from taxable Canadian corporations received by the issuer that are paid or payable by the issuer to the Fund will effectively retain their character in the hands of the Fund.

In general, the Fund will be required to reduce the adjusted cost base of units of an issuer in the Portfolio that is a trust resident in Canada that is held as capital property by any amount paid or payable by such issuer to the Fund except to the extent that the amount was included in calculating the income of the Fund or was the Fund’s share of the non-taxable portion of capital gains of such issuer, the taxable portion of which was designated in respect of the Fund. If the adjusted cost base to the Fund of such units becomes a negative amount at any time in a taxation year of the Fund, that negative amount will be deemed to be a capital gain realized by the Fund in that taxation year and the Fund’s adjusted cost base of such units will be increased by the amount of such deemed capital gain.

If the Fund invests in a “SIFT trust” within the meaning of the Tax Act, distributions of certain income and capital gains from such trust received by the Fund will be treated as dividends paid from a taxable Canadian corporation. This tax treatment will apply for the current taxation year for SIFT trusts that commenced public trading after October 31, 2006, but will be delayed until the 2011 taxation year for trusts that would have been SIFT trusts on

October 31, 2006 had the rules in the Tax Act regarding SIFT trusts applied as of that date and the trust complied with guidelines issued by the Department of Finance on December 15, 2006 (and amended February 25, 2009) and incorporated by reference into the Tax Act concerning the acceptable level of growth for such trusts.

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

The Fund may make direct investments in securities in foreign markets and derive income or gains from such investments, and as a result, may be liable to pay foreign income or profits tax. To the extent that any such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the Fund in computing its net income for the purposes of the Tax Act. To the extent that any such foreign tax paid does not exceed 15% of such amount and has not been deducted in computing the Fund’s income, the Fund may designate in respect of a Unitholder a portion of its foreign source income which can reasonably be considered to be part of the Fund’s income distributed to such Unitholder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act.

The Fund will be required to compute all amounts in Canadian dollars for purposes of the Tax Act and accordingly may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars. However, to the extent that the Fund enters into currency hedges the foreign currency gains or losses of the Fund will be on income account (except in the event that such currency hedges relate to assets of the Fund held as capital property) and the Fund will recognize such gains and losses for tax purposes at the time they are realized.

The Fund will be entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Trust Units during the year (a “capital gains refund”). The capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year.

The Fund will be deemed to realize a capital gain equal to the amount of the purchase price for a Unit allocated to a Warrant which expires unexercised on the Warrant Expiry Time.

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

Losses incurred by the Fund in a taxation year cannot be allocated to Unitholders, but may be deducted by the Fund in future years in accordance with the Tax Act.

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

Taxation of Unitholders

- (a) Conversion of Trust Units

Based on counsel's understanding of the current published administrative policies and assessing practices of the CRA, the conversion of Class F Trust Units into Class A Trust Units or the conversion of the Class A Trust Units and the Class F Trust Units into Class E Trust Units in connection with the conversion to an exchange traded fund will not constitute a disposition of Trust Units for purposes of the Tax Act.

(b) Taxation of Trust Units

A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder (whether in cash or in Trust Units) in the taxation year. The non-taxable portion of the Fund's net realized capital gains paid or payable (whether in cash or in Trust Units) to a Unitholder in a taxation year will not be included in the Unitholder's income for the year. Any other amount in excess of the Fund's net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder's income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder's Trust Units. To the extent that the adjusted cost base of a Trust Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Trust Unit and the Unitholder's adjusted cost base in such Trust Units will be increased by the amount of such deemed capital gain. To the extent that holders of Class A Trust Units bear a higher proportion of the management and Agents' fees than holders of Class F Trust Units in respect of their investment in the Fund, distributions to holders of Class A Trust Units will, for income tax purposes, constitute returns of capital rather than income (including net realized taxable capital gains).

Any losses of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

The Manager has advised counsel that the semi-annual distributions intended to be paid on Trust Units, as described under "Distribution Policy", are initially expected to consist of ordinary taxable income.

Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund and foreign source income earned by the Fund (and a portion of the foreign tax paid by the Fund), if any, as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act.

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

On the disposition or deemed disposition of a Trust Unit, including a redemption, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholders' proceeds of disposition (net of any reasonable costs of disposition and other than any amount of income or capital gains made payable by the Fund to the Unitholder which represents income or capital gains realized by the Fund in connection with partial settlement of the Swap in order to fund the redemption) exceed (or are less than) the adjusted cost base of the Trust Unit. For the purpose of determining the adjusted cost base to a Unitholder of a Trust Unit, when a Trust Unit of that same class is acquired, the cost of the newly acquired Trust Unit will be averaged with the adjusted cost base of all Trust Units of that class owned by the Unitholder as capital property that were acquired before that time. For this purpose, the cost of Trust Units that have been issued as an additional distribution will generally be equal to the amount of the net income or capital gain distributed to the Unitholder in Trust Units. A consolidation of Trust Units following a distribution paid in the form of additional Trust Units will not be regarded as a disposition of Trust Units and will not affect the aggregate adjusted cost base to a Unitholder of Trust Units.

The Fund may allocate and designate any income or capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Trust Units to a Unitholder whose Trust Units are being redeemed. In addition, the Fund has the authority to distribute, allocate and designate any income or capital gains of the Fund to a Unitholder who has redeemed Trust Units during a year in an amount equal to the Unitholder's share, at the time of redemption, of the Fund's income and capital gains for the year or such other

amount that is determined by the Fund to be reasonable. Such allocations will reduce the corresponding proceeds of disposition of the redeemed Trust Units.

If, at any time, the Fund delivers property other than cash to any Unitholder upon a redemption of a Unitholder's Trust Units on the termination of the Fund, the Unitholder's proceeds of disposition of the Trust Units will generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the Fund on the disposition of such distributed property. The cost of any property distributed by the Fund in specie will generally be equal to the fair market value of such property at the time of the distribution. Such property may or may not be a qualified investment for Registered Plans. If such property is not a qualified investment for Registered Plans, such Registered Plans (and, in the case of certain Registered Plans, the annuitants or beneficiaries thereunder or the holders thereof) may be subject to adverse tax consequences including in the case of registered education savings plans, revocation of such Registered Plans.

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

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as net realized taxable capital gains or taxable capital gains realized on the disposition of Trust Units may increase the Unitholder's liability for alternative minimum tax.

(c) Taxation of Warrants

A reasonable allocation of the purchase price of a Unit between the Trust Unit and the Warrant comprising such Unit will be required for purposes of the Tax Act. The Fund will allocate \$9.75 to each Trust Unit and \$0.25 to each Warrant comprising a Unit. Although the Fund believes this allocation to be reasonable, it is not binding upon the CRA or an investor.

A Warrant acquired by a Unitholder otherwise than pursuant to this Offering will be regarded as identical to every other Warrant of that same class held by the Unitholder at that time as capital property. For the purpose of determining the adjusted cost base of each Warrant held by a Unitholder, the cost of Warrants of that same class so acquired must be averaged with the adjusted cost base to the Unitholder of all other Warrants of that class held as capital property immediately prior to such acquisition.

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

Upon the disposition of a Warrant by a Unitholder, other than pursuant to the exercise thereof, the Unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of reasonable costs of the disposition, exceed (or are exceeded by) the adjusted cost base, if any, of the Warrant to the Unitholder. Upon the expiry of an unexercised Warrant, a Unitholder will realize a capital loss equal to the adjusted cost base, if any, of the Warrant to the Unitholder. One-half of any such capital gain (a "taxable capital gain") will be included in the Unitholder's income, and one-half of any such capital loss may be deducted against taxable capital gains in accordance with the detailed rules in the Tax Act in that regard. Capital gains realized by a Unitholder may give rise to alternative minimum tax.

Taxation of Registered Plans

Amounts of income and capital gains distributed by the Fund on Trust Units to a Unitholder that is a Registered Plan are generally not taxable under Part I of the Tax Act while retained in the Registered Plan, provided that the Trust Units are qualified investments under such Registered Plan. Unitholders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

If the Trust Units or Warrants are “prohibited investments” for the purposes of a tax-free savings account, a Unitholder will be subject to a penalty tax as set out in the Tax Act. A “prohibited investment” includes a unit or warrant of a trust which does not deal at arm’s length with the holder or with a person or partnership in which the holder has a significant interest, or in which the holder has a significant interest. A significant interest, in general terms, means the ownership of 10% or more of the value of the Fund’s outstanding Trust Units by the holder, either alone or together with persons and partnerships with whom the holder does not deal at arm’s length. Unitholders are advised to consult their own tax advisors in this regard.

Taxation Implications of the Fund’s Distribution Policy

The NAV per Trust Unit will reflect any income and gains of the Fund that have accrued or have been realized but have not been made payable at the time the Trust Units are acquired. Accordingly, a Unitholder who acquires Trust Units may become taxable on the Unitholder’s share of income and gains of the Fund that accrued before the Trust Units were acquired, notwithstanding that such amounts will have been reflected in the price paid by the Unitholder for the Trust Units. Since the Fund intends to make semi-annual distributions, as described under “Distribution Policy”, the consequences of acquiring Trust Units late in a calendar year will generally depend on the amount of the semi-annual distributions throughout the year and whether an additional distribution is necessary late in the calendar year to ensure that the Fund will not be liable for non-refundable income tax on such amounts under the Tax Act. In addition, there may be significant accrued gains in the Swap which will be realized by the Fund as ordinary income in the year that the Swap matures or is otherwise settled. Such income will be distributed by the Fund to its Unitholders in such year.

ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND

The Manager

AlphaPro is the manager and the trustee of the Fund. The principal office of the Manager is 26 Wellington Street East, Suite 700, Toronto, Ontario M5E 1S2. The Manager was incorporated under the Canada Business Corporations Act on November 17, 2008.

The Manager is an innovative financial services company specializing in actively managed ETFs, including the Horizons AlphaPro ETFs, with over \$100 million in assets under management as at October 31, 2009. The Manager is a subsidiary of BetaPro Management Inc. (“BetaPro”). BetaPro is Canada’s largest provider of leveraged, inverse leveraged and inverse ETFs. BetaPro managed approximately \$2.7 billion in assets in the BetaPro ETFs as at October 31, 2009. BetaPro is a subsidiary of Jovian Capital Corporation (“Jovian”), a publicly-traded company listed on the TSX (TSX: JOV). Jovian acquires, creates and grows financial services companies specializing in wealth and asset management. The Jovian group of companies is a national financial services organization with approximately \$11.5 billion of client assets (approximately \$6.8 billion in assets under management and \$4.7 billion in assets under administration) as at October 31, 2009.

The Manager will perform or arrange for the performance of management services for the Fund, will be responsible for the administration of the Fund and will retain the Portfolio Manager pursuant to the Declaration of Trust. The Manager will be entitled to receive fees as compensation for management services rendered to the Fund. See “Duties and Services to be Provided by the Manager and Details of the Declaration of Trust” below and “Fees and Expenses”.

Directors and Officers of the Manager

The name and municipality of residence of the directors and executive officers of the Manager and their principal occupations are as follows:

Name and Municipality of Residence	Position with the Manager	Principal Occupation
Philip Armstrong Toronto, Ontario	Director	Director, AlphaPro (since 2008); Chairman and Director, BetaPro (since 2005); Chairman and Director, JovFunds Management Inc. (“JovFunds”)

Name and Municipality of Residence	Position with the Manager	Principal Occupation
		(since 2006); Director, Horizons Exchange Traded Funds Inc. (“Horizons ETFs”) (since 2002); Director, T.E. Investment Counsel Inc. (“TEIC”) (since 2003); Chief Executive Officer and Director, Jovian (since 2003); Director, the Portfolio Manager (since 2003)
Mark L. Arthur Toronto, Ontario	Director	Director, AlphaPro (since 2008); Director, BetaPro (since 2007); Director of TEIC (since 2003); Director, Horizons ETFs (since 2004); Director, JovFunds (since 2006); President, Jovian (since 2003); Chief Executive Officer, Vice-Chairman and Director, MGI Securities Inc. (“MGI”) (since 2004)
Hamid Omoumi Toronto, Ontario	Director	Director, AlphaPro (since 2009); Managing Director, National Bank Financial Inc. (since 2007); previously Managing Director, TD Securities Inc. (1993-2006)
Adam Felesky Toronto, Ontario	Chairman and Director	Chairman and Director, AlphaPro (since 2008); Chief Executive Officer, Horizons ETFs (since 2008); Chief Executive Officer, JovFunds (since 2008); Chief Executive Officer and Director, Horizons Funds Inc. (since 2008); Chief Executive Officer and Director, BetaPro (since 2005); Vice President, the Portfolio Manager (since 2005); previously, Partner, Bradbrooke Capital Holdings Inc. (commodity trading firm) (2003-2004); Associate, JP Morgan Securities Inc. (2001-2003)
Howard Atkinson Toronto, Ontario	Chief Executive Officer and Director	Chief Executive Officer and Director, AlphaPro (since 2008); President, Horizons ETFs (since 2008); Managing Partner and Director, JovFunds (since 2008); President and Director, BetaPro (since 2006); previously, Head of Business Development, Exchange Traded Products, Barclays Global Investors Canada Ltd. (2000-2006)
Ken McCord Toronto, Ontario	President	President, AlphaPro (since 2009); President & Chief Executive Officer, Webb Asset Management Canada, Inc. (2006-2009); Senior Vice-President, First Asset Management Inc. (2003-2006)
Kevin S. Beatson Oakville, Ontario	Chief Operating Officer	Chief Operating Officer, AlphaPro (since 2009); Chief Operating Officer, BetaPro (since 2009); Chief Operating Officer, JovFunds (since 2006); Chief Compliance Officer and Chief Operating Officer, Horizons ETFs (2006)
Steven J. Hawkins Oakville, Ontario	Executive Vice-President and Chief Compliance Officer	Executive Vice-President and Chief Compliance Officer, AlphaPro (since 2009); Managing Partner and Director, JovFunds (since 2005); President, Chief Compliance Officer and Chief Operating Officer, the Portfolio Manager (since 2007); President and Chief Executive Officer, Canadian Medical Discoveries Fund Inc. (since 2006); previously, Vice-President, Compliance, AMG Canada Inc. and Senior Vice-President, Compliance and Risk Management and Chief Investment Officer, First Asset Investment Management Inc. (2000-2005)

