



INCOME FINANCIAL TRUST

ANNUAL INFORMATION FORM

March 24, 2023

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NAME, FORMATION AND HISTORY OF THE TRUST

Income Financial Trust (the “Trust”) is a mutual fund trust established under the laws of the Province of Ontario on January 27, 1999 pursuant to a trust agreement between Quadravest Inc., as sponsor and manager, and The Royal Trust Company, as trustee. On January 1, 2006, such agreement was assigned by The Royal Trust Company to RBC Dexia Investor Services Trust, now RBC Investor Services Trust (the “Trustee” or “RBC Trust”). Such agreement was amended and restated effective February 28, 2006. Effective June 1, 2010, the responsibilities of Quadravest Inc. as manager of the Trust under such agreement were assigned to Quadravest Capital Management Inc. (“Quadravest”). Effective December 31, 2013, the trust agreement was further amended and restated (such agreement, as so amended and restated, the “Trust Agreement”).

Quadravest is the manager and investment manager for the Trust. Quadravest is the manager and investment manager of 12 public mutual fund corporations in addition to the Trust with total assets under management of approximately \$4.3 billion. The principal office address of Quadravest is 200 Front Street West, Suite 2510, Toronto, Ontario M5V 3K2, and its website address is www.quadravest.com.

On February 4, 1999, the Trust completed its initial public offering of 3,600,000 trust units (“Units”) pursuant to a final prospectus dated January 27, 1999 (the “Initial Prospectus”). As contemplated by the Initial Prospectus, an additional 540,000 Units were issued on March 5, 1999 pursuant to the exercise of an over-allotment option granted to the Agents (as defined in the Initial Prospectus). The net proceeds from the offering of the Units were used by the Trust to invest principally in common shares selected by Quadravest from among those issued by corporations whose shares were then included in the Toronto Stock Exchange Financial Services Index (the “TSE Financial Services Index”), the Standard & Poor’s 500 Financials Index (the “S&P 500 Financials Index”) or the Standard & Poor’s MidCap 400 Financials Index (the “S&P MidCap 400 Financials Index”).

The Trust on August 25, 2014 issued 2,256,407 rights to subscribe for up to 564,102 Units pursuant to a rights offering circular dated August 6, 2014. Such rights expired on November 3, 2014 and 130,369 Units were issued as a result of the exercise thereof.

On August 23, 2021, the Trust established an at-the-market equity program (the “2021 ATM Program”) pursuant to a prospectus supplement dated August 20, 2021 to the Company’s short form base shelf prospectus dated July 23, 2021. The Company issued an aggregate of 602,800 Units pursuant to the 2021 ATM Program in accordance with the terms of the equity distribution agreement dated August 20, 2021. The 2021 ATM Program was terminated by the Company on April 8, 2022.

On April 11, 2022, the Trust renewed its at-the-market equity program (the “2022 ATM Program”) that allows the Trust to issue Units having an aggregate market value of up to \$20,000,000 to the public from time to time, at the Trust’s discretion, at the prevailing market price on the TSX or on any other existing trading market for the Units, as applicable, in Canada. The 2022 ATM Program was established pursuant to a prospectus supplement dated April 8, 2022 to the Trust’s short form base shelf prospectus dated July 23, 2021, as amended April 6, 2022. The 2022 ATM Program will be effective until August 26, 2023 unless terminated prior to such date by the Trust or otherwise in accordance with the terms of the equity distribution agreement dated April 8, 2022.

Units are listed on the Toronto Stock Exchange (“TSX”) where they trade under the symbol “INC.UN”. As at the date hereof, there are 3,309,270 Units outstanding. The net asset value of the Trust most recently calculated on March 15, 2023 was approximately \$3,295,570 million and the net asset value per Unit was \$7.07.

Merger with Income Financial Plus Trust and Amendments to the Trust Agreement

On December 21, 2005, the holders of the Units of the Trust (“Unitholders”) approved the merger (the “IFPT Merger”) of Income Financial Plus Trust, another mutual fund trust managed by Quadravest, into the Trust. Following the approval of the IFPT Merger by the unitholders of Income Financial Plus Trust at a meeting held on February 2, 2006, and the receipt of all required regulatory approvals, the IFPT Merger occurred on March 1, 2006. As a consequence of the IFPT Merger, each unitholder of Income Financial Plus Trust became an investor in the Trust and received 0.74373548 Units of the Trust for each unit of Income Financial Plus Trust held, resulting in an additional 4,096,719 Units of the Trust being issued.

In conjunction with the IFPT Merger, the amendment and restatement of the original trust agreement effected on February 28, 2006 made certain changes to facilitate the IFPT Merger and reflected the following additional changes approved by Unitholders at the special meeting held December 21, 2005:

- (a) extended the termination date of the Trust to January 1, 2014 from January 1, 2009;
- (b) increased the required notice period for redemptions of Units to 20 business days prior to the redemption date and providing for payment to be made within 15 business days thereafter;
- (c) permitted the Trust to be wound up on not less than 60 days notice to Unitholders if Quadravest considers its termination to be in the best interests of Unitholders;
- (d) provided that Quadravest may pay to each dealer whose clients hold Units of the Trust at the end of a calendar quarter a service fee equal to 0.25% per annum of the value of the Units held by clients of such dealer at the end of such calendar quarter, and for the Trust to pay to Quadravest an amount equal to the amount of such service fee; and
- (e) provided that from the first day of the operation of the Trust following completion of the IFPT Merger until December 31, 2007, both inclusive, Quadravest absorbed any costs of the Trust that would cause the aggregate of (i) the base management fee payable to Quadravest (ii) the management fee payable to Quadravest, including the amount to be paid in respect of the service fee, and (iii) the operating costs of the Trust (consisting of the fees payable to the registrar and transfer agent of the Trust; any expenses of insurance and costs of all legal proceedings of the Trust, if any; indemnification expenses; fees payable to the Trust’s auditor and legal counsel; expenses relating to the preparation, printing and mailing of information to Unitholders and relating to meetings of Unitholders; expenses incurred upon the termination of the Trust; regulatory filing and stock exchange fees; and legal, accounting and audit fees of the Trustee and Quadravest which are incurred other than in the normal course of the Trust’s activities) to exceed 1.35% per annum of the average net asset value of the Trust.

In addition, the investment management agreement dated January 27, 1999 between Quadravest Inc., the then manager of the Trust, on behalf of the Trust, and Quadravest was amended and restated effective February 28, 2006 to reduce the base management fee payable to Quadravest from 1.0% per annum of the net asset value of the Trust to 0.75% per annum of the net asset value of the Trust, effective from and after the date of the IFPT Merger, and references to such fee in the Trust Agreement were also amended accordingly.

Quadravest Inc. also took the opportunity to make further minor amendments to the original trust agreement to reflect then-current legal requirements or market changes. At the time the original trust agreement was entered into, the principal rule of the Canadian securities administrators governing public mutual funds was National Policy Statement No. 39 (“NP 39”). Subsequent to the date of the original trust agreement, NP 39 was repealed and replaced with National Instrument 81-102 *Investment Funds* (“NI 81-102”). Accordingly, Quadravest Inc. amended the original trust agreement to replace references to NP 39 with references to NI 81-102. In addition, subsequent to the date of the original trust agreement, the TSE Financial Services Index, then a subset of the TSE 300 Composite Index, was restructured and renamed the S&P/TSX Capped Financials Index and became a subset of the S&P/TSX Composite Index. The original trust agreement was also amended to replace references to the TSE Financial Services Index with references to S&P/TSX Capped Financials Index.

Mergers with American Income Trust and AmeriStar RSP Income Trust

On April 20, 2006, the unitholders of AmeriStar RSP Income Trust and American Income Trust, two funds managed by Quadravest Inc. and Quadravest, each approved the mergers of such funds into the Trust. Such mergers (the “Additional 2006 Mergers”) were completed on June 16, 2006 following receipt of all required regulatory approvals. As a consequence of the Additional 2006 Mergers, each unitholder of American Income Trust became an investor in the Trust and received 0.493092 Units of the Trust for each unit of American Income Trust held, resulting in an additional 946,751 Units of the Trust being issued in this regard, and each unitholder of AmeriStar RSP Income Trust became an investor in the Trust and received 0.608722 Units of the Trust for each unit of AmeriStar RSP Income Trust held, resulting in an additional 151,493 Units of the Trust being issued in this regard.

2013 Extension of the Termination Date of the Trust

At a meeting held on July 10, 2013, Unitholders approved an extension of the termination date of the Trust from December 31, 2013 to, initially, January 1, 2019. In conjunction with such approval:

- (i) the next annual redemption date of February 28, 2014 was advanced to December 31, 2013;
- (ii) Unitholders also approved the termination of the Trust prior to any scheduled termination date in the discretion of Quadravest if the Units are delisted on the Toronto Stock Exchange or if the net asset value of the Trust declines to less than \$5,000,000;
- (iii) Unitholders also approved an additional extension of the term of the Trust for a five year period beginning on January 1, 2019 if Quadravest so determines, and for further extensions for additional terms of five years each thereafter, with the next following February annual redemption date being advanced to December 31 of the year immediately prior to the year in which the term is so extended in connection with each such extension; and
- (iv) the discount to net asset value applicable to monthly retractions of Units was decreased from 4% to 2%, with the amount of this reduced discount to be paid to Quadravest and not retained by the Trust.

