

PROSPECTUS

Initial Public Offering

May 30, 2006



**diversiGlobal Dividend Value Fund**  
**Maximum \$100,000,000 (10,000,000 Trust Units)**

diversiGlobal Dividend Value Fund (the “Fund”) is an investment trust established under the laws of the Province of Ontario which proposes to offer (the “Offering”) transferable, redeemable trust units (“Trust Units”) of the Fund.

The Fund has been designed to provide Unitholders with exposure to an actively managed and diversified global Portfolio comprised primarily of Dividend-Paying Equity Securities. The Manager intends to invest in well-managed, undervalued global companies with strong cash flows and the ability to grow their dividends. The Manager expects that the resulting Portfolio will be comprised of the equity securities of approximately 30-50 companies diversified by both geography and sector, with each company typically having a market capitalization of at least U.S. \$3 billion.

The Fund’s Investment Objectives are:

- (i) **Capital Appreciation:** to provide Unitholders with long-term capital appreciation; and
- (ii) **Monthly Distributions:** to provide Unitholders with a stable stream of monthly cash distributions.

The indicative distribution for the Fund is \$0.0417 per month (\$0.50 per Trust Unit per annum), representing a yield of 5.0% per annum based on the \$10.00 per Trust Unit issue price (the “Offering Price”). Commencing in December 2006, the Fund will annually determine and announce an indicative distribution for the following 12 months based upon prevailing market conditions and the Manager’s estimate of distributable cash flow for the year.

Based on the Indicative Portfolio, the initial indicative monthly distributions (after deducting expenses) will be funded through (i) dividend income from the Fund Investments (approximately 2.52% currently); and (ii) proceeds from the sale of securities held by the Fund. To the extent necessary, the Fund will return capital to Unitholders to fund the monthly distributions (in which case the Net Asset Value per Trust Unit would be reduced). The Portfolio would be required to appreciate at a rate of approximately 4.60% per annum in order for the Fund to maintain a stable Net Asset Value while making the initial indicative monthly cash distributions.

**There is no assurance that the Fund will meet its Investment Objectives.**

**Price: \$10.00 per Trust Unit**  
**Minimum Purchase: 100 Trust Units**

	Price to the Public <sup>(1)</sup>	Agents’ Fees	Net Proceeds to the Fund <sup>(2)</sup>
Per Trust Unit . . . . .	\$10.00	\$0.50	\$9.50
Minimum Total Offering <sup>(3)(4)</sup> . . . . .	\$20,000,000	\$1,000,000	\$19,000,000
Maximum Total Offering <sup>(4)</sup> . . . . .	\$100,000,000	\$5,000,000	\$95,000,000

- Notes:
- (1) The Offering Price was established by negotiation between the Agents and the Manager. The price per Trust Unit is payable in cash or in common shares of Exchange Eligible Issuers deposited pursuant to the Exchange Option.
  - (2) Before deducting the expenses of the Offering, estimated to be \$650,000 (subject to a maximum of 1.5% of the gross proceeds of the Offering), which, together with the Agents’ fees, will be paid by the Fund from the proceeds of the Offering.
  - (3) There will be no closing unless a minimum of 2,000,000 Trust Units are sold (either for cash or in exchange for common shares of Exchange Eligible Issuers deposited pursuant to the Exchange Option).
  - (4) The Fund has granted to the Agents an option (the “Over-Allotment Option”), exercisable for a period of 30 days from the closing of the Offering, to purchase additional Trust Units in an amount not exceeding 15% of the aggregate number of Trust Units issued on the closing of the Offering on the same terms as set forth above, solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, Agents’ fees and net proceeds will be \$115,000,000, \$5,750,000 and \$109,250,000, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Trust Units issuable on the exercise of the Over-Allotment Option. See “Plan of Distribution”.

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Goodman & Company, Investment Counsel Ltd. is the manager (the “Manager”) of the Fund and will also act as investment counsel and portfolio manager and be responsible for implementing the investment strategy of the Fund. The Manager is also the manager of Dynamic® mutual funds.

The Fund may borrow up to a maximum of 25% of Total Assets of the Fund to acquire Fund Investments. See “Investment Strategy and Restrictions — Loan Facility”. The Fund will enter into currency hedging arrangements in order to minimize the effects on the Fund of changes in the value of the foreign currencies in which its assets are denominated relative to the Canadian dollar. It is intended that, initially, at least 80% of the value of the Fund Investments will be hedged back to the Canadian dollar and that, at all times, at least 50% of the value of the Fund Investments will be hedged back to the Canadian dollar. See “Investment Strategy and Restrictions — Currency Hedging”.

Prospective purchasers may purchase Trust Units either by: (a) cash payment; or (b) an exchange of freely tradeable common shares of any Exchange Eligible Issuer. The number of Trust Units issuable in exchange for the common shares of an Exchange Eligible Issuer deposited by a prospective purchaser pursuant to the Exchange Option was determined by dividing (i) the average of the volume weighted average trading price of such common shares on the Toronto Stock Exchange during the three consecutive trading days ending on May 25, 2006, as adjusted to reflect distributions declared by any Exchange Eligible Issuer that will not be received by the Fund, by (ii) \$10.00. Prospective purchasers under the Exchange Option were required to deposit common shares of Exchange Eligible Issuers with Computershare Investor Services Inc. (the “Exchange Agent”) through The Canadian Depository for Securities Limited (“CDS”) prior to 5:00 p.m. (Toronto time) on May 25, 2006. See “Exchange Option”.