Name and Municipality of Residence	Position with the Manager	Principal Occupation
Alex Watters Queensville, Ontario	Chief Financial Officer	Chief Financial Officer, AlphaPro (since 2008); Chief Financial Officer, Horizons ETFs (since 2009); Chief Financial Officer, BetaPro (since 2008); Chief Financial Officer, the Portfolio Manager (since 2008); Senior Vice President - Finance and Operations, JovFunds (since 2006); Administration and Finance Manager, SNC Lavalin/PAE (2005 - 2006); Vice President Finance and Deputy Registrar, Tarion Warranty Corporation (1999 - 2005)
Duriya Patel Toronto, Ontario	Secretary	Secretary, AlphaPro (since 2008); Secretary, Vice-President and General Counsel, Jovian (since 2003); Director, JovFunds (since 2008); Secretary, BetaPro (since 2005); previously, Partner, Meyer, Wassenaar & Banach LLP (law firm)
Michael Holder Oakville, Ontario	General Counsel	General Counsel, AlphaPro (since 2009); General Counsel, BetaPro (since 2009); General Counsel and Secretary, JovFunds (since 2008); Secretary, the Portfolio Manager (since 2008); Secretary, Horizons ETFs (since 2007); Associate General Counsel, Jovian (since 2006); Partner, Borden Ladner Gervais LLP (1997-2006)
Jaime Purvis Toronto, Ontario	Executive Vice-President, National Accounts	Executive Vice-President, National Accounts, AlphaPro (since 2009); Executive Vice-President, National Accounts, BetaPro (since 2009); Executive Vice-President, National Accounts, Horizons ETFs (since 2006); Vice-President, Regional Manager, Horizons Funds Inc. (1995-2006)
Martin Fabregas Toronto, Ontario	Senior Vice-President, Business Development	Senior Vice-President, Business Development, AlphaPro (since 2009); Senior Vice-President, Business Development, BetaPro (since 2009); Senior Vice-President, Sales Operation, Horizons ETFs (since 2008); Senior Client Relationship Manager, International Financial Data Services (Canada) Ltd. (2004-2008); Vice-President, Operations and Relationship Management, ProFund Advisors LLC (1998-2004)
Faizan Dhanani Calgary, Alberta	Senior Vice-President, National Sales	Senior Vice-President, National Sales, AlphaPro (since 2009); Senior Vice-President, Horizons AlphaPro ETFs, Horizons ETFs (since 2009); Vice-President, Sales; Horizons Funds Inc. (2004-2006)
Justin Arzadon Toronto, Ontario	Vice-President, Business Development	Vice-President, Business Development, AlphaPro (since 2009); Vice-President, Business Development, BetaPro (since 2009); Vice-President, Business Development, Horizons ETFs (since 2009); Advisor Services, Dundee Securities Inc. (2004-2006)
Kristen Winther Toronto, Ontario	Assistant Vice-President, Institutional Sales	Assistant Vice-President - Institutional Sales, AlphaPro (since 2009); Assistant Vice-President – Institutional Sales, BetaPro (since 2006); Customer Service Representative, Bank of Montreal (2005-2006)

Where a person has held multiple positions within a company, the above table only refers to the last position held at

that company. Each director will hold his or her position until the next annual general meeting of the Manager at which time he/she may be re-elected.

Duties and Services to be provided by the Manager and Details of the Declaration of Trust

Pursuant to the Declaration of Trust, the Manager has full authority and responsibility to manage and direct the business and affairs of the Fund, to make all decisions regarding the business of the Fund and to bind the Fund. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund to do so.

The Manager's duties include: negotiating contracts with certain third-party service providers, including, but not limited to, portfolio managers, custodians, registrars, transfer agents, valuation agents, accounting agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the Fund; maintaining accounting records for the Fund; preparing the reports to Unitholders and to the applicable Canadian securities regulatory authorities; calculating the amount and determining the frequency of distributions by the Fund; preparing financial statements, income tax returns and financial and accounting information as required by the Fund; ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the Fund complies with regulatory requirements including the continuous disclosure obligations of the Fund under applicable securities laws; administering purchases, redemptions and other transactions in Trust Units; arranging for any payments required upon termination of the Fund; and dealing and communicating with Unitholders. The Manager will provide office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the Fund. The Manager will also monitor the investment strategy of the Fund to ensure that the Fund complies with its investment objectives, investment strategy and investment restrictions as described herein.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund, and in connection therewith, to exercise the care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. The Declaration of Trust provides that the Manager will not be liable to the Fund or to any Unitholder or any other person for any loss or damage relating to any matter regarding the Fund, including any loss or diminution of value of the assets of the Fund if it has satisfied its standard of care set forth above.

The Manager and each of its directors, officers, employees and agents may be indemnified out of the assets of the Fund from and against all claims whatsoever, including costs, charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done or omitted in or in relation to the execution of its duties to the Fund as long as the person acted honestly and in good faith with a view to the best interests of the Fund.

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation.

The Manager is entitled to fees for its services as manager under the Declaration of Trust as described under "Fees and Expenses" and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Fund. The Manager may, in its discretion, terminate the Fund without the approval of Unitholders if, in its opinion, it is no longer economically feasible to continue the Fund and/or it would otherwise be in the best interests of Unitholders to terminate the Fund.

The administration and management services of the Manager under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities.

The Portfolio Manager

JovInvestment has been retained to provide investment advisory and portfolio management services to the Fund and to implement the Fund's investment strategy. The Portfolio Manager is responsible for executing the Fund's

investment strategy, engaging Barclays to act as sub-advisor to the Fund, overseeing Barclays' advice with respect to the investment strategy of the Fund and entering into the Swaps. Based in Ontario, the Portfolio Manager operates as an advisor in the categories of investment counsel and portfolio manager under the Securities Act (Ontario) and as a commodity trading manager under the Commodity Futures Act (Ontario). The Portfolio Manager is also registered as an advisor under the Securities Acts of Alberta, British Columbia and Québec. The principal office of the Portfolio Manager is 26 Wellington Street East, Suite 930, Toronto, Ontario M5E 1S2. The Portfolio Manager was incorporated under the Business Corporations Act (Ontario) on July 10, 1997.

The Portfolio Manager is also a subsidiary of Jovian. The Portfolio Manager provides investment advisory services to a broad range of clients, including public mutual funds, closed-end funds, hedge funds and principal protected notes. The Portfolio Manager had over \$3.68 billion in assets under management as at October 31, 2009.

Certain Directors and Officers of the Portfolio Manager

The name and municipality of residence and position of the executive officers and directors of the Portfolio Manager principally involved with respect to the Fund are as follows:

Name and Municipality of Residence	Position with the Portfolio Manager	Principal Occupation
Mark L. Arthur Toronto, Ontario	Chief Executive Officer, Chairman and Director	Director, AlphaPro (since 2008); Director, BetaPro (since 2007); Director of TEIC (since 2003); Director, Horizons Exchange Traded Funds Inc. ("Horizons ETFs") (since 2009); Director, JovFunds (since 2006); President, Jovian (since 2003); Chief Executive Officer, Vice-Chairman and Director, MGI Securities Inc. ("MGI") (since 2004)
Steven J. Hawkins Oakville, Ontario	President, Chief Operating Officer and Chief Compliance Officer	Executive Vice-President and Chief Compliance Officer, AlphaPro (since 2009); Managing Partner and Director, JovFunds (since 2005); President, Chief Compliance Officer and Chief Operating Officer, the Portfolio Manager (since 2007); President and Chief Executive Officer, Canadian Medical Discoveries Fund Inc. (since 2006); previously, Vice-President, Compliance, AMG Canada Inc. and Senior Vice-President, Compliance and Risk Management and Chief Investment Officer, First Asset Investment Management Inc. (2000-2005)

Details of the Investment Management Agreement

The Portfolio Manager will be responsible for implementing the Fund's investment strategy, and may delegate these responsibilities, pursuant to an investment management agreement to be entered into on or prior to the closing of the Offering between the Fund, the Manager and the Portfolio Manager (the "Investment Management Agreement"). Decisions as to the purchase and sale of securities and as to the execution of all portfolio and other transactions may be made by the Portfolio Manager. In the purchase and sale of securities for the Fund, the Portfolio Manager will seek to obtain overall services and prompt execution of orders on favourable terms.

Under the Investment Management Agreement, the Portfolio Manager is required to act at all times on a basis that is fair and reasonable to the Fund, to act honestly and in good faith with a view to the best interests of the Fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Investment Management Agreement provides that the Portfolio Manager shall not be liable in any way for any default, failure or defect in any of the securities of the Fund, nor shall it be liable if it has satisfied the duties and standard of care, diligence and skill set forth above.

The Investment Management Agreement will continue until the termination of the Fund unless terminated as described below. The Manager may terminate the Investment Management Agreement: (i) upon 90 days' prior written notice to the Portfolio Manager; (ii) in the event that the Portfolio Manager is in breach or default of the Investment Management Agreement and, if capable of being cured, the breach or default has not been cured within 20 business days' written notice of such breach or default being given by the Manager to the Portfolio Manager; (iii) if there is a dissolution or the commencement of the winding-up of the Portfolio Manager; (iv) if the Portfolio Manager becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Portfolio Manager or a substantial portion of its assets; (v) if the assets of the Portfolio Manager become subject to seizure or confiscation by any public or governmental organization; or (vi) if the Portfolio Manager is no longer registered or has failed to obtain any registration, license or other authorization required by it to perform the services delegated to it thereunder.

The Portfolio Manager may terminate the Investment Management Agreement upon 90 days' prior written notice to the Manager. The Portfolio Manager may also terminate the Investment Management Agreement immediately: (i) if the Fund is terminated; (ii) if the Manager or any of its affiliates is no longer the manager of the Fund; (iii) if there is a dissolution or the commencement of the winding-up of the Manager; (iv) if the Manager becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Manager or a substantial portion of its assets; (v) if the assets of the Manager become subject to seizure or confiscation by any public or governmental organization; or (vi) in the event that the Manager is in breach or default of the Investment Management Agreement and, if capable of being cured, the breach or default has not been cured within 20 business days' written notice of such breach or default being given by the Portfolio Manager to the Manager.

If the Investment Management Agreement is terminated, the Manager will promptly appoint a successor portfolio manager to carry out the activities of the Portfolio Manager.

The Portfolio Manager is entitled to fees for its services under the Investment Management Agreement which are payable by the Manager. In addition, the Portfolio Manager and each of its directors, officers and employees will be indemnified by the Manager against all losses, damages, costs and expenses incurred by any of them in connection with the Manager's administration of the Fund, unless an indemnified person is finally adjudicated to have committed an act or omission involving wilful misconduct, bad faith, or negligence.

The Sub-Advisor

Under the Investment Management Agreement, the Portfolio Manager is permitted to engage the services of a portfolio sub-advisor in connection with any investment advice and/or portfolio management services required by the Fund. As Sub-Advisor, Barclays will be responsible for advising the Portfolio Manager on a non-exclusive basis with respect to the Portfolio and, in particular, the allocation of the assets of the Fund among the Asset Classes and the components thereof.

Barclays is an investment advisor registered with the U.S. Securities and Exchange Commission pursuant to the *U.S. Investment Advisers Act of 1940*, with its head office located at 745 Seventh Avenue, New York, NY 10019. In the conduct of its services to the Portfolio Manager and the Fund, Barclays will operate under an exemption from the investment advisory and commodities advisory registration requirements of the Ontario Securities Commission. The Portfolio Manager will be responsible to the Fund for the services provided by Barclays as long as it is relying on an exemption from the requirement to register as an adviser under Ontario securities laws. As Barclays and the majority of its directors and officers are resident outside Canada and all or a substantial portion of its assets are situated outside Canada, it may be more difficult to enforce legal rights against any such persons than if each person was resident in Canada.