The date on which the Trust is to terminate is referred to as the “Termination Date” in this Annual Information Form.

In addition, the amended and restated investment management agreement dated February 28, 2006 between the Trust and Quadravest was further amended and restated effective December 31, 2013

(as so amended and restated, the “Investment Management Agreement”) to reduce Quadravest’s management fees from 0.75% per annum of the net asset value of the Trust to 0.65% per annum (thus reducing the combined management and administration fee from 0.85% to 0.75% per annum, exclusive of the service fee of 0.25%).

2018 Extension of the Termination Date of the Trust

On October 29, 2018, the Trust announced that it had extended its Termination Date from January 1, 2019 to January 1, 2024. As set out above, further extensions for additional terms of five years thereafter may be made in the discretion of Quadravest.

INVESTMENT STRATEGY AND OBJECTIVES

The Trust’s intention is to provide Unitholders with monthly cash distributions, and to return the original issue price to Unitholders on the Termination Date. The Trust invests its assets in a diversified portfolio (the “Portfolio”) consisting principally of common shares selected by Quadravest from among those issued by corporations whose shares are included in the S&P/TSX Capped Financials Index, the S&P 500 Financials Index or the S&P MidCap 400 Financials Index. The S&P/TSX Capped Financials Index is an index that imposes capped weights on the index constituents included in the S&P/TSX Composite Index that are classified in the financials sector. The S&P 500 Financials Index is an index comprised of those companies classified as members of the financials sector which are included in the S&P 500 Index, which is a market capitalization weighted index comprised of the shares of 500 large corporations whose shares are publicly traded in the United States. The S&P MidCap 400 Financials Index is an index comprised of those companies classified as members of the financials sector which are included in the S&P MidCap 400 Index, which is a market capitalization weighted index that measures the mid-cap segment of the U.S. stock market. TSX is a trademark of TSX, Inc. and S&P, S&P 500 and S&P MidCap 400 are trademarks of S&P Global, Inc. or its affiliates and neither TSX, Inc. nor S&P Global, Inc. has passed upon the merits of the Trust or the Units.

On average, the Portfolio consists of shares of between 25 and 40 issuers. The composition of the Portfolio depends upon Quadravest’s assessment of the North American and overseas markets and the issuers in which the Trust may invest, and the Trust could from time to time be fully invested in shares of Canadian issuers or shares of U.S. issuers. The securities in the Portfolio may, in addition to common shares, include instalment receipts for common shares, securities convertible into or exchangeable for common shares of corporations whose common shares are or may be included in the Portfolio and American Depositary Receipts (“ADRs”). The Portfolio is actively managed by Quadravest to enhance returns to the Trust.

Quadravest may from time to time determine, based on market conditions, the state of the financial services sector of the economy and other considerations, to invest less than 100% of the assets of the Trust in securities of financial services companies. To that end, the Portfolio may also include debt securities having a remaining term to maturity of less than one year issued or guaranteed by the government of Canada or a province or the government of the United States or short term commercial paper with a rating of at least R-1 (mid) by DBRS Limited (“DBRS”) or the equivalent rating from another approved rating organization.

To generate additional returns above the dividend and interest income earned on the Portfolio and to reduce risk, the Trust from time to time writes covered call options in respect of all or part of the securities in the Portfolio. The individual securities within the Portfolio which are subject to call options and the terms of such options will vary from time to time based on Quadravest’s assessment of the market. The Trust may also write cash covered put options or purchase call options with the effect of

closing out existing call options written by the Trust and may also purchase put options in order to protect the Trust from declines in the market prices of the securities in the Portfolio. The Trust may enter into trades to close out positions in such permitted derivatives. The Trust may also use derivatives for hedging purposes or otherwise as permitted under NI 81-102. Such permitted derivatives may include exchange traded options, futures contracts or options on futures (subject to Quadravest obtaining any necessary registrations under the *Commodity Futures Act* (Ontario)), over-the-counter options and forward contracts.

In addition to the restrictions and limitations on the Trust's investing activities discussed under "Investment Restrictions" below, the Trust will not invest in or hold:

- (a) any security that is a "taxable Canadian property" as defined in subsection 248(1) of the *Income Tax Act* (Canada) (the "Tax Act"), read without reference to paragraph (b) of such definition, if the total of all amounts each of which is the fair market value of such a property would exceed 10% of the total of all amounts each of which is the fair market value of a property of the Trust; or
- (b) (i) a share of, an interest in, or a debt of a non-resident entity, an interest in or a right or option to acquire such a share, interest or debt or an interest in a partnership which holds such a share, option or right, interest or debt that would cause the Trust (or partnership) to include amounts in income under section 94.1 of the Tax Act, (ii) securities of a non-resident trust other than an "exempt foreign trust" as defined in subsection 94(1) of the Tax Act, or (iii) an interest in a trust that would require the Trust to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act.

INVESTMENT RESTRICTIONS

The Trust is subject to certain investment criteria that, among other things, limit the common shares and other securities the Trust may acquire for the Portfolio. The Trust's investment criteria may not be changed without the approval of Unitholders by a two-thirds majority vote at a meeting called for such purpose. See "*Description of Units of the Trust – Unitholder Matters – Acts Requiring Unitholder Approval*". The Trust's investment criteria provide that the Trust may not:

- (a) purchase securities of an issuer (other than securities referred to in paragraphs (b) and (e)) unless:
 - (i) such securities are common shares, instalment receipts or ADRs for common shares or are convertible into or exchangeable for or carry the right to purchase common shares of the issuer;
 - (ii) such securities are issued by issuers engaged in the provision of banking, insurance, trust, investment banking, brokerage or wealth or financial asset management services (collectively, "financial services companies") or issuers the majority of whose revenues are derived from the provision of goods or services to financial services companies;
 - (iii) after such purchase, no more than 10% of the net asset value of the Trust is invested in the equity securities of that issuer;
 - (iv) after such purchase, at least 75% of that portion of the net asset value that is invested in equity securities is invested in securities of issuers included in the

TSX Capped Financials Index, the S&P Financials Index or the S&P MidCap Financials Index or, in the event that one or more of the TSX Capped Financials Index, the S&P Financials Index or the S&P Mid Cap Financials Index cease to exist, any comparable index recognized as including mid or large capitalization North American financial services companies; and

- (v) after such purchase, no more than 10% of the net asset value is invested in securities that are not listed on a recognized North American stock exchange or over-the-counter market;
- (b) purchase debt securities unless such securities have a remaining term to maturity of less than one year and are issued or guaranteed by the government of Canada or a province or the government of the United States or are short-term commercial paper with a rating of at least R-1 (mid) by DBRS or the equivalent rating from another approved rating organization;
- (c) write a call option in respect of any security unless such security is actually held by the Trust at the time the option is written;
- (d) dispose of a security included in the Portfolio that is subject to a call option written by the Trust unless such option has either been terminated or has expired;
- (e) purchase call options or put options except as specifically permitted under NI 81-102; or
- (f) enter into any arrangement (including the acquisition of securities for the Portfolio and the writing of covered call options in respect thereof) where the main reason for entering into the arrangement is to enable the Trust to receive a dividend on such securities in circumstances where, under the arrangement, someone other than the Trust bears the risk of loss or enjoys the opportunity for gain or profit with respect to such securities in any material respect.

The Trust has also adopted the standard investment restrictions and practices set forth in NI 81-102 (as it may be amended from time to time), to the extent such restrictions and practices are not inconsistent with the foregoing (in which event the foregoing provisions shall prevail). A copy of such standard investment restrictions and practices will be provided by the Trust to any person on request.

DESCRIPTION OF THE UNITS OF THE TRUST

The Trust is authorized to issue an unlimited number of transferable, redeemable Units of one class, each of which represents an equal, undivided interest in the net assets of the Trust. All Units have equal rights and privileges. Each whole Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by the Trust, including distributions of net income and net realized capital gains, and distributions upon the termination of the Trust. Units are issued only as fully paid and are non-assessable. The provisions or rights attaching to the Units may only be modified, amended or varied with the consent of Unitholders given in accordance with provisions contained in the Trust Agreement as described below under “*Description of the Units of the Trust – Unitholder Matters – Acts Requiring Unitholder Approval*”.

Book-Entry Only System

Registration of interests in and transfers of the Units will be made only through the book-entry only system administered by CDS Clearing and Depository Services Inc. (“CDS”) through a participant in the CDS book-based system (a “CDS Participant”). All rights of a beneficial owner of Units must be exercised through, and all payments or other property to which such beneficial owner is entitled will be made or delivered by, CDS or the CDS Participant through which the beneficial owner holds such Units. The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such beneficial owner’s interest in such Units (other than through a CDS Participant) may be limited due to the lack of a certificate.