Key Employees of Barclays

The name and municipality of residence and position of the officer of Barclays principally involved with respect to the Fund is as follows:

Name and Municipality of Residence	Position with Barclays	Prior Experience
Raj Kumar, CFA Jersey City, New Jersey	Senior Portfolio Engineer	<p>Senior portfolio engineer covering the Americas region. In his current role, Raj is responsible for conducting research, developing quantitative alpha generation strategies and constructing optimal asset allocation models.</p> <p>Prior to joining Barclays, Raj worked at Lehman Brothers from July 2005 to September 2008 in the structured investments group and equity research division. In the structured investments group, Raj focused on originating, pricing and structuring of exotic derivative solutions. He developed bespoke structured investment products for hedge fund, institutional, high net worth and retail clients. Prior to that, he was a member of the Lehman Brother's healthcare equity research team that was ranked No.1 for three consecutive years by the Institutional Investors survey. As an equity research analyst, Raj performed extensive fundamental research, developed quantitative models to forecast stock prices, and advised institutional/hedge fund clients of long/short trade ideas.</p> <p>Raj Kumar holds a MBA (Honors) from University of Chicago Booth School of Business. He also has bachelor and master degrees in engineering. Raj is a CFA charterholder and a member of the New York Society of Securities Analysts.</p>

Details of the Sub-Advisory Agreement

Barclays will, prior to the closing of the Offering, enter into a sub-advisory agreement with the Fund, the Manager and the Portfolio Manager (the “Sub-Advisory Agreement”). Pursuant to the Sub-Advisory Agreement, Barclays will advise the Portfolio Manager with respect to the selection, monitoring and management of the Portfolio.

Under the Sub-Advisory Agreement, Barclays is required to act at all times on a basis that is fair and commercially reasonable to the Fund, to act honestly and in good faith and in the best interests of the Fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (the “Standard of Care”) and shall be liable to the parties herein for any breach of the Standard of Care or any wilful misconduct, bad faith or gross negligence on the part of any officer, employee or agent of the Sub-Advisor. The Sub-Advisory Agreement will provide that Barclays, and its affiliates and their respective officers, directors and employees, shall be indemnified by the Fund, the Manager and the Portfolio Manager, jointly and severally, against any and all losses, damages, expenses and costs, including court costs and reasonable fees and expenses of their counsel, which they may suffer or incur resulting from or arising out of any claim, demand, lawsuit, investigation or administrative proceeding brought against the Sub-Advisor in connection with or arising out of the Manager’s and/or the Portfolio Manager’s administration of the Fund or the Sub-Advisor’s performance of its obligations under the Sub-Advisory Agreement, save any actions arising out of a breach of the Standard of Care applicable to the Sub-Advisor or the wilful misconduct, bad faith or gross negligence of the Sub-Advisor.

The Sub-Advisory Agreement, unless terminated as described below, will continue in effect until the Fund is terminated. The Manager and/or the Portfolio Manager may terminate the Sub-Advisory Agreement upon providing Barclays 90 days’ prior written notice. The Manager and/or the Portfolio Manager may terminate the Sub-Advisory Agreement immediately in certain additional circumstances, including if Barclays is no longer exempt from registration as an advisor under applicable laws, upon termination of the Investment Management Agreement, or if Barclays becomes bankrupt or insolvent or is in material breach or default of any provision of the Sub-Advisory

Agreement and, if capable of being cured, the breach or default has not been cured within 20 business days of written notice of such breach or default given by the Manager or Portfolio Advisor to Barclays.

Barclays may terminate the Sub-Advisory Agreement upon providing the Manager and the Portfolio Manager 90 days' prior written notice. Barclays may terminate the Sub-Advisory Agreement immediately in certain additional circumstances, including if the Manager or the Portfolio Manager becomes bankrupt or insolvent or if the Manager or the Portfolio Manager is in material breach or default of any provision of the Sub-Advisory Agreement and, if capable of being cured, the breach or default has not been cured within 20 business days of written notice of such breach or default given by Barclays to the Manager or the Portfolio Manager.

During the exclusivity period, the Sub-Advisor shall not, and shall not authorize any person to issue, sell or provide securities in connection with any Canadian retail investment product offering, where the investment product, has an investment objective and/or strategy that refers to the Barclays Income Plus USD Index or an index that is substantially similar to the Barclays Income Plus USD Index. Subject to the foregoing, the services of the Sub-Advisor to the Fund pursuant to the Sub-Advisory Agreement are not exclusive, and the Sub-Advisor is free to render such services to others.

The fees of Barclays will be paid out of the Manager's fees. See "Fees and Expenses".

The Trustee

AlphaPro is also the trustee of the Fund pursuant to the Declaration of Trust. The Trustee may resign and be discharged from all further duties under the Declaration of Trust upon 90 days' prior written notice to the Manager or upon such lesser notice as the Manager may accept. The Manager shall make every effort to select and appoint a successor trustee prior to the effective date of the Trustee's resignation. If the Manager fails to appoint a successor trustee within 90 days after notice is given or a vacancy occurs, the Manager shall call a meeting of Unitholders within 60 days thereafter for the purpose of appointing a successor trustee. If there is no manager, five Unitholders may call a meeting of Unitholders of the Fund within 31 days after notice is given or a vacancy occurs for the purpose of appointing a successor trustee. In each case, if, upon the expiry of a further 30 days, neither the Manager nor the Unitholders have appointed a successor trustee, the Fund shall be terminated and the property of the Fund shall be distributed in accordance with the terms of the Declaration of Trust.

The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund, and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Trustee will not be liable in carrying out its duties under the Declaration of Trust as long as the Trustee has adhered to its standard of care set out above. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties.

The Trustee will not receive any fees from the Fund but will be reimbursed for all expenses and liabilities that it properly incurs in carrying out activities on behalf of the Fund.

Conflicts of Interest

The Manager, the Portfolio Manager, Barclays and their respective principals and affiliates (each a "Fund Manager") do not devote their time exclusively to the management of the Fund. The Fund Managers perform similar or different services for others and may sponsor or establish other investment funds (public and private) during the same period that they act on behalf of the Fund. The Fund Managers therefore will have conflicts of interest in allocating management time, services and functions to the Fund and the other persons for which they provide similar services.

The Fund Managers may trade and make investments for their own accounts, and such persons currently trade and manage and will continue to trade and manage accounts other than the Fund's accounts utilizing trading and investment strategies which are the same as or different from the ones to be utilized in making investment decisions for the Fund. In addition, in proprietary trading and investment, the Fund Managers may take positions the same as, different than or opposite to those of the Fund. Furthermore, all of the positions held by accounts owned, managed or controlled by the Portfolio Manager will be aggregated for purposes of applying certain exchange position limits. Some or all of the positions held by accounts owned, managed or controlled by Barclays may be aggregated on a

similar basis. As a result, the Fund may not be able to enter into or maintain certain positions if such positions, when added to the positions already held by the Fund and such other accounts, would exceed applicable limits. All of such trading and investment activities may also increase the level of competition experienced with respect to priorities of order entry and allocations of executed trades. See “Risk Factors”.

The Fund Managers may at times have interests that differ from the interests of the Unitholders.

NBF, which holds an indirect minority interest in the Manager, acts or may act as a Designated Broker, an Underwriter and/or a registered trader (market maker). These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in the Fund ETF. In particular, by virtue of these relationships, NBF may profit from the sale and trading of Units. NBF, as market maker of the Fund ETF in the secondary market, may therefore have economic interests which differ from and may be adverse to those of Unitholders.

NBF’s potential roles as a Designated Broker and an Underwriter of the Fund ETF will not be as an underwriter of the Fund ETF in connection with the distribution of Units under this prospectus. NBF has not been involved in the preparation of this prospectus nor has it performed any review of the contents of this prospectus.

NBF and its affiliates may, at present or in the future, engage in business with the Fund ETF, the issuers of securities making up the investment portfolio of the Fund ETF, or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between NBF and its affiliates, and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

MGI, one of the Agents, is related to the Manager and the Portfolio Manager as it is an indirect subsidiary of Jovian. As a consequence of this relationship, MGI may at times have interests that differ from the interests of the Unitholders. MGI will also receive a portion of the fees payable to the Agents for selling Units.

Independent Review Committee

National Instrument 81-107 Independent Review Committee for Investment Funds of the Canadian Securities Administrators (“NI 81-107”), which came into force on November 1, 2006, requires all publicly offered investment funds, such as the Fund, to establish an independent review committee (“IRC”). The Manager must refer all conflict of interest matters for review or approval to the IRC. NI 81-107 also requires the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its functions and duties. According to NI 81-107, the IRC must be comprised of a minimum of three independent members, and is subject to requirements to conduct regular assessments of its members and provide reports, at least annually, to the Fund and to its Unitholders in respect of those functions. The report prepared by the IRC will be available on the website of the Manager (www.hapetfs.com), or at a Unitholder’s request at no cost, by contacting the Fund at 26 Wellington Street East, Suite 700, Toronto, Ontario M5E 1S2; telephone: 416-933-5745; toll-free: 1-866-641-5739; fax: 416-777-5181.

Karen Fisher, Julia Dublin and Harvey Naglie have been appointed to the IRC.

The IRC:

- reviews and provides input on the Manager’s written policies and procedures that deal with conflict of interest matters;
- reviews conflict of interest matters referred to it by the Manager and makes recommendations to the Manager regarding whether the Manager’s proposed actions in connection with the conflict of interest matter achieves a fair and reasonable result for the Fund;
- considers and, if deemed appropriate, approves the Manager’s decision on a conflict of interest matter that the Manager refers to the IRC for approval; and
- performs such other duties as may be required of the IRC under applicable securities laws.

The Fund compensates the IRC members for their participation on the IRC through member fees and meeting fees that are paid on a quarterly basis. Karen Fisher and Harvey Naglie each receive an annual fee of \$15,000 per year in member fees, while Julia Dublin, as chairperson of the IRC, receives an annual fee of \$20,000 per year. In addition to the member fees, each IRC member receives \$500 per meeting for each IRC meeting attended. The total quarterly fees payable to an IRC member by the Fund is calculated by dividing the total net assets of the Fund by the total net assets of all of the investment funds managed by the Manager, its associates and its affiliates, for which the IRC is responsible and then multiplying the resulting value by the total dollar value due to the IRC member by the Fund for that particular quarter.

Biographies of each of the members of the IRC are set out below.

Karen J. Fisher – Ms. Fisher has over 25 years of experience in the financial services sector including being the former President & CEO of Scotia Securities Inc. where she managed the mutual funds of a related bank and other investment programs. She is a former board member of the Mutual Fund Dealers Association of Canada and the Investment Funds Institute of Canada. She currently sits on a number of not-for-profit boards and on the independent review committees of two other investment companies.

Julia Dublin – Ms. Dublin is a partner with the law firm of Aylesworth LLP in Toronto which she joined in 2005 and practices corporate and securities law, with an emphasis on private and public securities offerings, advice to registered dealers and advisers, issuers, investment funds on regulatory compliance and civil liabilities, and advice to injured investors. She was with the federal Department of Justice for four years, and subsequently with the Ontario Securities Commission (“OSC”) for 18 years. Ms. Dublin occupied a variety of positions at the OSC, including manager of the registration section, and senior legal counsel in the General Counsel’s Office, and the Corporate Finance and Capital Markets Branches. Ms. Dublin has written and lectured extensively on legal and regulatory issues affecting issuers, financial institutions and market intermediaries for academic and professional audiences. She is currently an Adjunct Professor at the Osgoode Hall Law School, teaching advanced securities law. She has been interviewed on radio and television, and has been frequently featured in the press. Ms. Dublin received her Honours Bachelor of Science in Biology from the University of Waterloo in 1974, her Bachelor of Laws from Queen’s University in 1979, and was called to the Bar of Ontario in 1981. Ms. Dublin is a member of the Law Society of Upper Canada, the Ontario Bar Association and the Canadian Bar Association, as well as a member of the Board of the Investor Education Fund.

Harvey Naglie – Mr. Naglie is currently a senior policy advisor for the Province of Ontario Ministry of Finance. Prior to joining the public service, Mr. Naglie worked for almost 30 years in the private sector, primarily in the Canadian financial services sector. He spent the first 10 years of his career at Wood Gundy (the predecessor company of CIBC World Markets Inc.) and the following 13 years at a former Schedule II Canadian chartered bank, where he was President from 1996 until 1999. Mr. Naglie was subsequently President of Financial Executives International of Canada and Vice President of Business Development at Mount Sinai Hospital. Mr. Naglie currently serves as Chairman of the Altus Group Income Fund and is a member of the Blumont Independent Review Committee. Mr. Naglie holds a Bachelor of Arts from McGill University, a Master of Economics from Johns Hopkins University and a Master of Business Administration from the Richard Ivey School of Business at the University of Western Ontario.

The Custodian

RBC Dexia Investor Services Trust will act as custodian of the assets of the Fund (the “Custodian”) pursuant to a custodian agreement to be entered into on or before the closing of the Offering (the “Custodian Agreement”). The Custodian is located in Toronto, Ontario.

Pursuant to the Custodian Agreement, the Custodian is required to exercise its duties with the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances. Provided the Custodian has not breached its standard of care as set out in the Custodian Agreement, the Custodian shall not be responsible for the holding or control of any property of the Fund which is not held directly by the Custodian, including any property of the Fund that is loaned or pledged to a counterparty.

Under the Custodian Agreement, the Fund shall pay fees to the Custodian at such rate as determined by the parties from time to time and shall reimburse the Custodian for all reasonable expenses and disbursements incurred in the performance of its duties under the Custodian Agreement. The Fund shall also indemnify the Custodian or any of its

officers, directors, employees or agents for any loss, damage, liability, actions, suits, claims, costs and expenses arising in the course of performing the duties of the Custodian Agreement unless arising from negligence, fraud, bad faith, wilful default or breach of the Custodian's standard of care. Either party may terminate the Custodian Agreement in the event that the other party violates any material provision of the Custodian Agreement by giving written notice to the violating party, provided the violating party has not cured or made substantial progress to cure the violation within 90 days of receipt of such written notice.

Valuation Agent

The Manager has retained a service provider, CIBC Mellon Global Securities Services Company, to provide accounting services in respect of the Fund pursuant to a valuation services agreement.