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

By causing a CDS Participant to deliver to CDS a notice of the beneficial owner’s intention to redeem Units, a beneficial owner shall be deemed to have irrevocably surrendered his or her 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 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 beneficial owner’s instructions will not give rise to any obligations or liability on the part of the Trust to the CDS Participant or the beneficial owner.

The Trust has the option to terminate registration of its Units through the book-entry only system, in which case certificates for Units in fully registered form would be issued to beneficial owners of such Units, or their nominees.

Distributions

The Trust’s initial distribution objectives were to pay monthly cash distributions in the amount of \$0.17708 per Unit, representing a yield of 8.5% based on the original issue price of a Unit under the Initial Prospectus of \$25.00. This distribution objective was amended effective July 18, 2008, such that after such date the Trust endeavoured to make monthly distributions in any month in an amount equal to 8.5% per annum of the Trust’s net asset value per Unit calculated as at the end of the preceding month. This distribution objective was further amended effective November 18, 2013, such that the Trust now endeavours to pay a distribution in any month equal to a 10% annualized rate on the volume weighted average trading price of the Units on the TSX over the last three trading days of the preceding month. The distribution policy from time to time will be determined by QuadraVest, having regard to the net income and net realized capital gains of the Trust.

Distributions will be payable to Unitholders of record at 5:00 p.m. (local time in Toronto, Ontario) on the last business day of each month (each a “distribution date”).

If in any year after such distributions there would otherwise remain in the Trust additional net income or net realized capital gains, the Trust intends on December 31 of that year to make a special distribution of such amount as is necessary to ensure that the Trust will not be liable for income tax thereon under the Tax Act, except to the extent that any tax payable on net realized capital gains of the Trust for a year that are retained by the Trust would be recoverable by it in such year.

Unitholder Matters

Meetings of Unitholders

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

The Trust does not intend to hold annual meetings of Unitholders, but has agreed to do so if requested by the TSX.

Acts Requiring Unitholder Approval

Pursuant to the Trust Agreement, the following matters require the approval of Unitholders by a two-thirds majority vote (other than items (c), (f) and (g) which require approval by a simple majority vote) at a meeting called and held for such purpose: (a) a change in the fundamental investment objectives and strategy of the Trust as described under “*Investment Strategy and Objectives*”; (b) a change in the investment criteria of the Trust as described under “*Investment Restrictions*”; (c) the entering into by the Trust of transactions involving derivatives other than the writing of covered call options, the purchase of call options or put options and the entering into of trades by the Trust to close out positions in such derivatives and the use of derivatives permitted under NI 81-102 to hedge the Trust’s foreign currency exposure; (d) any change in the basis of calculating fees or other expenses that are charged to the Trust which could result in an increase in charges to the Trust; (e) a change of the manager of the Trust, other than a change resulting in an affiliate of Quadravest assuming such position or, with limited exceptions, a change in the trustee of the Trust, other than a change resulting in an affiliate of such person assuming such position; (f) a decrease in the frequency of calculating the net asset value per Unit or in the frequency with which Units may be redeemed; (g) a change of the auditor of the Trust; (h) any assignment of the Investment Management Agreement by Quadravest, except to an affiliate; (i) the termination of the Investment Management Agreement by Quadravest, unless the reason for such termination is (i) a material breach or default by the Trust of its obligations under the Investment Management Agreement where notice of such breach or default has been provided by Quadravest to the Trust and it remains uncured for 30 days, or (ii) there has been a material change to the fundamental investment objectives, strategies or criteria of the Trust; (j) the extension of the Trust beyond the Termination Date; and (k) an amendment, modification or variation in the provisions or rights attaching to the Units.

In addition, under NI 81-102, the introduction of a fee or expense to be charged to the Trust or directly to Unitholders by the Trust or QuadraVest in connection with the holding of securities of the Trust that could result in an increase in charges to the Trust or its Unitholders also requires the prior approval of Unitholders, as do certain mergers of the Trust.

QuadraVest and the Trustee may, without the approval of or notice to Unitholders, amend the Trust Agreement to remove any conflicts or other inconsistencies which may exist between any terms of the Trust Agreement and any provisions of any law or regulation applicable to or affecting the Trust; make any change or correction in the Trust Agreement which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provisions, clerical omission, mistake or manifest error contained therein; bring the Trust Agreement into conformity with NI 81-102 or other applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities industry, provided that any such amendment does not adversely affect the pecuniary value of the interest of any Unitholder; maintain the status of the Trust as a “mutual fund trust” for the purposes of the Tax Act; or provide added protection to Unitholders.

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

Reporting to Unitholders

The Trust will deliver (or, if permitted by law, make available) to each Unitholder annual and semi-annual financial statements of the Trust, annual and interim management reports of fund performance and such additional or other statements or reports as may be required by law. Each Unitholder will be mailed annually, no later than March 31, information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the Trust in respect of the preceding taxation year of the Trust. See “*Canadian Federal Income Tax Considerations*”.

VALUATION OF PORTFOLIO SECURITIES

The net asset value of the Trust is calculated by RBC Trust as of each Redemption Date (as defined below) and as of the 15th day of each month or if the 15th day of each month is not a business day then the immediately preceding business day (each, a “Valuation Date”) by subtracting the aggregate amount of the Trust’s liabilities from its total assets. The Trust’s assets are valued in accordance with any requirements of law, including National Instrument 81-106 *Investment Fund Continuous Disclosure*, and the following valuation principles of RBC Trust as set forth in the Trust Agreement:

- (a) the value of any cash on hand or on deposit, prepaid expenses, cash dividends declared and interest accrued and not yet received shall be deemed to be their face amount unless RBC Trust determines that any such asset is not worth its face amount, in which event its value shall be deemed to be such value as RBC Trust determines to be its fair value;
- (b) money market instruments shall be valued on a marked to market basis and bonds, debentures and other debt securities shall be valued by taking the average of the bid and asked prices on the Valuation Date at such times as RBC Trust, in its sole discretion, deems appropriate;
- (c) the value of a listed common share or any listed security which is convertible into or exchangeable for common shares in the Portfolio shall be the closing sale price on the

Valuation Date of such a share or other listed security on the stock exchange on which such share or other security is listed or, if such closing price is not available, the average between the closing bid and the closing asked prices on the Valuation Date on such stock exchange or, if such stock exchange is not open for trading on that Valuation Date, then the closing sale price or the average between the closing bid and the closing asked prices on the previous date on which such stock exchange was open for trading;

- (d) an option premium received by the Trust for a clearing corporation option written by the Trust shall, so long as the option is outstanding, be reflected as a deferred credit which shall be valued at an amount equal to the current market value of an option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at net asset value. The securities, if any, which are the subject of a written clearing corporation option will be valued at their then current market value;
- (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 Trust;
- (f) the value of any security, the resale of which is restricted or limited, shall be valued at the lesser of (i) their value based on reported quotations in common use; and (ii) that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Trust's acquisition cost was of the market value of such securities at the time of acquisition, provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restrictions will be lifted is known;
- (g) any security sold but not delivered, pending receipt of the proceeds, shall be valued at the net sale price;
- (h) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by RBC Trust to be inappropriate under the circumstances then, notwithstanding the foregoing rules, RBC Trust shall make such valuation as it considers fair and reasonable; and
- (i) the value of all assets of the Trust quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable to the Trust in foreign currency and the value of all liabilities and contractual obligations payable by the Trust in foreign currency shall be determined using the applicable rate of exchange current at, or as nearly as practicable to, the applicable Valuation Date.

For the purposes of the foregoing rules, quotations may be obtained from any report in common use, or from a reputable broker or other financial institution, although RBC Trust retains sole discretion to use such information and methods as it deems to be necessary or desirable for valuing the assets of the Trust, including the use of a formula computation.

Quadravest does not have the discretion to require RBC Trust to deviate from these valuation principles.

CALCULATION OF NET ASSET VALUE

The net asset value of the Trust on any particular Valuation Date is equal to the aggregate value of the assets of the Trust on such date, less the aggregate value of its liabilities on such date, including any distributions that are payable to Unitholders on or before such date. The net asset value per Unit on any Valuation Date is obtained by dividing the net asset value of the Trust on such date by the number of Units outstanding on that date. Such information is provided by the Trust to Unitholders upon request and will be available electronically at any time to Unitholders on QuadraVest's website at www.quadravest.com.

PURCHASES AND SWITCHES

Units are not currently being offered. There are no applicable switch rights.

REDEMPTIONS

Redemption on Termination of the Trust

All Units outstanding on the Termination Date will be redeemed by the Trust on such date. The redemption price payable by the Trust for a Unit on that date will be equal to the net asset value on that date divided by the total number of Units then outstanding. Notice of redemption will be given to CDS Participants holding Units on behalf of the beneficial owners thereof at least 30 days before the Termination Date.

Optional Redemptions

Units may be surrendered at any time for redemption but will be redeemed only on the last business day of each month (a "Redemption Date"). Units surrendered for redemption by a Unitholder at least 20 business days prior to a Redemption Date will be redeemed on such Redemption Date and the Unitholder will receive payment on or before the 15th business day following such Redemption Date (the "Redemption Payment Date"). If a Unitholder makes such surrender after 5:00 p.m. (Toronto time) on the 20th business day immediately preceding a Redemption Date, the Units will be redeemed on the Redemption Date in the following month and the Unitholder will receive payment for the Units so redeemed on the Redemption Payment Date in respect of such Redemption Date.

Except as noted below, Unitholders whose Units are redeemed on a Redemption Date will be entitled to receive a redemption price per Unit (the "Redemption Price") equal to the net asset value per Unit determined as of such Redemption Date, less a discount of 2% of such net asset value per Unit. The difference between the net asset value and the Redemption Price will be paid to QuadraVest. Any distributions payable on or before a Redemption Date in respect of Units tendered for redemption on such Redemption Date will also be paid on the Redemption Payment Date.

Unitholders also have an annual redemption right under which they may redeem their Units on the February Redemption Date in each year at a redemption price equal to the net asset value per Unit on that date.

As disclosed below under "*Redemptions – Resale of Units Tendered for Redemption*", if the holder of Units tendered for redemption has not withheld his or her consent thereto in the manner provided in the Redemption Notice, the Trust may, but is not obligated to, require the Recirculation Agent (as defined below) to use its best efforts to find purchasers for any Units tendered for redemption prior to the relevant Redemption Payment Date pursuant to the Recirculation Agreement (as defined below).

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

The redemption right must be exercised by causing written notice to be given within the notice periods prescribed herein and in the manner described under "*Description of the Units of the Trust – Book-Entry Only System*". Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Units which are not redeemed by the Trust on the relevant Redemption Payment Date.

Resale of Units Tendered for Redemption

The Trust entered into an agreement dated January 27, 1999 (the "Recirculation Agreement") with BMO Nesbitt Burns Inc. (the "Recirculation Agent") whereby the Recirculation Agent has agreed to use its best efforts to find purchasers for any Units tendered for redemption prior to the relevant Redemption Payment Date, provided that the holder of the Units so tendered has not withheld consent thereto. The Trust is not obligated to require the Recirculation Agent to seek such purchasers but may elect to do so. In the event that a purchaser for such Units is found in this manner, the amount to be paid to the Unitholder on the Redemption Payment Date will be an amount equal to the proceeds of the sale of the Units less any applicable commission. Such amount will not be less than the applicable Redemption Price. Unitholders are free to withhold their consent to such treatment and to require the Trust to redeem their Units in accordance with their terms.

Suspension of Redemptions

The Trust may suspend the redemption of Units or payment of redemption proceeds during any period when normal trading is suspended on any stock exchange within or outside Canada on which securities held by the Trust are listed which represent more than 50% by value of the total assets of the Trust without allowance for liabilities, or with the prior permission of the Ontario Securities Commission, for any period not exceeding 120 days during which the Trust determines that conditions exist which render impractical the sale of assets of the Trust or which impair the ability of the Trust to determine the value of the assets of the Trust.

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 Trust of the suspension and that the redemption will be effected at a price determined on the first Redemption Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Trust, any declaration of suspension made by the Trust shall be conclusive.

MANAGEMENT OF THE TRUST

The Manager

Pursuant to the Trust Agreement, Quadravest is the manager of the Trust and, as such, is responsible for providing or arranging for administrative services required by the Trust including, without limitation, authorizing the payment of operating expenses incurred on behalf of the Trust; preparing financial statements, and financial and accounting information as required by the Trust; ensuring that Unitholders are provided with semi-annual and annual financial statements and other reports as are from time to time required by applicable law; ensuring that the Trust complies with regulatory requirements and applicable TSX listing requirements; preparing the Trust's reports to Unitholders and the Canadian securities regulatory authorities; determining the amount of distributions to be paid by the Trust; and negotiating contractual agreements with third-party providers of services, including registrars, transfer agents and auditor.

Quadravest is required to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of Unitholders and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent manager would exercise in similar circumstances.

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

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

The management services of Quadravest under the Trust Agreement are not exclusive and nothing in the Trust Agreement prevents Quadravest from providing similar management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Trust) or from engaging in other activities. For a list of the directors and officers of Quadravest, see "*Management of the Trust – The Investment Manager*".

The Investment Manager

Quadravest manages the Trust's investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Trust pursuant to the Investment Management Agreement. The services provided by Quadravest pursuant to the Investment Management Agreement include making all investment decisions for the Trust and managing the Trust's call option writing, all in accordance with the investment objectives, strategy and criteria of the Trust. Investment assets are generally managed by Quadravest to meet specific absolute return objectives rather than taking on the additional risk of

targeting relative returns. As a result of the dual focus of absolute returns and capital preservation, Quadrainvest is able to adopt a more defensive approach in implementing its investment strategies than would be the case if it focused on relative returns. Quadrainvest relies on fundamental analysis in managing equity portfolios, such that it focuses on a company's earnings history, relative price - earnings multiple, cash flow, dividend yield, market position and growth prospects.

Under the Investment Management Agreement, Quadrainvest is required to act at all times on a basis which is fair and reasonable to the Trust, to act honestly and in good faith with a view to the best interests of the Unitholders of the Trust and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The Investment Management Agreement provides that Quadrainvest shall not be liable in any way for any default, failure or defect in or diminution in the value of any of the securities in the Portfolio if it has satisfied the duties and standard of care, diligence and skill set forth above. However, Quadrainvest will incur liability in cases of wilful misfeasance, bad faith, negligence or material breach of its obligations under the Investment Management Agreement.

The Investment Management Agreement, unless terminated as described below, will continue in effect until the redemption of the Units on the Termination Date. The Trust may terminate the Investment Management Agreement if Quadrainvest has committed certain events of bankruptcy or insolvency or is in material breach or default of the provisions thereof and such breach has not been cured within 30 days after notice thereof has been given to Quadrainvest. Otherwise, Quadrainvest cannot be terminated as investment manager of the Trust.

Except as set out below, Quadrainvest may not terminate the Investment Management Agreement or assign the same except to an affiliate of Quadrainvest, without Unitholder approval. Quadrainvest may terminate the Investment Management Agreement if the Trust is in material breach or default of the provisions thereof and such breach or default has not been cured within 30 days of notice of same to the Trust or if there is a material change in the fundamental investment objectives, strategy or criteria of the Trust.

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

Quadrainvest is entitled to fees for its services under the Investment Management Agreement as described under "*Fees and Expenses*" and will be reimbursed for all reasonable costs and expenses incurred by it on behalf of the Trust. In addition, Quadrainvest and each of its directors, officers, employees and agents will be indemnified by the Trust for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claims that are made against Quadrainvest or any of its officers, directors, employees or agents in the exercise of its duties as investment manager, except those resulting from Quadrainvest's wilful misconduct, bad faith, negligence or material breach of its obligations under the Investment Management Agreement.

Directors and Officers of Quadrainvest

The name and municipality of residence of each of the directors and officers of Quadrainvest are as set out below.

<u>Name and Municipality of Residence</u>	<u>Office</u>
S. WAYNE FINCH Caledon, Ontario	Chairman, President, Secretary, Chief Executive Officer, Chief Investment Officer and Director
LAURA L. JOHNSON Oakville, Ontario	Chief Investment Strategist, Managing Director and Portfolio Manager
PETER F. CRUICKSHANK Oakville, Ontario	Managing Director
SILVIA GOMES Mississauga, Ontario	Chief Financial Officer and Chief Compliance Officer

Wayne Finch is the Chairman and Chief Investment Officer of Quadrainvest. Mr. Finch has over 36 years of experience in designing and managing investment portfolios. Prior to forming Quadrainvest in 1997, Mr. Finch was Vice-President and a portfolio manager of a number of publicly traded investment vehicles employing investment strategies similar to those of the Trust, and prior to that was a portfolio manager in the treasury operations of a major Canadian trust company where he managed a number of common and preferred share portfolios and mutual funds.

Laura L. Johnson is the Chief Investment Strategist, Managing Director and Portfolio Manager of Quadrainvest. Ms. Johnson has over 30 years of experience in the financial services industry, including extensive experience with investment products employing investment strategies similar to those of the Trust. Ms. Johnson has significant experience in structured finance, equity, fixed income and option areas.

Peter F. Cruickshank is a Managing Director of Quadrainvest and was the Chief Financial Officer of Quadrainvest from 2000 to 2018. Mr. Cruickshank is a Chartered Professional Accountant, Chartered Accountant who has spent the last 37 years of his career in the investment industry. Prior to joining Quadrainvest, he was a director and the chief financial officer of another investment management firm from 1986 to 1999.

Silvia Gomes is the Chief Financial Officer and Chief Compliance Officer of Quadrainvest. Ms. Gomes is a Chartered Professional Accountant, Chartered Accountant and has been with Quadrainvest since 2016. Prior to her current position, Ms. Gomes was Director of Accounting and Finance at Quadrainvest. Prior to joining Quadrainvest, Ms. Gomes held the role of Director, Accounting Policy at RBC and also worked at PricewaterhouseCoopers from 2005 to 2015, where she held progressive roles including senior manager in the asset management practice.