Auditors

The auditors of the Fund are KPMG LLP (the "Auditors"). The office of the Auditors is located at Bay Adelaide Centre, 333 Bay Street, Suite 4600, Toronto, Ontario, M5H 2S5.

Registrar and Transfer Agent

Computershare Investor Services Inc., at its principal offices in Toronto, Ontario, will be appointed the registrar and transfer agent for the Fund pursuant to a registrar and transfer agency agreement to be entered into as of the date of closing of the Offering.

Promoter

The Manager took the initiative in founding and organizing the Fund and accordingly is considered a promoter of the Fund within the meaning of the securities legislation of certain provinces or territories of Canada. The promoter will not receive any benefits, directly or indirectly, from the issuance of securities offered hereunder other than as described under "Fees and Expenses" in its capacity as Manager of the Fund.

Accounting and Reporting

The Fund's fiscal year will be the calendar year or such other fiscal period permitted under the Tax Act as the Fund elects. The annual financial statements of the Fund shall be audited by the Auditors in accordance with Canadian generally accepted auditing standards. The Auditors will be asked to report on the fair presentation of the annual financial statements in accordance with Canadian generally accepted accounting principles. The Manager will arrange for the Fund's compliance with all applicable reporting and administrative requirements.

The Manager will keep, or arrange for the keeping of, adequate books and records reflecting the activities of the Fund. A Unitholder or his or her duly authorized representative will have the right to examine the books and records of the Fund during normal business hours at the offices of the Manager or such other location as the Manager shall determine. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Fund.

CALCULATION OF NET ASSET VALUE

Calculation of Net Asset Value and NAV per Trust Unit

The NAV of the Fund on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund including any income, net realized capital gains or other amounts payable to unitholders of the applicable fund on or before such date, expressed in Canadian dollars at the applicable exchange rate on such date.

The NAV per Trust Unit of a class on any day will be obtained by dividing that portion of the NAV of the Fund attributable to the class on such day by the number of Trust Units of that class then issued and outstanding. The NAV per Trust Unit so determined will be adjusted to the nearest cent per Trust Unit and will remain in effect until the time as at which the next determination of the NAV per Trust Unit is made. The NAV per Trust Unit will be

calculated on each day on which a session of the TSX is held and such other date determined appropriate by the Manager (each a "Valuation Date").

Typically, the NAV per Trust Unit will be calculated as of 4:00 p.m. (Toronto time) on each Valuation Date or such other time determined appropriate by the Manager (the "Valuation Time"). The NAV per Trust Unit may be determined at an earlier time if the TSX and/or the principal exchange for the securities held by the Fund closes earlier on that Valuation Date.

Valuation Policies and Procedures of the Fund

In determining the NAV of the Fund at any time, the Fund will take into account the following:

- (a) the value of any cash on hand, on deposit or on call, bills and notes and accounts receivable, prepaid expenses, cash dividends to be received and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the person to whom the Manager has charged with the determination of the NAV (the "Valuation Agent") determines that any such deposit, call loan, bill, note or account receivable is not worth the face amount thereof, in which event the value thereof will be deemed to be such value as the Valuation Agent determines to be the reasonable value thereof;
- (b) bonds, debentures, notes, money market instruments and other debt securities shall be valued by taking the average of the bid and ask prices at the Valuation Time on the Valuation Date. Short term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (c) any security that is listed or dealt in on a stock exchange shall be valued at the sale price (or such other value as the Canadian Securities Administrators may permit) last reported at the Valuation Time on the Valuation Date on the principal stock exchange on which such security is traded, or, if no sale price is available at that time, the last closing price quoted for the security, but if bid and ask quotes are available, at the average of the latest bid and asked prices rather than at the last quoted closing price;
- (d) in the case of securities not traded on that Valuation Date, a price estimated to be the true value thereof by the Valuation Agent, such price being between the closing asked and bid prices for the securities or interest therein as reported by any report in common use or authorized as official by a stock exchange;
- (e) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, shall be treated as a liability of the Fund; any security sold but not delivered, pending receipt of the proceeds, shall be valued at the net sale price;
- (f) illiquid securities shall be valued at the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of such securities may be made where the date on which the restriction will be lifted is known;
- (g) the value of any futures contract or forward contract or swap (including the Swap) shall be the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the futures contract, forward contract, or swap as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- (h) in the case of any security or property for which no price quotations are available as provided above, the value thereof will be determined from time to time by the Valuation Agent, where applicable, in accordance with the principles described in paragraph (d) above except that the Valuation Agent may use, for the purpose of determining the sale price or the asked and bid prices of such security or interest, any public quotations in common use which may be available, or where such principles are not applicable, the Valuation Agent shall make such valuation as it considers reasonable;

- (i) the value of all assets of the Fund quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable to the Fund in foreign currency and the value of all liabilities and contractual obligations payable by the Fund in foreign currency shall be determined using the applicable rate of exchange current at, or as nearly as practicable to, the applicable date on which NAV is determined; and
- (j) estimated operating expenses payable by the Fund (including any estimated Service Fees in the case of the Fund) shall be accrued to the date as of which the NAV is being determined.

In calculating the NAV of the Fund, the Fund will generally value its investments based on the market value of such investments at the time the NAV of the Fund is calculated. If no market value is available for an investment of the Fund or if the Valuation Agent determines that such value is inappropriate in the circumstances (i.e., when the value of an investment of the Fund has been materially changed by events occurring after the market closes), the Valuation Agent will value such investments using methods that have generally been adopted by the marketplace. Fair valuing the investments of the Fund may be appropriate if: (i) market quotations do not accurately reflect the fair value of an investment; (ii) an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded; (iii) a trading halt closes an exchange or market early; or (iv) other events result in an exchange or market delaying its normal close. The risk in fair valuing an investment of the Fund is that the value of the investment may be higher or lower than the price that the Fund may be able to realize if the investment had to be sold.

For the purposes of financial statement reporting, the Fund is required to calculate NAV in accordance with Canadian generally accepted accounting principles ("GAAP"). On April 1, 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3855, Financial Instruments – Recognition and Measurement ("Section 3855") of the CICA Handbook – Accounting, which establishes standards for the fair valuation of investments as well as the accounting treatment of transaction costs. The adoption of Section 3855 results in the use of different valuation techniques for certain investments.

Canadian securities regulatory authorities had previously granted relief to investment funds from the requirement to comply with Section 3855, for the purposes of calculating and reporting of NAV used for investor transactions. Effective September 8, 2008, amendments to NI 81-106 came into force to address the implications of Section 3855. The amendments permit investment funds to have two different NAVs: (i) one for financial statements, which will be prepared in accordance with Canadian GAAP including Section 3855 (referred to as "net assets"); and (ii) another for all other purposes, including unit pricing for investor transactions (referred to as "net asset value").

In accordance with the relief granted by the Canadian securities regulatory authorities, disclosure of differences between net assets and net asset value of an investment fund is required for financial reporting purposes. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) and ask prices (for investments sold) to be used in the fair valuation of investments, rather than the use of closing sale prices currently used for the purpose of determining net asset value used for investor transactions. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques rather than the use of valuation techniques by virtue of general practice in the investment funds industry to determine fair value.

Reporting of Net Asset Value

The NAV and the NAV per Trust Unit of each class will be made available on a daily basis on the Manager's website (www.hapetfs.com) or by calling the Manager at 416-933-5745 or toll-free at 1-866-641-5739.

WARRANT CONSIDERATIONS

Each investor in this Offering will purchase Units and each Unit consists of one Trust Unit and one Warrant. Following the closing of the Offering, the Class A Trust Units and the Class A Warrants may be dealt with separately by the investor with the result that the investor may retain both securities or may elect to sell some or all of their Class A Trust Units or Class A Warrants, subject to the requirements of the Concurrent Warrant Exercise. See "Attributes of the Securities – Concurrent Warrant Exercise." The Class F Trust Units and Class F Warrants are not transferable.

The value of Trust Units will be reduced if the NAV per Trust Unit exceeds \$9.70 (being the Warrant exercise price less the Warrant Exercise Fee of \$0.30 in the aggregate (see “Fees and Expenses – Warrant Exercise Fee”) and Warrants are exercised. If the NAV per Trust Unit exceeds \$9.70, then a Unitholder will face dilution of its investment. If a Unitholder does not exercise Warrants in such circumstances, the Unitholder’s pro rata interest in the assets of the Fund will be diluted.

As the number of Warrants equal the number of Trust Units, the potential dilution per Trust Unit is up to one half of all gains in the NAV per Trust Unit of the Fund in excess of \$9.70. The potential dilution per Trust Unit, assuming the Warrants are exercised in full, is illustrated in the following table:

Pro Forma Dilution Per Unit

NAV before Exercise of Warrants	\$11.00	\$11.50	\$12.00	\$12.50
Pro Forma Dilution	\$0.65	\$0.90	\$1.15	\$1.40

Due to the dilutive effect on the value of the Trust Units when Warrants are exercised, an investor in this Offering should carefully consider the exercise of the Warrants or the sale of the Warrants, prior to the Warrant Expiry Time and the failure to take either such action in these circumstances will result in the loss of value to an investor. The Unitholder would be required to pay in connection with the exercise of the Warrants an additional amount equal to the amount originally invested by the Unitholder on the Closing Date. While a Unitholder may sell the Warrants acquired hereunder, no assurance can be given that the proceeds of such sale would compensate the Unitholder for any dilution. The factors that would be expected to influence the price of a Warrant include the difference between the Exercise Price and the fully diluted NAV per Unit, price volatility, distributions payable on the Trust Units and the remaining time to expiry of the Warrant.

The NAV per Trust Unit on any day will be obtained by dividing the NAV of the Fund on such day by the number of Trust Units then outstanding; provided, however, that where as a result of such calculation on the basic NAV per Trust Units is greater than \$10.00 then a diluted NAV per Trust Unit will be calculated. The diluted NAV per Trust Unit shall be calculated by adding to the denominator the total number of Trust Units issuable pursuant to Warrants then outstanding and by adding to the numerator the product of such number of Warrants and the net proceeds realized by the Fund pursuant to the exercise of the Warrants. See “Calculation of Net Asset Value”

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

Warrants

The following is a summary only and subject to, and is qualified in its entirety by reference to, the detailed provisions in one or more warrant indentures (the “Warrant Indenture”) to be dated the date of the closing of the Offering between the Fund and Computershare Trust Company of Canada (the “Warrant Trustee”).

Subscription Basis and Warrant Expiry Time

Each Warrant entitles the holder to purchase one Trust Unit of the corresponding class at the subscription price of \$10.00 per Trust Unit by notifying the Warrant Trustee between the first business day of any month and on or before 5:00 p.m. (Toronto time) on the tenth business day of such month (“Warrant Notice Period”) up until January 31, 2011 (the “Warrant Expiry Time”). Such Warrants will be exercised effective as at 5:00 p.m. on the tenth business day of the applicable month (“Warrant Exercise Date”). Warrants are also exercisable on January 31, 2011 prior to 5:00 p.m. (Toronto time) on that date. In addition, the Class F Warrants are exercisable by the holder thereof in order to complete a Concurrent Warrant Exercise (as defined herein). Holders who exercise the Warrants will become holders of Trust Units, issued through the exercise of the Warrants. **WARRANTS NOT EXERCISED PRIOR TO 5:00 P.M. (TORONTO TIME) ON JANUARY 31, 2011 WILL BE VOID AND OF NO VALUE.** Upon the exercise of a Warrant, the Fund will pay a fee equal to \$0.12 per Warrant to the broker whose client is exercising the Warrant and \$0.18 per Warrant to the Agents.

The Warrant Trustee

The Warrant Trustee has been appointed the agent of the Fund to receive subscriptions and payments from holders of Warrants, to act as registrar and transfer agent for the Warrants and to perform certain services relating to the exercise and transfer of Warrants pursuant to the Warrant Indenture. Holders of Warrants desiring to exercise such Warrants and purchase Trust Units should ensure that subscriptions and payment in full of the subscription price therefor is received during the applicable Warrant Notice Period by the Warrant Trustee.

Delivery Form and Denomination of the Warrants

All Unitholders hold their Trust Units through a CDS Participant. As a result, one global warrant certificate representing the Warrants will be issued in registered form to CDS and will be deposited with CDS on the date of the closing of the Offering. The Fund expects that each purchaser of Units under the Offering will receive a confirmation of the number of Warrants issued to it from its CDS Participant in accordance with the practices and procedures of that CDS Participant. CDS will be responsible for establishing and maintaining book-based accounts for its participants holding Warrants.

None of the Fund, the Manager, the Agents or the Warrant Trustee will have any liability for (i) the records maintained by CDS or CDS Participants relating to the Warrants or the book-based accounts maintained by them, (ii) maintaining, supervising or reviewing any records relating to such Warrants, or (iii) any advice or representations made or given by CDS or CDS Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or its participants.

The ability of a person having an interest in Warrants held through a CDS Participant to pledge such interest or otherwise take action with respect to such interest (other than through a CDS Participant) may be limited if the holder does not have a physical certificate.

Holders must arrange purchases or transfers of Warrants through CDS Participants.

Subscription Right

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

A subscriber may subscribe for the resulting whole number of Trust Units or any lesser whole number of Trust Units by instructing the CDS Participant holding the subscriber's Warrants to exercise all or a specified number of such Warrants and forwarding \$10.00 per Warrant for each Trust Unit subscribed for in accordance with the terms of this Offering to the CDS Participant which holds the subscriber's Warrants.

The Subscription Price is payable in Canadian funds by certified cheque, bank draft or money order drawn to the order of a CDS Participant, by direct debit from the subscriber's brokerage account, or by electronic funds transfer or other similar payment mechanism. All payments must be forwarded to the appropriate office of the CDS Participant. The entire Subscription Price for Trust Units subscribed for must be paid at the time of subscription and must be received by the Warrant Trustee during the applicable Warrant Notice Period. Accordingly, a subscriber subscribing through a CDS Participant must deliver its payment and instructions sufficiently in advance of the applicable Warrant Exercise Date to allow the CDS Participant to properly exercise the Warrants on its behalf. Unitholders are encouraged to contact their broker or other CDS Participant as each CDS Participant may have a different cut-off time.

Payment of the Subscription Price will constitute a representation to the Fund that the subscriber is not a citizen or resident of the United States of America, its territories or possessions or the agent of any such person and is not purchasing the Trust Units for resale to any such person.

Subscriptions for Trust Units made through a CDS Participant will be irrevocable and subscribers will be unable to withdraw their subscriptions for Trust Units once submitted.

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

Sale or Transfer of Class A Warrants

Holders of Class A Warrants in Canada may, instead of exercising their Warrants to subscribe for Trust Units, sell or transfer their Warrants. Holders of Class A Warrants through CDS Participants who wish to sell or transfer their Class A Warrants must do so in the same manner in which they sell or transfer Trust Units namely, by providing instructions to the CDS Participant holding their Warrants in accordance with the policies and procedures of the CDS Participant. See “Attributes of the Securities – Book-Based System”. Class F Warrants are not transferable.

Concurrent Warrant Exercise

Upon the exchange by a holder of Class F Trust Units into Class A Trust Units, the holder thereof shall concurrently exercise (the “Concurrent Warrant Exercise”), in accordance with their terms, the number of Class F Warrants (the “Exercisable Warrants”) equal to the number of Class F Trust Units being exchanged into Class A Trust Units or, in the event that the holder does not proceed with the Concurrent Warrant Exercise, the Exercisable Warrants of the holder will terminate at the time of the exchange of the Class F Trust Units into Class A Trust Units and be void and of no value.

Dilution to Existing Unitholders

If a Unitholder wishes to retain its current percentage ownership in the Fund and assuming that all Warrants are exercised, it should purchase all of the Trust Units for which it may subscribe pursuant to the Warrants delivered under the Offering. If that Unitholder does not do so and other holders of Warrants exercise any of their Warrants, that Unitholder’s current percentage ownership in the Fund will be diluted.

The subscription rights in effect under the Warrants for Trust Units of the Fund issuable upon the exercise of the Warrants shall be subject to adjustment from time to time if, prior to the Warrant Expiry Time, the Fund shall:

- (a) subdivide, re-divide or change its outstanding Trust Units into a greater number of Trust Units;
- (b) reduce, combine or consolidate its outstanding Trust Units into a smaller number of Trust Units;
- (c) distribute to holders of all or substantially all of the Fund’s outstanding Trust Units any assets or securities of the Fund including rights, options or warrants to acquire Trust Units or securities convertible into or exchangeable for Trust Units or property or assets, including evidence of indebtedness (other than in connection with the distribution and exercise of the Warrants);
- (d) reclassify the Trust Units or reorganize the capital of the Fund; or
- (e) consolidate, amalgamate, or merge the Fund with or into any other trust or other entity, or sell or convey the property and assets of the Fund as an entirety or substantially as an entirety (other than in connection with the redemption or retraction of Trust Units).

The Trust Units

The beneficial interest in the net assets and net income of the Fund is divided into Class A Trust Units and Class F Trust Units. Until the Fund converts into an ETF, the Fund is authorized to issue an unlimited number of redeemable Trust Units of each class. Class F Trust Units are designed for fee based accounts and neither the Class F Trust Units nor the Class F Warrants will be listed on a stock exchange. The Class F Trust Units will be convertible into Class A Trust Units on a monthly basis.

The fees payable to the Agents on the issuance of Trust Units of each class is different and the Service Fee is only payable in respect of the Class A Trust Units as described under “Fees and Expenses”. Accordingly, the NAV per Trust Unit of each class will not be the same as a result of the different fees allocable to each class of Trust Units. The NAV and NAV per Trust Unit of each class will be calculated by the Valuation Agent, as described under “Calculation of Net Asset Value”.

All Trust Units of a class have equal rights and privileges. Each whole Trust Unit of a class is entitled to one vote at all meetings of Unitholders of the class and is entitled to participate equally with respect to any and all distributions made by the Fund in respect of the class, including distributions of net income and net realized capital gains, and distributions upon the termination of the Fund. See “Income Tax Considerations”. Trust Units are issued only as fully paid and are non-assessable.

The Declaration of Trust provides that, until the Fund converts to an ETF, the Fund will not issue additional Trust Units following completion of the Offering, except: (i) for net proceeds per Trust Unit of not less than 100% of the applicable class NAV per Trust Unit; (ii) by way of Trust Unit distributions; or (iii) with the approval of Unitholders by Extraordinary Resolution. Subject to the foregoing, the Fund may also allot and issue other securities at such time or times, and in such manner, as the Manager in its sole discretion shall determine.

Exchange of Class F Trust Units

Prior to the Conversion, a holder of Class F Trust Units may exchange Class F Trust Units into Class A Trust Units. The holder shall complete a Concurrent Warrant Exercise, as described in “Attributes of the Securities – Concurrent Warrant Exercise”, and the Exercisable Warrants shall equal the number of Class F Trust Units being exchanged into Class A Trust Units or, in the event that the holder does not proceed with the Concurrent Warrant Exercise, the Exercisable Warrants of the holder will terminate at the time of the exchange of the Class F Trust Units into Class A Trust Units and be void and of no value. Where proper notice of the exchange from Class F Trust Units into Class A Trust Units has been provided (together with the Class F Trust Units to be exchanged) on any business day ending before 5:00 p.m. (Toronto time) on the last day of a month (the “Monthly Exchange Notification Date”), such Class F Trust Units will be exchanged into Class A Trust Units on or before the 10th business day following the Monthly Exchange Notification Date (the “Monthly Exchange Date”). For each Class F Trust Unit so exchanged, a Unitholder will receive a number of Class A Trust Units equal to the NAV per Class F Trust Unit as of the Monthly Exchange Date divided by the NAV per Class A Trust Unit as of the Monthly Exchange Date rounded down to the nearest whole Class A Trust Unit. No fractional Class A Trust Units will be issued on an exchange of Class F Trust Units. Based on counsel’s understanding of the current published administrative policies and assessing practices of the CRA, the exchange of Class F Trust Units into Class A Trust Units will not constitute a disposition for purposes of the Tax Act. See “Income Tax Considerations – Taxation of Unitholders”.

Market Purchases

Subject to applicable law, the Fund has the right (but not the obligation), exercisable in its sole discretion, at any time, to purchase (in the open market or by invitation for tenders) Class A Trust Units for cancellation up to a maximum in any 12 month period of up to 10% of the number of Class A Trust Units outstanding at the commencement of such period, in all cases at prices not exceeding the NAV per Class A Trust Unit on the Valuation Date immediately prior to the date of any such purchase of Class A Trust Units.

Book-Based System

Registration of interests in, and transfers of, the Trust Units will be made through the book-based system of CDS. On the date of closing of the Offering, the Fund will deliver to CDS certificates evidencing the aggregate number of Class A Trust Units and the aggregate number of Class F Trust Units subscribed for under the Offering. Trust Units must be purchased, transferred and surrendered for retraction only through a CDS Participant. All rights of an owner of Trust Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Trust Units. Upon purchase of any Trust Units, the owner will receive only the customary confirmation. References in this prospectus to a Unitholder means, unless the context otherwise requires, the owner of the beneficial interest in such Trust Units. The Fund may, in its sole discretion issue one or more certificates registered in the name of the holder.

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

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

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

Voting Rights in the Portfolio Securities

Holders of Trust Units will not have any voting rights in respect of the Portfolio securities.

UNITHOLDER MATTERS

Meetings of Unitholders

A meeting of Unitholders may be convened by the Manager by a written requisition specifying the purpose of the meeting and must be convened if requisitioned by Unitholders holding not less than 10% of the Trust Units then outstanding by a written requisition specifying the purpose of the meeting. The Manager may convene a meeting of Class A Unitholders (a "Class A Meeting") or Class F Unitholders (a "Class F Meeting") if the nature of the business to be transacted at that meeting is only relevant to Unitholders of the applicable class. A Class A Meeting must be convened if requisitioned by Unitholders holding not less than 10% of the Class A Trust Units then outstanding by a written requisition specifying the purpose of the meeting. A Class F Meeting must be convened if requisitioned by Unitholders holding not less than 10% of the Class F Trust Units then outstanding by a written requisition specifying the purpose of the meeting.

Subject to applicable law, not less than 21 days' and not more than 50 days' notice will be given of any meeting of Unitholders. The quorum at any such meeting, including class meetings, is at least two Unitholders of the applicable class or classes present in person or by proxy except for the purpose of any meeting called to consider item (d) below under "Matters Requiring Unitholder Approval" in which case the quorum shall be at least two Unitholders holding 15% of the outstanding Trust Units. If no quorum is present at such meeting when called, the meeting, if called on the requisition of Unitholders or for the purpose of item (d), will be terminated and otherwise may be adjourned for not less than 48 hours and at the adjourned meeting the Unitholders then present in person or represented by proxy will form the necessary quorum. At any meeting of Unitholders, each Unitholder will be entitled to one vote for each whole unit registered in the Unitholder's name.

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

Matters Requiring Unitholder Approval

Prior to the Conversion, pursuant to the Declaration of Trust, the following matters require the approval of Unitholders by resolution passed by at least 66⅔% of the votes cast at a meeting called and held for such purpose (an "Extraordinary Resolution"), other than items (e), (i), (j) and (k) which require approval of Unitholders by a simple majority vote at a meeting called and held for such purpose (an "Ordinary Resolution"):

- (a) a change in the investment objectives of the Fund as described under "Investment Objectives";
- (b) a change in the investment restrictions of the Fund as described under "Investment Restrictions";
- (c) any (i) change in the basis of the calculation of a fee or expense that is charged to the Fund or directly to its securityholders by the Fund or the Manager in connection with the holding of securities of the Fund is changed in a way that could result in an increase in charges to the Fund or to its securityholders, or (ii) a fee or expense, to be charged to the Fund or directly to its securityholders by the Fund or its Manager in connection with the holding of the securities of the Fund that could result in an increase in charges to the Fund or to its securityholders, is introduced. (In either case, securityholder consent will not be required if the change or new fee or expense is a result of a change made by a third party at arm's length to the Fund. In this case, Unitholders will be sent written notice at least 60 days before the effective date of the change.);

- (d) a change of the manager or the trustee of the Fund, other than a change resulting in an affiliate of such person assuming the position;
- (e) a change in the auditors of the Fund;
- (f) a termination of the Fund, other than as described under “Termination of the Fund”;
- (g) an amendment, modification or variation in the provisions or rights attaching to the Trust Units of either class;
- (h) the issuance of additional Trust Units, other than: (i) for net proceeds equal to or greater than 100% of the most recently calculated applicable class NAV per Trust Unit calculated prior to the pricing of such issuance; (ii) by way of Trust Unit distribution; or (iii) upon exercise of the Warrants. From and after the Conversion, the Fund ETF will issue Class E Units on a continuous basis at the NAV per Trust Unit of the class;
- (i) a reduction in the frequency of calculating the NAV per Trust Unit;
- (j) the Fund undertakes a reorganization with, or transfers its assets to, a mutual fund, if (i) the Fund ceases to continue after the reorganization or transfer of assets, and (ii) the transactions result in Unitholders of the Fund becoming securityholders in the mutual fund. (Except in certain circumstances set out in NI 81-102 with the approval of the IRC. In this case, Unitholders will be sent written notice at least 60 days before the effective date of the change.); and
- (k) the Fund undertakes a reorganization with, or acquires assets from, a mutual fund, if (i) the Fund continues after the reorganization or acquisition of assets, (ii) the transaction results in the securityholders of the mutual fund becoming Unitholders in the Fund, and (iii) the transaction would be a material change to the Fund.

From and after the Conversion, Unitholders will be permitted to vote on all matters that require Unitholder approval under NI 81-102. These matters include, in respect of the Fund ETF:

- (a) any (i) change in the basis of the calculation of a fee or expense charged to the Fund ETF that could result in an increase in charges to the Fund ETF, or (ii) a new fee or expense is introduced that could result in an increase in charges to the Fund ETF. (In either case, securityholder consent will not be required if the change or new fee or expense is a result of a change made by a third party at arm’s length to the Fund ETF. In this case, Unitholders will be sent written notice at least 60 days before the effective date of the change.);
- (b) a change of the Manager, unless the new manager is an affiliate of the Manager;
- (c) a change in the fundamental investment objectives of the Fund ETF;
- (d) a decrease in the frequency of the calculation of the NAV per Unit of the Fund ETF; and
- (e) a material reorganization of the Fund ETF (except in certain circumstances with the approval of the IRC).