The Trustee and Custodian

RBC Investor Services Trust is the trustee of the Trust under the Trust Agreement. It also acts as custodian of the assets of the Trust and is responsible for certain aspects of the day-to-day administration of the Trust as described in the Trust Agreement, including executing instruments on behalf of the Trust, processing redemptions, calculating net asset values, net income and net realized capital gains of the Trust

and maintaining the books and records of the Trust. The address of the Trustee is 155 Wellington Street West, Toronto, Ontario M5V 3L3.

The Trustee may resign upon 60 days' notice to Unitholders and QuadraVest or such lesser notice as QuadraVest may accept. The Trustee may be removed with the approval of a two-thirds majority vote cast at a meeting of Unitholders called for such purpose or by QuadraVest in the event the Trustee has committed certain events of bankruptcy or insolvency or is in material breach or default of its obligations under the Trust Agreement which breach has not been cured within 30 days after notice thereof has been given to the Trustee. Any such resignation or removal shall become effective only upon the acceptance of appointment by a successor. If the Trustee resigns or is removed by QuadraVest, its successor may be appointed by QuadraVest. The successor must be approved by Unitholders if the Trustee is removed by Unitholders. If no successor has been appointed within 60 days, the Trustee or any Unitholder may apply to a court of competent jurisdiction of the appointment of a successor.

The Trust Agreement provides that the Trustee shall not be liable in carrying out its duties under the Trust Agreement except in cases of wilful misfeasance, breach of its obligations under the Trust Agreement or where the Trustee fails to act honestly and in good faith with a view to the best interests of Unitholders or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In addition, the Trust Agreement 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 is entitled to receive fees from the Trust as described under "*Fees and Expenses*" and to be reimbursed for all expenses and liabilities which are properly incurred by the Trustee in connection with the activities of the Trust.

Registrar and Transfer Agent; Auditor

Pursuant to a Registrar and Transfer Agency Agreement dated January 27, 1999, Montreal Trust Company of Canada, at its principal offices in Toronto and Montreal was been appointed the registrar and transfer agent for the Units. That agreement was subsequently assigned to Computershare.

The auditor of the Trust is PricewaterhouseCoopers LLP, PWC Tower, 18 York Street, Suite 2600, Toronto, Ontario M5J 0B2. PricewaterhouseCoopers LLP has prepared an independent auditor's report dated March 24, 2023 in respect of the Trust's financial statements for its fiscal year ended December 31, 2022. PricewaterhouseCoopers LLP has advised that it is independent with respect to the Trust within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

CONFLICTS OF INTEREST

Affiliated Entities

Except as disclosed in this Annual Information Form, no affiliated entities provide services to the Trust.

Manager and Investment Manager

QuadraVest is engaged in a variety of management, investment management and other business activities. The services of QuadraVest under the Investment Management Agreement are not exclusive and nothing in the Investment Management Agreement prevents QuadraVest or any of its affiliates from

providing similar services to other investment funds and other clients (whether or not their investment objectives, strategies and policies are similar to those of the Trust) or from engaging in other activities. Quadrainvest's investment decisions for the Trust will be made independently of those made for its other clients and independently of its own investments. However, on occasion, Quadrainvest may make the same investment for the Trust and for one or more of its other clients. If the Trust and one or more of the other clients of Quadrainvest are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis.

Quadrainvest will receive the fees described under "*Fees and Expenses*" for its services to the Trust and will be reimbursed by the Trust for all expenses incurred in connection with the operation and administration of the Trust. S. Wayne Finch controls Quadrainvest Inc., which in turn owns all of the voting shares of Quadrainvest.

Insider Reporting

In accordance with the requirements of the provincial securities regulatory authorities in connection with the Trust's initial public offering, Quadrainvest and Quadrainvest Inc. have each undertaken to file, and have agreed to cause their directors and senior officers to file, insider trading reports as if the Trust was not a mutual fund, in accordance with applicable securities legislation in respect of trades made by it or those directors and senior officers in shares of the Trust.

Brokerage Arrangements

Decisions as to the purchase and sale of securities in the Portfolio and as to the execution of all portfolio and other transactions are made by Quadrainvest. In the purchase and sale of securities for the Trust and the writing of option contracts, Quadrainvest seeks to obtain overall services and prompt execution of orders on favourable terms. When the services and prices offered by more than one broker or dealer are comparable and satisfy best execution criteria, Quadrainvest may choose to effect portfolio transactions with brokers and dealers who provide services such as research, statistical data, financial and economic databases and other similar services. The following companies have provided financial information services that Quadrainvest uses as part of its investment decision making process and remuneration for these services was paid through brokerage commissions on trades executed by the Trust under "client commissions arrangements" (also known as "soft dollar arrangements"): Dow Jones & Company, Inc., ICE Data Indices LLC, NYSE Market (DE), Inc., Options Price Reporting Authority, and TSX Inc.

FEES AND EXPENSES

Pursuant to the Trust Agreement, Quadrainvest is entitled to an administration fee payable monthly in arrears at an annual rate equal to 0.10% of the Trust's net asset value calculated as at the last Valuation Date in each month. The Trust will also pay any goods and services or harmonized sales taxes applicable to this administration fee.

Pursuant to the terms of the Investment Management Agreement, Quadrainvest is entitled to a base management fee payable monthly in arrears at an annual rate equal to 0.65% of the Trust's net asset value calculated as at the last Valuation Date in each month. Quadrainvest is also entitled to a performance fee equal to 20% of the total return per Unit of the Trust for a financial year (which includes all cash distributions per Unit made during the year and any increase in the net asset value per Unit from the beginning of the year after the deduction on a per Unit basis of all fees, other expenses and distributions) that exceeds 115% of the Bonus Threshold. The "Bonus Threshold", for any financial year immediately following a year for which a performance fee is payable, is equal to the net asset value per Unit at the

beginning of that financial year. The “Bonus Threshold”, for any financial year immediately following a year for which a performance fee is not payable, is equal to the greater of (i) the net asset value per Unit at the end of the immediately prior financial year; and (ii) the Bonus Threshold for the prior year, minus the Adjustment Amount. The “Adjustment Amount” for any financial year is the amount, if any, by which the net asset value per Unit at the end of the immediately prior financial year plus distributions paid in that prior year exceeds the Bonus Threshold for that prior year.

No performance fee may be paid in any year if, at the end of such year, the net asset value per Unit is less than \$25.00 or if the Trust has not earned an annualized total return of at least the Base Return on a cumulative basis since inception. The “Base Return” in any year is the greater of (i) 5%; and (ii) the annual total return for such year as measured by a published index measuring returns on three-month Canadian treasury bills (the “T-Bill Index”). The performance fee, if payable, shall be deducted from the amount otherwise payable to the Unitholders. The Trust also pays any goods and services or harmonized sales taxes applicable to the base management fee or the performance fee.

The T-Bill Index reflects income yields available to investors who acquire “risk-free” 91-day Treasury bills. QuadraVest believes that the T-Bill Index is an appropriate benchmark against which to assess the performance of the total return per Unit as the investment objective of the Trust is to achieve targeted returns for the Units. Although the actual returns may be achieved in part through the capital appreciation of equity securities, the principal objective, as evidenced by the Trust’s intention to write covered call options, is to achieve the targeted returns and not to track the performance of an investment in the equity securities. As a result, QuadraVest believes that the most appropriate benchmark is one that focuses on yield and not on the investment performance of equity securities.

The Trust is also required to pay for all expenses incurred in connection with the operation and administration of the Trust, estimated to be approximately \$190,000, including harmonized sales tax, per annum (excluding all commissions and other costs of Portfolio transactions, withholding taxes and expenses relating to the issue of Units for which the Trust is also responsible). These expenses are expected to include, without limitation, valuation and administration services fees; fees payable to the Trustee for acting as trustee and custodian of the assets of the Trust and performing certain administrative services under the Trust Agreement; fees payable to the Trust’s registrar and transfer agent with respect to the Units; fees payable to the auditor and legal advisors of the Trust; fees payable to the IRC of the Trust and premiums for insurance coverage for the members of the IRC; costs and expenses of preparing financial and other reports; costs of reporting to Unitholders, including mailing and printing expenses for periodic reports to Unitholders; expenses related to compliance with NI 81-107; regulatory filing and stock exchange fees (including any such fees payable by QuadraVest in respect of the services it provides to the Trust); costs and expenses arising as a result of complying with all applicable laws, regulations and policies including expenses and costs incurred in connection with continuous public filing requirements; fees payable to CDS; any taxes payable by the Trust to which the Trust may be subject, including income taxes and sales taxes; extraordinary expenses that the Trust may incur; all amounts paid on account of indebtedness of the Trust; and expenditures incurred upon the termination of the Trust. Such expenses also include expenses of any action, suit or other proceedings in which or in relation to which: (a) QuadraVest or its directors, officers, employees or agents; (b) the Trustee, or its trustees, officers, employees or agents; or (c) the Trust’s custodian, or its affiliates, subsidiaries or agents, or their respective directors, officers and employees are entitled to indemnity by the Trust.