Amendments to the Declaration of Trust

The Manager may, without the approval of or notice to Unitholders, amend the Declaration of Trust for certain limited purposes specified therein, including to:

- (a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law or regulation applicable to or affecting the Fund;
- (b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or error contained therein;
- (c) bring the Declaration of Trust into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities industry, provided that any such amendment does not adversely affect the rights, privileges or interests of the Unitholders;

- (d) maintain, or permit the Manager or the Trustee to take such steps as may be desirable or necessary to maintain, the status of the Fund as a “mutual fund trust” for the purposes of the Tax Act;
- (e) provide added protection to Unitholders;
- (f) effect the Conversion and to allow the Fund to be offered as an ETF after the Conversion; or
- (g) from and after the effective date of the Conversion, delete any provisions which have application only prior to the effective date of the Conversion.

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

Reporting to Unitholders

The Fund will furnish to Unitholders such financial statements (including interim unaudited and annual audited financial statements) and other reports as are from time to time required by applicable law to be furnished by the Manager, including prescribed forms needed for the completion of Unitholders’ tax returns under the Tax Act and equivalent provincial or territorial legislation. The Fund will make available to each Unitholder annually and before March 31 of the following year information necessary to enable such Unitholder to complete an income tax return with respect to the amounts payable by the Fund.

TERMINATION OF THE FUND

The Fund does not have a fixed termination date but may be terminated at any time with the approval of Unitholders by an Extraordinary Resolution passed at a duly convened meeting of Unitholders called for the purpose of considering such Extraordinary Resolution. Prior to the date set for termination of the Fund at such meeting (the “Termination Date”), the Manager will convert, or arrange for the conversion of, the Fund’s assets to cash to the extent practicable and will satisfy or make appropriate provision for all liabilities of the Fund. The Manager may, in its discretion and upon not less than 30 days’ notice to the Unitholders, extend the Termination Date by a period of up to 180 days if the Manager will be unable to convert all of the Fund’s assets to cash prior to the original Termination Date. The Fund will distribute to Unitholders their pro rata portions of the remaining assets of the Fund. Following such distribution, the Fund will be dissolved.

The Manager may, in its discretion, terminate the Fund without the approval of Unitholders if, in its opinion, it is no longer economically feasible to continue the Fund and/or it would be in the best interests of the Unitholders to terminate the Fund. The Fund will provide Unitholders notice in writing through CDS no less than 30 days and no more than 60 days prior to such Termination Date and will issue a press release in respect thereof at least 10 business days in advance of such Termination Date. The Fund will include a description of the entitlement of the Unitholders, which will be based on the NAV, in such notice and press release.

The Fund will also be terminated in the event of the resignation of the Trustee if a replacement Trustee has not been appointed within the time frame specified in the Declaration of Trust.

Termination of the Fund ETF

After the Conversion, subject to complying with applicable securities law, the Manager may terminate the Fund ETF at its discretion. In accordance with the terms of the Declaration of Trust and applicable securities law, Unitholders will be provided 60 days’ prior written notice of the termination.

If the Fund ETF is terminated, the Trustee is empowered to take all steps necessary to effect the termination of the Fund ETF. Prior to terminating the Fund ETF, the Trustee may discharge all of the liabilities of the Fund ETF and distribute the net assets of the Fund ETF to Unitholders.

Upon termination of the Fund ETF, each Unitholder shall be entitled to receive at the Valuation Time on the termination date out of the assets of the Fund ETF: (i) payment for that Unitholder’s Trust Units at the NAV per Trust Unit for the Class E Units determined at the Valuation Time on the termination date; plus (ii) where applicable, any net income and net realized capital gains that are owing to or otherwise attributable to such

Unitholder's Class E Units that have not otherwise been paid to such Unitholder; less (iii) any applicable redemption charges and any taxes that are required to be deducted.

Procedure on Termination

Upon the termination of the Fund or the Fund ETF, as the case may be, the Fund or the Fund ETF will liquidate the Fund's assets and distribute to Unitholders their pro rata portions of the remaining assets of the Fund or the Fund ETF after all liabilities of the Fund or the Fund ETF have been satisfied or appropriately provided for, and which will include cash and, to the extent liquidation of certain assets is not practicable or the Manager considers such liquidation not to be appropriate prior to the termination date, such unliquidated assets in specie rather than in cash, subject to compliance with any securities or other laws applicable to such distributions.

The Trustee shall be entitled to retain out of any assets of the Fund or the Fund ETF, as the case may be, at the date of termination of the Fund or the Fund ETF, full provision for all costs, charges, expenses, claims and demands incurred or believed by the Trustee to be due or to become due in connection with or arising out of the termination of the Fund or the Fund ETF and the distribution of its assets to the Unitholders of the Fund or Unitholders of the Fund ETF. Out of the moneys so retained, the Trustee is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands.

CONVERSION OF THE FUND

If after January 31, 2011, the weighted average trading price of the Class A Trust Units during a period of 10 consecutive trading days is at a discount greater than 2% of the average NAV per Class A Trust Unit for that period or the NAV per Class A Trust Unit exceeds the issue price of \$10.00, but in any event by no later than May 31, 2011, there will be an automatic Conversion of the Class A Trust Units and the Class F Trust Units of the Fund into Class E Units of the Fund ETF as soon as reasonably practicable thereafter. The Fund ETF will be a commodity pool subject to NI 81-104 and NI 81-102. As the Warrants are exercisable prior to the Conversion, they will provide holders with the ability to acquire Class A Trust Units or Class F Trust Units, as the case may be, which will also be converted into Class E Units. For each Class A Trust Unit or Class F Trust Unit so converted, a holder will receive a number of Class E Units equal to the NAV per Trust Unit of a Class A Trust Unit or Class F Trust Unit, respectively, as of the date upon which the Conversion takes place, divided by the NAV per Class E Unit as of such day rounded down to the nearest whole unit. No fractional Class E Units will be issued on the Conversion. The Manager will issue a press release announcing the effective date of such Conversion as soon as reasonably practicable thereafter.

Class E Units of the Fund ETF will be offered and redeemed daily primarily through Designated Brokers and Underwriters (each as defined herein). Following the Conversion, the investment objectives, investment strategy and investment restrictions of the Fund as described herein will remain the same, except as may be necessary to comply with applicable law, including NI 81-102.

Benefits of an ETF Structure

Conversion of the Fund into an ETF is expected to provide Unitholders with a number of benefits, including potentially greater market liquidity, potentially more efficient trading as the market price of the Class E Units is expected to be closer to the Fund ETF's NAV and the potential ability for the Manager to increase the asset base for the Fund ETF as a result of the continuous offering of its units as an ETF. In addition, in the event there is lack of liquidity for trading the Trust Units prior to the Conversion, Unitholders who want to trade large positions of Trust Units may have a significant impact on the market price. As an ETF, Unitholders should be able to buy and sell their Class E Units of the Fund ETF without materially affecting the market price of the Fund ETF on a relative basis as a result of increased liquidity.

As a closed-end fund, the Fund's Trust Units are redeemable annually at a price based on NAV. In the event the Class A Trust Units trade at a discount to NAV, Unitholders will generally only be able to achieve a price equal to NAV once each year (on the Annual Redemption Date). As an ETF, Unitholders may achieve market prices that are trading closer to NAV on a daily basis through a stock exchange listing.

Defined Terms

In this section, the following terms shall have the following meaning:

Designated Broker – a registered dealer that has entered into a Designated Broker Agreement with the Manager, on behalf of the Fund ETF, pursuant to which the Designated Broker agrees to perform certain duties in relation to the Fund ETF.

Designated Broker Agreement – an agreement between the Manager, on behalf of the Fund ETF, and a Designated Broker.

PNU – in relation to Class E Units, the prescribed number of Class E Units determined by the Manager from time to time for the purpose of subscription orders, redemptions or for other purposes.

Trading Day – a day on which a session of the TSX is held.

Underwriter – a registered dealer (that may or may not be a Designated Broker) that has entered into an Underwriting Agreement with the Manager, on behalf of the Fund ETF, pursuant to which the Underwriter may subscribe for Class E Units as described under “Issuance of Class E Units”.

Underwriting Agreement – an agreement between the Manager, on behalf of the Fund ETF, and an Underwriter.

Valuation Date – each Trading Day and any other day designated by the Manager on which the NAV and NAV per Trust Unit of the Fund ETF will be calculated.

Valuation Time – 4:00 p.m. (Toronto time) or such other time the Manager deems appropriate on each Valuation Date.

Distributions

From and after the Conversion, on an annual basis, the Fund ETF will ensure that all of its income (including net realized capital gains) will be distributed to Unitholders to such an extent that the Fund ETF will not be liable for non-refundable income tax thereon. Such distributions will be reinvested in additional Class E Units. Reinvested distributions on Class E Units, net of any required withholding, will be reinvested automatically in additional Class E Units at a price equal to the NAV per Trust Unit on such day and the Class E Units will be immediately consolidated such that the number of outstanding Class E Units held by each Unitholder on such day following the distribution will equal the number of Class E Units held by the Unitholder prior to the distribution, except in the case of a non-resident Unitholder if tax has to be withheld in respect of the distribution.

Designated Brokers

From and after the Conversion, the Manager, on behalf of the Fund ETF, will enter into a Designated Broker Agreement with one or more Designated Brokers pursuant to which the Designated Broker will agree to perform certain duties relating to the Fund ETF including, without limitation, to post a liquid two way market for the trading of Class E Units on a stock exchange.

Underwriters

The Manager, on behalf of the Fund ETF, may enter into various Underwriting Agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Underwriters may subscribe for Class E Units as described below under “Issuance of Class E Units”.

Issuance of Class E Units

To Designated Brokers and Underwriters

All orders to purchase Class E Units directly from the Fund ETF must be placed by Designated Brokers and/or Underwriters.

The Fund ETF reserves the absolute right to reject any subscription order placed by a Designated Broker or Underwriter. No fees will be payable by the Fund ETF to a Designated Broker or Underwriter in connection with the issuance of Class E Units. On the issuance of Class E Units, the Manager may, at its discretion, charge an administrative fee to a Designated Broker or Underwriter to offset the expenses incurred in issuing the Class E Units.

On any Trading Day, a Designated Broker or Underwriter may place a subscription order for a PNU (or an integral multiple thereof) of the Fund ETF.

If a subscription order is received by the Fund ETF by 8:00 a.m. (Toronto time) on a Trading Day and is accepted by the Manager, the Fund ETF will generally issue to the Underwriter or Designated Broker the PNU (or an integral multiple thereof) within three (3) Trading Days from the Trading Day of the subscription. The Fund ETF must receive payment for the Class E Units subscribed for in cash within three (3) Trading Days from the Trading Day of the subscription.

In any case in which a subscription order from an Underwriter or Designated Broker is received by the Fund ETF on or after the date of declaration of a distribution by the Fund ETF payable in cash and on or before the ex-dividend date for that distribution (generally, the third Trading Day prior to the record date or such other date where the purchaser becomes entitled to rights connected to the Class E Units subscribed for), an additional amount equal to the amount of cash per Class E Unit of that distribution must be delivered in cash to the Fund ETF in respect of each issued Class E Unit.

The Manager will usually publish the PNU following the close of business on each Trading Day on its website, www.hapetfs.com. The Manager may, at its discretion, increase or decrease the PNU from time to time.

To Unitholders as Reinvested Distributions

Class E Units may be issued by the Fund ETF to Unitholders of the Fund ETF on the automatic reinvestment of special distributions and other reinvested distributions. See “Distributions” above.

Buying and Selling Class E Units

Following the Conversion, investors may trade Class E Units in the same way as other securities listed on a stock exchange, including by using market orders and limit orders. An investor may buy or sell Class E Units on such stock exchange only through a registered broker or dealer in the province or territory where the investor resides. Investors may incur customary brokerage commissions when buying or selling Class E Units.

Special Considerations for Unitholders

The Fund ETF, as a mutual fund subject to NI 81-102, will be exempt from the “early-warning” requirements set out in Canadian securities legislation. In addition, the Fund ETF will be able to rely on the exemptive relief already obtained by the Manager which will allow a Unitholder to acquire more than 20% of the Class E Units, through purchases on the TSX without regard to the takeover bid requirements under applicable Canadian securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, undertakes to the Manager not to vote more than 20% of the Class E Units at any meeting of Unitholders.

The Fund ETF also expects to obtain exemptive relief from the Canadian securities regulatory authorities to relieve the Fund ETF from restrictions relating to redemptions of “seed capital” invested in a commodity pool.

Market participants will be able to sell Class E Units short and at any price without regard to the restrictions of the Universal Market Integrity Rules that generally prohibit selling securities short on the TSX unless the price is at or above the last sale price.

Redemption of Class E Units

As described above under “Attributes of the Securities”, registration of interests in, and transfers of, Class E Units will be made only through the book-based system of CDS. The redemption rights described below must be exercised through the CDS Participant through which the owner holds Class E Units. Beneficial owners of Class E Units should ensure that they provide redemption instructions to the CDS Participant through which they hold such Class E Units sufficiently in advance of the cut-off times described below to allow such CDS Participant to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

Redemption of Class E Units for Cash

On any Trading Day, Unitholders may redeem: (i) Class E Units for cash at a redemption price per Unit equal to 95% of the closing price for Class E Units on the stock exchange on which they are listed on the effective day of the redemption; or (ii) a PNU or a multiple PNU of the Fund ETF for cash equal to the NAV of that number of Class E Units less any applicable redemption fee determined by the Manager, in its sole discretion from time to time. Because Unitholders will generally be able to sell their Class E Units at the market price on the stock exchange on which such Trust Units are listed through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming such Class E Units for cash unless they are redeeming a PNU.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered to the Manager at its head office by 8:00 a.m. (Toronto time) on that day. If a cash redemption request is not received by 9:30 a.m. (Toronto time) on a Trading Day, the cash redemption request will be effective only on the next Trading Day. Where possible, payment of the redemption price will be made by no later than the third Trading Day after the effective day of the redemption. The cash redemption request forms may be obtained from any registered broker or dealer.