FUND GOVERNANCE

The Board of Directors of Quadravest has overall responsibility for the corporate governance of the Trust. The auditor is independent of the Trust and Quadravest, as are Computershare and the Trustee.

Independent Review Committee

In accordance with the requirements of National Instrument 81-107 *Independent Review Committee for Investment Funds* (“NI 81-107”), Quadravest has established an independent review committee (“IRC”) for the Fund consisting of Mr. Michael W. Sharp, Mr. John D. Steep, and Mr. Gordon A. M. Currie, who acts as the chair of the IRC. In accordance with NI 81-107, Mr. Sharp was appointed to the IRC effective December 5, 2022 in order to fill a vacancy. Quadravest has established a single IRC which is responsible for all of the public investment funds which it manages. None of the members of the IRC owns any units in the Trust nor any securities of Quadravest or any service provider to the Trust.

Mr. Currie is the Executive Vice President and Chief Legal Officer of George Weston Limited, which he joined in 2005. Prior to that, he was the General Counsel of Direct Energy, the North American subsidiary of Centrica plc. Prior to that, he was a partner at Blake, Cassels & Graydon LLP, specializing in securities law, having joined the firm in 1983. Mr. Sharp is a retired partner of Blake, Cassels & Graydon LLP, where he was a partner for over 20 years prior to retiring in 2019. Mr. Steep is currently the President of S Factor Consulting Inc. Prior to retiring in 2002, Mr. Steep spent over 30 years in the financial services business and retired as a Senior Vice-President at a major Canadian chartered bank. He is also a director of 12 investment fund corporations managed by Quadravest.

Under NI 81-107, Quadravest must refer conflict of interest matters for review or approval to the IRC, and imposes obligations upon Quadravest to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide assistance to the IRC in carrying out its functions. Each of the executive officers of Quadravest work with the IRC in respect of these matters.

The IRC conducts regular assessments and provides reports to Quadravest and to Unitholders in respect of its functions. Annual reports are filed on SEDAR and posted on the Trust’s website. Upon request made by a Unitholder, the Trust will deliver a copy of the most recent of such annual reports of the IRC to such Unitholder without charge.

Members of the IRC currently receive compensation of \$15,000 per annum (\$25,000 per annum for the chair of the IRC) plus reimbursement of expenses. Annual compensation is apportioned among the various funds for which the IRC acts, including the Trust, in Quadravest’s discretion. During the fiscal year of the Trust ended December 31, 2022, \$4,077 of such compensation in the aggregate was allocated to the Trust. During such period, no reimbursement of expenses was made to the IRC members.

Use of Derivatives

Derivatives are used by the Trust, principally exchange-traded options which are used in connection with the Trust’s covered call option writing program. They are not used for speculative purposes or for leverage. Derivatives must be used in compliance with the detailed rules in NI 81-102 which are designed to minimize counterparty risk and to ensure that the derivatives use is not speculative or involve the Trust in leverage. The effective derivatives exposure of the Trust, if any, is monitored by Quadravest on an on-going basis and any margin required in connection with the Trust’s derivatives positions is held by, and derivatives trading is undertaken with, independent third party organizations in compliance with the requirements of NI 81-102.

Voting of Portfolio Securities

Under the proxy voting policies and procedures adopted by the Trust, Quadrainvest is required to vote (or decide to refrain from voting) all shares or other voting securities in the Portfolio in accordance with its best judgement in this regard; provided that Quadrainvest receives the proxy and related materials from the issuer or otherwise in sufficient time to cast such vote. Quadrainvest will consider each such proposal on its merits in light of the best interests of the Trust and its Unitholders. In order to aid in the evaluation process for each proxy proposal, Quadrainvest subscribes to the research services of Institutional Shareholder Services, a leading provider of proxy analysis and recommendations.

Where the Trustee must vote such securities in accordance with the instructions of Quadrainvest in this regard, Quadrainvest shall ensure that instructions are provided to the Trustee in accordance with its corporate action requirements in this regard.

Quadrainvest will maintain a proxy voting record which includes, each time the Trust receives proxy voting materials, the name of the issuer in question; the stock exchange on which the securities are listed and the ticker symbol for such securities; the CUSIP number for the securities; the meeting date and whether the meeting was called by management or otherwise; a brief identification of the matters to be voted on at the meeting; whether, and if so how, the Trust voted on such matters; and whether the votes cast by the Trust were for or against the recommendations of management of the issuer.

The Trust prepares by August 31 in each year a proxy voting record for the one-year period ending on June 30 of that year and posts such record on its website. Upon request made by a Unitholder by calling 1-877-478-2372 or writing to the Trust at Investor Relations, 200 Front Street West, Suite 2510, Toronto, ON M5V 3K2, the Trust will deliver a copy of its proxy voting record, or of its policies and procedures with respect to proxy voting, to such Unitholder without charge.

Short-Term Trading

Because the Units are listed on the TSX and are not issued and redeemed like a normal mutual fund, the Trust has no need of, and therefore has not developed, any policies with respect to the short-term trading by investors in Units or entered into any arrangements with others to permit short term trading.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Trust, the following is a summary of the principal Canadian federal income tax considerations generally relevant to Unitholders of the Trust who are individuals (other than trusts) and who, for purposes of the Tax Act and at all material times, are resident in Canada, deal at arm's length with the Trust and are not affiliated with the Trust, and hold their Units as capital property. Generally, Units will be considered to be capital property to a holder provided the holder does not hold the Units 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 Units as capital property may, in certain circumstances, be entitled to have their Units and all other "Canadian securities" as defined in the Tax Act owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based on the assumption that the Trust was not established and will not be maintained primarily for the benefit of non-residents of Canada for purposes of the Tax Act. This summary is also based on the assumptions that:

- (a) the Units of the Trust will at all times be listed on a designated stock exchange (which currently includes the TSX);
- (b) none of the securities in the Portfolio will be tax shelter investments (for purposes of the Tax Act);
- (c) none of the issuers of the securities in the Portfolio will be foreign affiliates of the Trust or any Unitholder;
- (d) the investment objectives and restrictions applicable to the Trust will, at all relevant times, be as set out in this Annual Information Form and that the Trust will at all times comply with such investment objectives and restrictions; and
- (e) the Trust does not and will not invest in or hold (i) a share of, an interest in, or a debt of a non-resident entity, an interest in or a right or option to acquire such a share, interest or debt or an interest in a partnership which holds such a share, option or right, interest or debt that would cause the Trust (or partnership) to include amounts in income under section 94.1 of the Tax Act, (ii) securities of a non-resident trust other than an “exempt foreign trust” as defined in subsection 94(1) of the Tax Act, or (iii) an interest in a trust that would require the Trust to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act.

This summary is also based on the assumption that the Trust will at no time be a SIFT trust as defined in section 122.1 of the Tax Act. Provided that the Trust does not hold “non-portfolio property” as defined in section 122.1 of the Tax Act, it will not be a SIFT trust. Based upon the information available to counsel, including the Trust’s investment objectives and investment restrictions, as described in this Annual Information Form, the Trust should not hold any “non-portfolio property”.

This summary is based on the facts set out in this Annual Information Form, the current provisions of the Tax Act and the regulations thereunder, and counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the “CRA”) made publically available in writing prior to the date hereof. This summary also takes into account proposals to amend the Tax Act and the regulations thereunder as publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (such proposals will be referred to hereafter as the “Tax Proposals”) and assumes that the Tax Proposals will be enacted as proposed. There can be no assurance that any of the Tax Proposals will be implemented in their current form, or at all. This summary is also based in part on a certificate of an officer of QuadraVest as to certain factual matters. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units of the Trust and, in particular, does not describe income tax considerations relating to the deductibility of interest on any funds borrowed by an investor to acquire Units. This summary does not apply to an investor that enters into a “derivative forward agreement” (a “DFA”) as such term is defined in the Tax Act with respect to the purchase or sale of Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of such Units will vary depending on the investor’s particular circumstances including the province or provinces in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Unitholders are

advised to consult their own tax advisors with respect to the tax consequences to them of holding Units in the Trust in their individual circumstances.

Status of the Trust

Quadravest has advised counsel that the Trust has qualified or been deemed to qualify as a “mutual fund trust” within the meaning of the Tax Act at all times since its inception. This summary is based on the assumption that the Trust has qualified or been deemed to qualify as a mutual fund trust at all times since inception and that it will continue to so qualify.

To qualify as a mutual fund trust, the Trust must be a “unit trust” within the meaning of the Tax Act that is resident in Canada; the sole undertaking of the Trust must be the investing of its funds in property (other than real property or an interest in real property or an immovable or a real right in an immovable); and the Trust must comply on a continuous basis with certain requirements relating to the qualification of Units for distribution to the public, the number of Unitholders and the dispersal of ownership of Units. In addition, the Trust may not reasonably at any time be considered to have been established or to be maintained primarily for the benefit of non-residents of Canada unless, at that time, substantially all of its property consists of property other than “taxable Canadian property” within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

Quadravest has advised counsel that the Trust currently meets the requirements of a unit trust and a mutual fund trust and Quadravest intends that the Trust will continue to do so at all times in the future. If the Trust were not to qualify as a mutual fund trust, the income tax considerations discussed below would in some respects be materially and adversely different.

Taxation of the Trust

The Trust is subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including all dividends received on Portfolio securities and net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Unitholders in the year. Income tax paid by the Trust on any net realized capital gains not paid or payable to Unitholders is recoverable by the Trust to the extent and in the circumstances provided in the Tax Act.

The Trust purchases securities in the Portfolio with the objective of earning dividends thereon over the life of the Trust, and intends to treat and report transactions undertaken in respect of such securities on capital account. Generally, the Trust will be considered to hold such securities on capital account unless the Trust is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Trust has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. Quadravest has advised counsel that the Trust has made the irrevocable election permitted by subsection 39(4) of the Tax Act to deem its “Canadian securities” (as defined in subsection 39(6) of the Tax Act) to be capital property.

Upon the actual or deemed disposition of a Portfolio security held by the Trust as capital property, the Trust will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the aggregate of the adjusted cost base of such security and any reasonable costs of disposition. In computing the adjusted cost base of any particular security held by the Trust, the Trust will generally be required to average the cost of that security with the adjusted cost base of all other identical securities owned by the Trust and held as capital property.

A loss realized by the Trust on a disposition of capital property will be a suspended loss for purposes of the Tax Act if the Trust, or a person “affiliated” with the Trust (within the meaning of the Tax Act), 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 Trust, or a person affiliated with the Trust, owns the substituted property 30 days after the original disposition. If a loss is suspended, the Trust cannot deduct the loss from the Trust’s capital gains until the substituted property is sold and is not reacquired by the Trust, or a person affiliated with the Trust, within 30 days before and after the sale.

The Trust has written and will write covered call options with the objective of increasing the yield on the Portfolio beyond the dividends received on the common shares in the Portfolio. In accordance with CRA’s published administrative practice, a transaction undertaken by the Trust in respect of such options will be treated and reported for purposes of the Tax Act on capital account, unless such transaction is considered to be a DFA. In general, the writing of a covered call option by the Trust in the manner described in “*Investment Strategy and Objectives*” is not expected to constitute a DFA. It is not clear whether the writing of covered calls, if coupled with certain other transactions, could be considered to be DFAs.

Premiums received on call options written by the Trust (to the extent such call options relate to securities actually owned by the Trust at the time the option is written and such securities are held on capital account as discussed above) will constitute capital gains of the Trust in the year received, and gains or losses realized upon dispositions of securities owned by the Trust (whether upon the exercise of call options written by the Trust or otherwise) will generally constitute capital gains or capital losses of the Trust in the year realized. Where a call option is exercised, the premium received by the Trust for the option will be included in the proceeds of disposition of the securities sold pursuant to the option and such premium will not give rise to a capital gain at the time the option is written.

If the Trust sells a security under a DFA, the amount by which the proceeds of disposition exceed (or are less than) the fair market value of the security at the time the DFA is entered into will generally be recognized as ordinary income (or loss) realized upon the disposition of the security. The deductibility of any loss realized on the disposition of a security under a DFA may be restricted depending upon the particular circumstances. The adjusted cost base to the Trust of any such security will be increased (or decreased) by the amount of income recognized (or loss that is deductible) because of the DFA, and the Trust’s capital gain (or capital loss) will be adjusted accordingly.

Generally, the Trust will include gains and deduct losses on income account in connection with investments made through derivative securities (except where such derivatives are used to hedge Portfolio securities held on capital account and provided there is sufficient linkage), and will recognize such gains or losses for tax purposes at the time they are realized by the Trust. The Trust may also use derivative instruments for hedging purposes. Gains or losses realized on such derivatives hedging Portfolio securities held on capital account will be treated and reported for tax purposes on capital account (subject to adjustment for any ordinary income or loss from the dispositions of property pursuant to a derivative that constitutes a DFA), provided there is sufficient linkage.

Quadravest has advised counsel that the Trust will not enter into a DFA the effect of which would be to materially increase the income tax payable by the Trust or the Unitholders, to the extent the income realized in the taxation year from the disposition of property pursuant to a derivative that constitutes a DFA is paid or made payable to the Unitholders in the taxation year (taking into account all DFAs entered into).

Option premiums, cost and proceeds of disposition of shares, dividends received, interest income and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars, converted

where applicable using the single daily rate of exchange quoted by the Bank of Canada on the day on which such amounts first arise, or such other rate of exchange as is acceptable to the Minister of National Revenue (Canada). The Trust may realize gains or losses by virtue of the fluctuation in the value of U.S. dollars or other foreign currency relative to the Canadian dollar.

The Trust generally intends to deduct in computing its income in each taxation year for purposes of the Tax Act the full amount available for deduction in each year (computed on the assumption that options outstanding after the year end will expire unexercised) and, therefore, provided the Trust makes distributions in each year of its net income including net realized capital gains as described under “*Description of the Units of the Trust – Distributions*”, it will generally not be liable in such year for income tax under Part I of the Tax Act other than such tax on net realized capital gains that would be recoverable by it in such year.

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

Taxation of Unitholders

A Unitholder will generally be required to include in the calculation of the Unitholder’s income under the Tax Act the net income including the net realized taxable capital gains of the Trust paid or payable to the Unitholder in the year. To the extent that distributions by the Trust to a Unitholder in any year exceed the net income including the net realized capital gains of the Trust for the year, such distributions generally will not be included in the calculation of the Unitholder’s income for the year but will reduce the adjusted cost base of the Unitholder’s Units.

The Trust will designate to the extent permitted by the Tax Act the portion of the net income distributed to Unitholders that may reasonably be considered to consist respectively of net realized taxable capital gains of the Trust and taxable dividends received (or deemed to be received) by the Trust from taxable Canadian corporations. Any such designated amounts will be deemed for purposes of the Tax Act to be received and/or realized by Unitholders in the year as a taxable capital gain or a taxable dividend received by the Unitholder from a taxable Canadian corporation, as the case may be. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply. An enhanced gross-up and dividend tax credit is available on “eligible dividends” received from a taxable Canadian corporation which are so designated by the corporation. Any amounts designated as consisting of eligible dividends will be deemed for the purposes of the Tax Act to be received by such Unitholders in the year as eligible dividends.

The Trust will also make designations in respect of its income from foreign sources so that, for the purpose of computing any foreign tax credit to a Unitholder, the Unitholder will be deemed to have paid as tax to the government of a foreign country that portion of the foreign withholding taxes paid by the Trust to that government that is equal to the Unitholder’s share of the Trust’s income (calculated under the rules in the Tax Act) from sources in that country. A taxable Unitholder will generally be entitled to foreign tax credits in respect of such foreign withholding taxes under and subject to the general foreign tax credit rules under the Tax Act and depending upon other foreign source income or loss and

foreign taxes paid by the Unitholder. Unitholders will be informed each year of the amount of the Trust's net income, net realized taxable capital gains, income from foreign sources and foreign taxes paid to enable the Unitholders to complete their income tax returns.

Under the Tax Act, a trust is permitted to deduct in computing its income for a taxation year an amount which is less than the amount of income that it derived in the year that is distributed, or made payable, to Unitholders in the year. This will enable the Trust to utilize, in a particular year, losses from prior years without affecting the ability of the Trust to distribute its income annually. The amount distributed to a Unitholder but not deducted by the Trust will not be required to be included in the income of the Unitholder. However, unless such amount relates to the non-taxable portion of capital gains, the taxable portion of which has been allocated to the Unitholder, the adjusted cost base of the Unitholder's Units would be reduced by such amount. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from a disposition of the Unit, and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain.

The net asset value per Unit will reflect any income and gains of the Trust that have accrued or have been realized but not made payable at the time Units are acquired. Consequently, Unitholders that acquire additional Units may become taxable on their share of income and gains of the Trust that accrued or were realized before the Units were acquired and were not made payable before such time.

Upon the actual or deemed disposition of a Unit, including on a sale or redemption, a capital gain (or capital loss) will generally be realized by the Unitholder to the extent that the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base to a Unitholder, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units of the Trust owned by the Unitholder as capital property immediately before that time.

One-half of any capital gains ("taxable capital gains") realized will be included in computing the income of a Unitholder and one-half of any capital loss realized must generally be deducted against such taxable capital gains in accordance with the provisions of the Tax Act.

Individual Unitholders are generally subject to an alternative minimum tax. In general terms, net income of the Trust paid or payable to a Unitholder will not increase the Unitholder's liability under the Tax Act for alternative minimum tax. However, amounts designated as net realized capital gains or taxable dividends from taxable Canadian corporations paid or payable to a Unitholder by the Trust or capital gains realized on the disposition of Units by the Unitholder may increase the Unitholder's liability for alternative minimum tax.