Investors that redeem their Class E Units prior to the distribution record date for any distribution will not be entitled to receive that distribution.

Suspension of Redemptions

The Manager may suspend the redemption of Class E Units or payment of redemption proceeds during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Fund ETF or to which the Fund ETF has exposure are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Fund ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund ETF, as permitted by NI 81-102 or as permitted to do so under any exemptive relief granted by the Canadian securities regulators from applicable securities legislation. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund ETF, any declaration of suspension made by the Manager shall be conclusive.

Costs Associated with Redemptions

The Manager may charge to Unitholders, at its discretion, an administrative fee of up to 0.25% of the redemption proceeds of the Fund ETF to offset certain transaction costs associated with the redemption of Class E Units. The Manager will publish the current administrative fee, if any, on its website, www.hapetfs.com.

Allocations of Income and Capital Gains to Redeeming Unitholders

The Fund ETF may allocate and designate any income or capital gains realized by the Fund ETF as a result of any disposition of property of the Fund ETF undertaken to permit or facilitate the redemption of Class E Units to a Unitholder whose Class E Units are being redeemed. In addition, the Fund ETF has the authority to distribute, allocate and designate any income or capital gains of the Fund ETF to a Unitholder who has redeemed Class E Units during a year in an amount equal to the Unitholder's share, at the time of redemption, of the Fund ETF's income and capital gains for the year or such other amount that is determined by the Fund ETF to be reasonable. Such allocations will reduce the corresponding proceeds of disposition.

CONTINUOUS DISTRIBUTION OF UNITS FOLLOWING CONVERSION

From and after the effective date of the Conversion, the existing Trust Units of the Fund will be converted into Class E Units of the Fund ETF. At such time, the Fund ETF, will prepare and file a continuous offering prospectus for its Class E Units issuable after Conversion. Class E Units of the Fund ETF will be issued and sold on a continuous basis at the NAV per Class E Unit. Investors will be able to buy or sell Class E Units of the Fund ETF on the stock exchange on which such Units are listed through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Class E Units. Class E Units of the Fund ETF will be sold directly to Designated Brokers and Underwriters and there will be no maximum number of Class E Units that may be issued.

USE OF PROCEEDS

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

	Maximum Offering	Minimum Offering
Gross proceeds to the Fund.....	\$100,000,000.00	\$20,000,000.00
Agents' fees ⁽¹⁾	\$5,250,000.00	\$1,050,000.00
Expenses of issue.....	\$750,000.00	\$300,000.00
Net proceeds to the Fund.....	\$94,000,000.00	\$18,650,000.00

(1) The Agents' fees shown are based on the fee payable on Class A Units. This amount will be lower and the net proceeds to the Fund will be higher to the extent that Class F Units are sold.

The Fund will use the net proceeds of the Offering (including any net proceeds from the exercise of the Over-Allotment Option (defined below)) to invest in or seek exposure to the Asset Classes in accordance with the investment objectives, investment strategy and investment restrictions of the Fund as described herein as soon as possible after closing.

PLAN OF DISTRIBUTION

Pursuant to an agreement dated as of November 26, 2009 (the "Agency Agreement") between CIBC World Markets Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., National Bank Financial Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc., Raymond James Ltd., Wellington West Capital Markets Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation, GMP Securities L.P., MGI Securities Inc., Blackmont Capital Inc., and Research Capital Corporation (collectively, the "Agents"), the Manager, the Portfolio Manager, Barclays and the Fund, the Agents have agreed to act as, and have been appointed as, the sole and exclusive agents of the Fund to offer the Units for sale, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund in accordance with the conditions contained in the Agency Agreement. The Units will be issued at a price of \$10.00 per Unit. The offering price per Unit was determined by negotiation between the Agents and the Manager on behalf of the Fund. In consideration for their services in connection with the Offering, the Agents will be paid a fee of \$0.525 per Class A Unit and \$0.225 per Class F Unit sold under the Offering and will be reimbursed for reasonable out of pocket expenses incurred by them. The Agents' fees and expenses will be paid by the Fund out of the proceeds of the Offering to a maximum of 1.5% of the gross proceeds of the Offering. Any expenses, excluding the Agents' fees, in excess of 1.5% of the gross proceeds of the Offering will be paid by the Manager. The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to

the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Units offered hereby, the Agents will not be obligated to purchase any Units which are not sold.

The Fund has granted to the Agents an option (the “Over-Allotment Option”), which is exercisable for a period of 30 days from the date of closing of the Offering and gives the Agents the right to purchase additional Class A Units in an amount equal to up to 15% of the aggregate number of Units issued on closing on the same terms as set forth above. To the extent that the Over-Allotment Option is exercised, the additional Class A Units will be sold at \$10.00 per Class A Unit and the Agents will be paid a fee of \$0.525 per Class A Unit sold. This prospectus qualifies the grant of the Over-Allotment Option as well as distribution of the Class A Units issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Class A Units forming part of the Over-Allotment Option acquires such Class A Units under this prospectus, regardless of whether the Over-Allotment Option is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Subscription amounts received in trust will be held in segregated accounts with a depository who is a registered dealer, bank or trust company until the minimum amount of subscriptions for Units has been obtained. If subscriptions for a minimum of 2,000,000 Units (or \$20,000,000) have not been received within 90 days following the date of issuance of a final receipt for this prospectus, the Offering may not continue without the consent of the Canadian Securities Administrators and those who have subscribed for Units on or before such date. In the event such consents are not obtained or if the closing of the Offering does not occur for any reason, subscription proceeds received from prospective purchasers in respect of the Offering will be returned to such purchasers promptly without interest or deduction. The maximum number of Units which will be sold is 10,000,000 Units or \$100,000,000. Under the terms of the Agency Agreement, the Agents, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, may terminate the Agency Agreement and withdraw all subscriptions for Units on behalf of subscribers. Subscriptions for Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. The closing of the Offering will take place on or about December 9, 2009 or such later date as the Fund and the Agents may agree, but in any event not later than 90 days after a final receipt for this prospectus is issued.

On the closing of the Offering, the Fund intends to enter into one or more Swaps with the Counterparty, which will be a Canadian chartered bank affiliate of one of the Agents. Accordingly, in that event, the Fund may be considered to be a “connected issuer” of such Agent. See “Investment Strategy”.

Pursuant to policy statements of the OSC and the Autorité des marchés financiers, the Agents may not, throughout the period of distribution under this prospectus, bid for or purchase Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Units. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market-making activities and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing and applicable laws, an Agent may, in connection with these Offering, over-allot or effect transactions in connection with its over-allotted position. Such transactions, if commenced, may be discontinued at any time.

The Manager will pay a Service Fee to brokers based on the number of Class A Units held by clients of such brokers at the end of the relevant calendar quarter. No Service Fee is payable in respect of the Class F Units. See “Fees and Expenses”.

Pursuant to the Agency Agreement, the Fund and the Manager have agreed to indemnify the Agents and their controlling persons, directors, officers and employees against certain liabilities.

The TSX has conditionally approved the listing of the Class A Units, subject to the Fund fulfilling all of the requirements of the TSX on or before February 9, 2010, including distribution of the Class A Units to a minimum number of public holders.

RELATIONSHIP BETWEEN THE FUND AND THE AGENTS

One of the Agents, MGI, is controlled by Jovian. Jovian controls each of the Manager and the Portfolio Manager. See “Organization and Management Details of the Fund – Conflicts of Interest”. Accordingly, in connection with this Offering, the Fund may be considered a related and/or connected issuer of MGI under applicable securities laws. MGI did not participate in the decision to offer Units under this Offering, or in the determination of the terms of this Offering. The proceeds from the Offering will be applied solely for the benefit of the Fund and will not be applied for the benefit of MGI except to the extent that the Agents’ fee is paid from the proceeds of the Offering.

An affiliate of National Bank Financial Inc. (“NBF”), one of the Agents, has entered into an agreement to acquire a minority interest in AlphaPro Management Inc., the Manager and Trustee of the Fund. Accordingly, the Fund may be considered to be a connected issuer of NBF under applicable securities laws. If the acquisition is completed prior to the completion of the distribution contemplated hereby, the Fund may also be considered to be a related issuer of NBF under applicable securities laws. Completion of the acquisition remains subject to satisfaction of certain conditions. NBF did not participate in the decision to offer Units under this Offering, or in the determination of the terms of this Offering. The proceeds from the Offering will be applied solely for the benefit of the Fund and will not be applied for the benefit of NBF except to the extent that the Agents’ fee is paid from the proceeds of the Offering.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

The Manager has established proxy voting policies, procedures and guidelines (the “Proxy Voting Policy”) for securities held by the Fund to which voting rights are attached. The Manager is responsible for all securities voting in respect of securities held by the Fund and exercising responsibility with a view to the best economic interests of the Fund and their unitholders, as applicable. The Proxy Voting Policy is intended to provide for the exercise of such voting rights in accordance with the best interests of the Fund.

The Proxy Voting Policy sets out the guidelines and procedures that the Manager will follow to determine whether and how to vote on any matter for which the Fund receives proxy materials. Issuers’ proxies most frequently contain proposals to elect corporate directors, to appoint external auditors and set their compensation, to adopt or amend management compensation plans, and to amend the capitalization of the company.

Pursuant to the Proxy Voting Policy, the Manager will generally cause the Fund to vote on these matters as follows:

- (a) **Board Of Directors** – The Manager supports establishing a majority of independent directors and independent committee chairs. Boards are required to act in the best interests of all shareholders. This can be achieved by ensuring that the majority of directors are independent. The Manager will not normally vote against a slate of directors because they are not independent. However, it will do so if corporate performance is unsatisfactory over a reasonable period of time.
- (b) **Contested Director Elections** – In the case of contested board elections, the nominees’ qualifications and the performance of the incumbent board will be evaluated, as well as the rationale behind the dissidents’ campaign, to determine the outcome that will maximize shareholder value.
- (c) **Classified Boards** – Proposals to declassify existing boards (whether proposed by management or shareholders) will generally be supported, and efforts by companies to adopt classified board structures, in which only part of the board is elected each year, will be resisted.
- (d) **Director/Officer Indemnification** – Proposals to indemnify directors and officers will generally be supported to ensure the companies can recruit the most qualified individuals. Individuals may be reluctant to serve as a director or officer if they were to be personally liable for all lawsuits and legal costs.
- (e) **Director Ownership** – Proposals that will require independent directors to hold a minimum amount of company stock as individuals will generally be opposed. Such a requirement raises

questions about directors' independence, and qualified candidates may be reluctant to accept directorships in the face of such a requirement.

- (f) **Director Qualifications** – The Manager supports establishing minimum standards for directors and disclosing the directors' qualifications to shareholders. In addition, the Manager supports boards that consist of experienced individuals with the appropriate business and professional credentials. Elected directors should have general business acumen and company specific knowledge, and should make informed and independent judgments. The proxy circular should set out the minimum qualifications and standards for directors and a brief description of the business and professional credentials of each director.
- (g) **Independent Advisors** – The Manager supports empowering boards, board committees and individual directors to retain (at the subject company's expense) outside legal counsel and other advisors to assist them with their responsibilities.
- (h) **Separation of Chair and Chief Executive Officer** – The Manager supports, where possible, separating the chair and chief executive officer roles. The board chair should be an independent executive director. Generally, the Manager will not vote against a slate of directors if the board and management roles are not separated. However, the Manager will do so if corporate performance over a reasonable period of time is unsatisfactory or if there are continuing issues relating to corporate governance matters.
- (i) **Approval of Independent Auditors** – The relationship between a company and its auditors should be limited primarily to the audit, although it may include certain closely related activities that do not, in the aggregate, raise any appearance of impaired independence. Management's recommendation for the ratification of the auditors, except in instances where audit and audit-related fees make up less than 50% of the total fees paid by the company to the audit firm, will generally be supported. Instances in which the audit firm has a substantial non-audit relationship with the company (regardless of its size relative to the audit fee) will be evaluated on a case-by-case basis to determine whether there is a concern that independence has been compromised.
- (j) **Executive Compensation** – The Manager supports establishing an independent compensation committee to ensure that executive compensation is competitive and fair. Although management should be competitively compensated, an independent compensation committee should review compensation arrangements and make recommendations to the board of directors. Shareholders should be allowed to vote on all equity based compensation plans (including option plans) because of the potential dilutive effect on their existing ownership.
- (k) **Stock-Based Compensation Plans** – An independent compensation committee should have significant latitude to deliver varied compensation to motivate the company's employees. However, all compensation proposals will be evaluated in the context of several factors (a company's industry, market capitalization, competitors for talent, etc.) to determine whether a particular plan or proposal balances the perspectives of employees and the company's other shareholders. Each proposal will be evaluated on a case-by-case basis, taking all material facts and circumstances into account.
- (l) **Bonus Plans** – Bonus plans, which must be periodically submitted for shareholder approval, should have clearly defined performance criteria and maximum awards expressed in dollars. Bonus plans with awards that are excessive in both absolute terms and relative to a comparative group generally will not be supported.
- (m) **Employee Stock Purchase Plans** – The use of employee stock purchase plans to increase company stock ownership by employees will generally be supported provided that shares purchased under the plan are acquired for no less than 85% of their market value and that shares reserved under the plan comprise less than 5% of the outstanding shares.
- (n) **Executive Severance Agreements** – While executives' incentives for continued employment should be more significant than severance benefits, there are instances, particularly in the event of a change in control, in which severance arrangements may be appropriate. The Manager will generally, without submission to shareholders, cause the Fund to vote in favour of approving severance benefits triggered by a change in control that do not exceed three times the aggregate of an executive's salary and bonus. The Manager will generally not approve, without shareholder

approval, any severance arrangement under which the beneficiary receives more than three times salary and bonus or where severance is guaranteed absent a change in control.

- (o) **Shareholder Rights Plans** – In evaluating the approval of proposed shareholder rights plans, the following factors will be considered: the length of the plan; whether the plan requires shareholder approval for renewal; whether the plan incorporates review by a committee of independent directors at least every three years; whether the plan includes permitted bid/qualified offer features that mandate a shareholder vote in certain situations; whether the ownership trigger is reasonable; and the level of independence of the board that is proposing such plan.
- (p) **Crown Jewel Defence** – The sale of assets to “friendly” companies in an effort to frustrate a takeover will generally be opposed as this action could impair shareholder value.
- (q) **Cumulative Voting** – Cumulative voting will generally be opposed on the basis that it allows shareholders a voice in director elections that is disproportionate to their economic investment in the corporation.
- (r) **Supermajority Vote Requirements** – Shareholders’ ability to approve or reject matters presented for a vote based on a simple majority will be supported. Accordingly, proposals to remove supermajority requirements will be supported, and proposals to impose them will be opposed.
- (s) **Right to Call Meetings and Act by Written Consent** – Shareholders’ rights to call special meetings of the board (for good cause and with ample representation) and to act by written consent will generally be supported. Proposals to grant these rights to shareholders will be supported, and proposals to abridge these rights will be opposed.
- (t) **Confidential Voting** – The integrity of the voting process is enhanced substantially when shareholders (both institutions and individuals) can vote without fear of coercion or retribution based on their votes. As such, proposals to provide confidential voting will be supported.
- (u) **Dual Classes of Stock** – Dual-class capitalization structures that provide disparate voting rights to different groups of shareholders with similar economic investments are objectionable. As such, the creation of separate classes with different voting rights will be opposed, and the dissolution of such classes will be supported.
- (v) **Corporate and Social Policy Issues** – Proposals in this category, initiated primarily by shareholders, typically request that the corporation disclose or amend certain business practices. These are “ordinary business matters” that are primarily the responsibility of management and should be evaluated and approved solely by the corporation’s board of directors. The Fund will typically abstain from voting on these proposals absent a compelling economic impact on shareholder value (e.g., proposals to require expensing of stock options).
- (w) **Increase in Authorized Shares** – The Manager supports only issuing additional common shares for good business reasons. Additional common shares should be issued only for sound business reasons. A 20% or greater increase in authorized common shares should be avoided unless there is a good reason for doing so.

Other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are addressed on a case-by-case basis with a focus on the potential impact of the vote on shareholder value.

The Fund may limit its voting on foreign holdings in instances where the issues presented are unlikely to have a material impact on shareholder value, since the costs of voting (e.g., custodian fees, vote agency fees) in foreign markets may be substantially higher than for Canadian holdings.

If the potential for conflict of interest arises in connection with proxy voting and if deemed advisable to maintain impartiality, the Proxy Voting Policy provides that the Manager may choose to seek out and follow the voting recommendation of an independent proxy search and voting service.

The Proxy Voting Policy is available on request, at no cost, by calling the Manager toll-free at 1-866-641-5739 or emailing the Manager at info@alphapro.ca.

The proxy voting record for the Fund for the annual period from July 1 to June 30 will be available free of charge to any investor of the Fund upon request at any time after August 31 following the end of that annual period. The proxy voting record for the Fund will also be available on the website of the Manager at www.hapetfs.com.

MATERIAL CONTRACTS

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

- (a) the Declaration of Trust described under “Overview of the Legal Structure of the Fund”;
- (b) the Investment Management Agreement described under “Organization and Management Details of the Fund – The Portfolio Manager”;
- (c) the Sub-Advisory Agreement described under “Organization and Management Details of the Fund – The Sub-Advisor”;
- (d) the Custodian Agreement described under “Organization and Management Details of the Fund – The Custodian”;
- (e) the Warrant Indenture described under “Attributes of the Securities”;
- (f) the Agency Agreement described under “Plan of Distribution”; and
- (g) the Swap described under “Investment Strategy”.

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

EXPERTS

The matters referred to under “Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon on behalf of the Fund and the Manager by Fasken Martineau DuMoulin LLP, and on behalf of the Agents by Blake, Cassels & Graydon LLP.

The auditors of the Fund are KPMG LLP, Chartered Accountants, Toronto, Ontario. KPMG LLP has advised that they are independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

EXEMPTIONS AND APPROVALS

The Fund will rely on exemptive relief obtained from the Canadian securities regulatory authorities that permits the Fund to invest in the BetaPro ETFs. See “Investment Strategy”.

The Fund ETF will be able to rely on the following exemptive relief which has already been obtained by the Manager:

- (a) to enable the purchase and sale of Class E Units on the TSX, which precludes the transmission of purchase or redemption orders to the office of the Manager;
- (b) to permit the redemption of less than a PNU at a price equal to 95% of the closing price for the Class E Units on the TSX on the effective date of redemption;
- (c) to relieve the Fund ETF from the requirement relating to the record date for the payment of distributions, provided that the Fund ETF complies with applicable TSX requirements;
- (d) to relieve the Fund ETF from the requirement that a prospectus contain a certificate of the underwriters;
- (e) to relieve the Fund ETF from the dealer registration requirement in connection with dissemination of sales communications provided that the Manager complies with Part 15 of NI 81-102; and
- (f) to permit a Unitholder to acquire more than 20% of the Class E Units through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation provided the Unitholder, and any person acting jointly or in concert with such Unitholder,

undertakes to the Manager not to vote more than 20% of the Class E Units at any meeting of Unitholders. See “Conversion of the Fund – Buying and Selling Class E Units”.

The Fund ETF expects to obtain exemptive relief from the Canadian securities regulatory authorities to relieve the Fund ETF from restrictions relating to redemptions of “seed capital” invested in a commodity pool.

The Fund ETF expects to obtain exemptive relief from the Canadian securities regulatory authorities to permit the following practices, if required:

- (a) to permit the Fund ETF to invest in derivatives in the United States, provided that no more than 20% of the net assets of the Fund ETF are deposited with any dealer as margin, at the time of deposit, and such margin is held by the dealer in a segregated account; and
- (b) to relieve the Fund ETF from certain other requirements of NI 81-102.

The Conversion of the Fund to the Fund ETF is subject to certain regulatory approvals including the issuance of a decision document by the Canadian securities regulatory authorities in respect of the prospectus pursuant to which the Class E Units will be offered.

There are no assurances that such relief will be obtained.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

AUDITORS' CONSENT

The Board of Directors of AlphaPro Management Inc.
Horizons AlphaPro Income Plus Fund (the "Fund")

We have read the Prospectus (the "Prospectus") of the Fund dated November 26, 2009 relating to the sale and issuance of Class A Units and Class F Units of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the inclusion in the Prospectus of our report to the Board of Directors of AlphaPro Management Inc. on the statement of net assets of the Fund as at November 26, 2009. Our report is dated November 26, 2009.

(Signed) KPMG LLP
Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
November 26, 2009

AUDITORS' REPORT

To the Board of Directors of AlphaPro Management Inc.

Re: Horizons AlphaPro Income Plus Fund (the "Fund")

We have audited the statement of net assets of the Fund as at November 26, 2009. This financial statement is the responsibility of the Fund's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

In our opinion, the statement of net assets of the Fund presents fairly, in all material respects, the financial position of the Fund as at November 26, 2009 in accordance with Canadian generally accepted accounting principles.

(Signed) KPMG LLP
Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
November 26, 2009

HORIZONS ALPHAPRO INCOME PLUS FUND

**STATEMENT OF NET ASSETS
As at November 26, 2009**

	<u>Actual</u>
Assets	
Cash	\$ 10
Total net assets and unitholder's equity	<u>\$ 10</u>
Represented by:	
Unitholder's Equity (Note 1)	
Net assets per Class A Unit	<u>\$ 10</u>
Units issued and fully paid Class A Units	1

**Approved by the Board of Directors of
AlphaPro Management Inc. as Manager of the Fund:**

By: (Signed) PHILIP ARMSTRONG
Director

By: (Signed) MARK ARTHUR
Director

1. UNITS AUTHORIZED AND OUTSTANDING

Establishment of the Fund and Authorized Units

Horizons AlphaPro Income Plus Fund (the “Fund”) was established under the laws of the Province of Ontario by a declaration of trust dated November 26, 2009 (the “Declaration of Trust”). The Fund is authorized to issue an unlimited number of Class A Units and an unlimited number of Class F Units. Each Class A Unit consists of one transferable Class A trust unit (“Class A Trust Unit”) and one transferable Class A Trust Unit purchase warrant. Each Class F Unit consists of one Class F trust unit (“Class F Trust Unit”, collectively with the “Class A Trust Unit”, the “Trust Units”) and one Class F Trust Unit purchase warrant. On November 26, 2009, the Fund issued 1 Class A Unit for \$10 cash.

Except where the context requires otherwise, all references herein to “Trust Units” shall mean: (i) prior to the Conversion (as defined herein), the Class A Trust Units and the Class F Trust Units of the Fund; and (ii) from and after the Conversion, the Class E Units of the Fund ETF (as defined herein).

All Trust Units of a class have equal rights and privileges. Each whole Trust Unit of a class is entitled to one vote at all meetings of Unitholders of the class and is entitled to participate equally with respect to any and all distributions made by the Fund in respect of the class, including distributions of net income and net realized capital gains, and distributions upon the termination of the Fund. Units are issued only as fully paid and are non-assessable.

2. AGENCY AGREEMENT

The Fund has engaged CIBC World Markets Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., National Bank Financial Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc., Raymond James Ltd., Wellington West Capital Markets Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation, GMP Securities L.P., MGI Securities Inc., Blackmont Capital Inc., and Research Capital Corporation (the “Agents”) as agents to offer Class A Units and Class F Units of the Fund for sale to the public pursuant to a prospectus dated November 26, 2009.

3. COMMITMENTS

As compensation for management and administrative services rendered to the Fund pursuant to the Declaration of Trust, AlphaPro Management Inc., the manager and the trustee of the Fund, (the “Manager”) will be paid an annual management fee equal to (i) 0.75% of the net asset value (“NAV”) of each class of Trust Units, accrued and calculated daily on each valuation date and paid monthly in arrears, together with applicable taxes, plus (ii) an amount equal to the service fee (the “Service Fee”), plus applicable taxes. JovInvestment Management Inc. will be compensated for its services by the Manager or an affiliate without any cost to the Fund.

A Service Fee will be payable by the Manager to each dealer whose clients hold Class A Trust Units at the end of a calendar quarter. The Service Fee will be calculated daily and become payable on the last valuation date of each calendar quarter and will be equal to one-quarter of 0.40% of the average daily NAV per Class A Unit during such quarter, plus applicable taxes. The Service Fee payable to registered dealers in respect of the quarter ending December 31, 2009, shall be paid on a pro rata basis. No Service Fee is payable in respect of the Class F Trust Units or, from and after the Fund automatically converts (the “Conversion”) into an exchange-traded fund (the Fund following the Conversion, the “Fund ETF”), in respect of the Class E Units of the Fund ETF.

CERTIFICATE OF THE FUND AND THE PROMOTER

Dated: November 26, 2009

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Yukon Territory, Northwest Territories and Nunavut.

Horizons AlphaPro Income Plus Fund, by its manager AlphaPro Management Inc.

(Signed) HOWARD ATKINSON
Chief Executive Officer

(Signed) ALEX WATTERS
Chief Financial Officer

On behalf of the Board of Directors

(Signed) PHILIP ARMSTRONG
Director

(Signed) MARK ARTHUR
Director

ALPHAPRO MANAGEMENT INC. as Promoter

(Signed) ADAM FELESKY

CERTIFICATE OF THE AGENTS

Dated: November 26, 2009

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

CIBC WORLD MARKETS INC.

(Signed) Michael D. Shuh

BMO NESBITT BURNS INC.

(Signed) Mark W. Lobsinger

RBC DOMINION SECURITIES INC.

(Signed) Edward V. Jackson

NATIONAL BANK FINANCIAL INC.

(Signed) Tim D. Evans

SCOTIA CAPITAL INC.

(Signed) Brian D. McChesney

HSBC SECURITIES (CANADA) INC.

(Signed) Brent Larkan

RAYMOND JAMES LTD.

(Signed) J. Graham Fell

WELLINGTON WEST CAPITAL MARKETS INC.

(Signed) Scott D. Larin

**CANACCORD CAPITAL
CORPORATION**

(Signed) Ron Sedran

**DESJARDINS SECURITIES
INC.**

(Signed) Beth A. Shaw

**DUNDEE SECURITIES
CORPORATION**

(Signed) Vilma Jones

**GMP SECURITIES
L.P.**

(Signed) Neil Selfe

**MGI SECURITIES
INC.**

(Signed) Mark Arthur

BLACKMONT CAPITAL INC.

(Signed) Charles A.V. Pennock

RESEARCH CAPITAL CORPORATION

(Signed) David J. Keating