INTERNATIONAL INFORMATION REPORTING

Pursuant to the Canada-United States Enhanced Tax Information Exchange Agreement entered into between Canada and the United States on February 5, 2014 (the "IGA") and related Canadian legislation in the Tax Act, the dealers through which Unitholders hold their Units are required to report certain financial information (e.g. account balances) with respect to Unitholders, or their controlling persons, who are U.S. residents and U.S. citizens (including U.S. citizens who are residents and/or citizens of Canada), certain other "U.S. Persons", as defined under the IGA or who do not provide the requested information and indicia of U.S. or non-Canadian status are present (excluding trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (each

as defined in the Tax Act)), to the CRA. The CRA provides the information to the U.S. Internal Revenue Service.

Canada has also implemented the OECD Multilateral Competent Authority Agreement and Common Reporting Standard which provides for the automatic exchange of certain tax information between the tax authorities of participating jurisdictions. Affected investors are required to provide certain information including their tax identification numbers for the purpose of such information exchange.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to Unitholders:

- (a) the Trust Agreement described under “*Name, Formation and History of the Trust*”;
- (b) the Investment Management Agreement described under “*Name, Formation and History of the Trust – Extension of the Termination Date of the Trust*”; and
- (c) the Recirculation Agreement described under “*Description of the Units of the Trust – Resale of Units Tendered for Redemption*”.

Copies of the foregoing agreements have been filed on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION – RISK FACTORS

The following are certain considerations relating to an investment in Units which existing or prospective investors should consider. There can be no assurance that the Trust will be successful in meeting its objectives, and the Units may trade in the market at a premium or discount to their proportionate share of the Trust’s net asset value.

Interest Rate Fluctuations

It is anticipated that the market price of the Units of the Trust will, at any time, be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the market price of those Units.

Foreign Currency Exposure

As the Portfolio may, and will generally, include securities and options denominated in U.S. dollars or other foreign currencies, the net asset value of the Trust, when measured in Canadian dollars, will be affected by changes in the value of the U.S. dollar or those other foreign currencies relative to the Canadian dollar. Quadravest expects that none of the Trust’s exposure to the U.S. dollar will be hedged back to the Canadian dollar.

Foreign Market Exposure

A portion of the Portfolio at any time may consist of the securities of issuers operating outside Canada and the United States and not listed on stock exchanges in Canada or the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to Canadian and U.S. companies, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or U.S. company. Volume and liquidity in some foreign stock markets may be less than in

Canada and the U.S. and, at times, volatility of price may be greater than in Canada or the U.S. As a result, the price of ADRs may be affected by conditions in the market on which the securities underlying the ADRs are traded. In addition, with respect to certain foreign countries, particularly emerging countries, there is a possibility of expropriation or confiscatory taxation, political or social instability, diplomatic developments or restrictions on the movement of capital that could affect investments in the countries.

Risk of Volatile Markets and Market Disruption Risk

The performance of the Portfolio may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. In addition, unexpected and unpredictable events such as war and occupation, a widespread health crisis or global pandemic, terrorism and related geopolitical risks may lead to substantial market volatility and may have adverse long-term effects on world economies and markets generally. For example, the spread of a coronavirus disease (COVID-19 and any variants thereto) caused increased volatility and disruptions in global business activity and financial markets.

These factors may also cause inflation, a downturn or recession, exchange trading suspensions and closures, affect the Portfolio's performance and significantly reduce the value of an investment in Units. The Trust is therefore exposed to some, and at times, a substantial, degree of market risk.

Net Asset Value and Distributions

The net asset value of the Trust and the funds available for distribution to Unitholders will vary, among other things, according to the value of the common shares of the corporations included in the Portfolio (which in turn will be influenced by factors which are not within the control of the Trust including the performance of the Portfolio companies, their dividend payment policies and financial market and economic conditions generally), the dividends received by the Trust on the shares in the Portfolio, and the level of option premiums received. There can be no assurance that the Trust will be able to achieve its objectives of paying monthly distributions. A substantial drop in the Canadian or United States equities markets could be expected to have a negative effect on the Trust.

Return of Capital upon Termination

While one of the Trust's investment objectives is to return to the Unitholders the issue price of such Units on the redemption of such Units on the Termination Date, there can be no assurances that this will be possible.

Reliance on the Investment Manager

Quadravest will manage the Portfolio in a manner consistent with the investment objectives, strategy and criteria of the Trust. The officers of Quadravest who will be primarily responsible for the management of the Portfolio have extensive experience in managing investment portfolios. There is no certainty that such individuals will continue to be employees of Quadravest throughout the term of the Trust.

Use of Options

The Trust is subject to the full risk of its investment position in the common shares of the corporations in the Portfolio, including those shares that are subject to outstanding call options, should the

market price of the common shares decline. In addition, the Trust will not participate in any gain on the common shares that are subject to outstanding call options above the strike price of the options. There can be no assurance that a liquid exchange or over-the-counter market will exist to permit the Trust to write covered call options on desired terms or to close out option positions should Quadrainvest desire to do so. In purchasing call or put options, the Trust is subject to the credit risk that its counterparty (whether a clearing corporation in the case of exchange traded instruments, or other third party in the case of over-the-counter instruments) may be unable to meet its obligations. The ability of the Trust to close out its positions may also be affected by exchange-imposed daily trading limits on options. If the Trust is unable to repurchase a call option which is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires.

Conflicts of Interest

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

Treatment of Proceeds of Disposition and Option Premiums

In determining its income for tax purposes, the Trust will treat gains and losses realized on the disposition of securities in the Portfolio, option premiums received on the writing of covered call options and any gains and losses sustained on closing out options as capital gains and capital losses in accordance with CRA's published administrative practice (subject to adjustment for any ordinary income or loss recognized from the disposition of property pursuant to a derivative that constitutes a DFA, as described under "*Canadian Federal Income Tax Considerations – Taxation of the Trust*"). CRA's practice is not to grant advance income tax rulings on the character of items as capital or income and no advance income tax ruling has been applied for or received from CRA. If, contrary to CRA's published administrative practice, some or all of the transactions undertaken by the Trust in respect of options and securities in the Portfolio were treated on income rather than capital account, after tax returns to Unitholders could be reduced and the Trust may be subject to non-refundable income tax in respect of income from such transactions to the extent such amounts were not distributed to Unitholders.

Status of the Trust under Securities Legislation

Although the Trust is considered to be a mutual fund under the securities legislation of certain provinces of Canada, it has been granted an exemption from certain requirements of NI 81-102, and so is not subject to all the same rules as conventional public mutual funds.

Mutual Fund Trust Status

The tax treatment of the Trust and its Unitholders depends in part upon the Trust being a "mutual fund trust" for tax purposes. If the Trust ceases to qualify as a mutual fund trust under the Tax Act, such tax treatment would be materially and adversely different in certain respects.

Changes in Legislation and Regulatory Risk

There can be no assurance that laws applicable to the Trust, including securities legislation, will not be changed in a manner which adversely affects the Trust or Shareholders. Certain legal or regulatory changes could make it more difficult, if not impossible, for the Trust to operate or achieve its investment objectives. If legal or regulatory changes occur, such changes could have a negative effect upon the value of the Trust, the Units and upon investment opportunities available to the Trust.

Suspension of Redemptions

The Trust may suspend the redemptions of Units or payment of redemption proceeds during any period when normal trading is suspended on any stock exchange within or outside Canada on which securities of the Trust are listed which represent more than 50% by value of the total assets of the Trust without allowance for liabilities or, with the prior permission of the Ontario Securities Commission, for any period not exceeding 120 days during which the Trust determines that conditions exist which render impractical the sale of assets of the Trust or which impair the ability of the Trust to determine the value of the assets of the Trust. In the event of a suspension of redemptions, Unitholders would experience reduced liquidity. See “*Redemptions – Suspension of Redemptions*”.

Effects of Substantial Redemptions

If holders of a substantial number of Units exercise their redemption rights, the number of Units outstanding and the net assets of the Trust could be reduced, with the effect of decreasing the liquidity of the Units in the market and increasing the management expense ratio of the Trust.

Cybersecurity Risk

The information and technology systems of QuadraVest, the Trust’s key service providers (including its custodian, registrar and transfer agent, valuation services provider and administration services provider) and the Portfolio companies may be vulnerable to cybersecurity risks such as potential damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons (e.g. through hacking or malicious software) and general security breaches. A cybersecurity incident is an adverse intentional or unintentional action or event that threatens the integrity, confidentiality or availability of the Trust’s information resources. A cybersecurity incident may disrupt business operations or result in the theft of confidential or sensitive information, including personal information, or may cause system failures, disrupt business operations or require QuadraVest or a service provider to make a significant investment to fix, replace or remedy the effects of such incident. Furthermore, a cybersecurity incident could cause disruptions and negatively impact the Trust’s business operations, potentially resulting in financial losses to the Trust and Shareholders. There is no guarantee that the Trust or QuadraVest will not suffer material losses as a result of cybersecurity incidents. If they occur, such losses could materially adversely impact the Trust’s net asset value.

INCOME FINANCIAL TRUST

Additional information about the Trust is available in its management reports of fund performance and financial statements. These documents are available on Quadravest's website at www.quadravest.com. These documents and other information about the Trust, such as information circulars and material contracts, are also available through SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