Trust Units may be surrendered for redemption in December of each year commencing in December 2007, subject to certain restrictions, for a redemption price equal to 100% of Net Asset Value per Trust Unit less out-of-pocket expenses, if any, directly incurred by the Manager to satisfy such redemptions. See “Redemption of Trust Units”.

The Fund will terminate on the Termination Date and its net assets will thereafter be distributed to Unitholders unless Unitholders determine to continue the Trust by a majority vote at a meeting of Unitholders called for that purpose. See “Declaration of Trust — Termination of the Fund”.

**There is currently no market through which the Trust Units may be sold and purchasers may not be able to resell the Trust Units purchased under this prospectus.** The Toronto Stock Exchange has conditionally approved the listing of the Trust Units. Listing is subject to the Fund fulfilling all of the requirements of the Toronto Stock Exchange on or before August 14, 2006, including distribution of the Trust Units to a minimum number of Unitholders. The Agents may over-allot and effect transactions to cover their over-allotted position as described under “Plan of Distribution”.

There is no guarantee that an investment in the Fund will earn the initial targeted distribution of \$0.0417 per month (\$0.50 per Trust Unit per annum representing a yield of 5.0% per annum based on the Offering Price) or any positive return in the short or long term, nor is there any guarantee that the Net Asset Value per Trust Unit will be preserved or any capital appreciation attained. No assurance can be given as to the amount of indicative distributions announced in future years of the Fund. An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment and can withstand the effects of the targeted return not being met in any period. There are certain risk factors associated with an investment in Trust Units. See “Risk Factors”.

**The Fund is not a trust company and does not carry on business as a trust company and, accordingly, the Fund is not registered under the trust company legislation of any jurisdiction. Trust Units are not “deposits” within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured under provisions of that Act or any other legislation.**

RBC Dominion Securities Inc., CIBC World Markets Inc., Dundee Securities Corporation, Scotia Capital Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Canaccord Capital Corporation, HSBC Securities (Canada) Inc., Berkshire Securities Inc. and Blackmont Capital Inc. (collectively, the “Agents”) conditionally offer the Trust Units for sale, subject to prior sale, on a best efforts basis, if, as and when issued, sold and delivered by the Fund in accordance with the conditions contained in the Agency Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of the Fund by McCarthy Tétrault LLP and on behalf of the Agents by Blake, Cassels & Graydon LLP. See “Plan of Distribution”.

Subscriptions for Trust Units will be received subject to rejection or allotment in whole or in part and the Fund reserves the right to close the subscription books at any time without notice. Registrations of interests in and transfers and pledges of Trust Units will be made only through the book-based system administered by The Canadian Depository for Securities Limited (“CDS”). A single book-entry only certificate representing the Trust Units will be issued in registered form only to CDS or its nominee and will be deposited with CDS on the date of closing which is expected to occur on or about June 19, 2006 or such later date as the Fund and the Agents may agree, but in any event not later than July 28, 2006. A purchaser of Trust Units will receive a customer confirmation from the registered dealer which is a participant in CDS from or through which the Trust Units are purchased, and will not have the right to receive physical certificates evidencing ownership. See “Details of the Offering — Book Entry Registration”.

**Dundee Securities Corporation, one of the Agents, is an affiliate of the Manager. Consequently, the Fund may be considered to be a “connected issuer” of Dundee Securities Corporation under applicable securities legislation. The decision of Dundee Securities Corporation to participate in the Offering was made independently of the Manager. Dundee Securities Corporation will receive no benefit in connection with the Offering other than receiving a portion of the Agents’ fees and a portion of the Service Fee described under “Fees and Expenses — Service Fee”. See “Plan of Distribution”.**

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### ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel for the Fund, and Blake, Cassels & Graydon LLP, counsel for the Agents, provided that the Fund qualifies as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the "Tax Act"), if issued on the date hereof the Trust Units would be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans (collectively, "Plans") and for registered education savings plans. The foreign property limits applicable to Plans and certain other persons have been repealed, effective 2005.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Certain capitalized terms used, but not defined, in this summary are defined in the “Glossary of Terms”.*

### The Fund

diversiGlobal Dividend Value Fund is an investment trust established under the laws of the Province of Ontario on May 30, 2006. The Manager of the Fund is Goodman & Company, Investment Counsel Ltd.

### Rationale for the Fund

The Fund has been designed to provide Unitholders with exposure to an actively managed and diversified global Portfolio comprised primarily of Dividend-Paying Equity Securities. The Manager intends to invest in well-managed, undervalued global companies with strong cash flows and the ability to grow their dividends. The Manager expects that the resulting Portfolio will be comprised of the equity securities of approximately 30-50 companies diversified by both geography and sector, with each company typically having a market capitalization of at least U.S. \$3 billion.

### The Offering

<b>Offering:</b>	The offering consists of transferable, redeemable Trust Units of the Fund.
<b>Amount:</b>	A minimum of 2,000,000 and a maximum of 10,000,000 Trust Units. A minimum of \$20,000,000 and a maximum of \$100,000,000.
<b>Price:</b>	\$10.00 per Trust Unit.
<b>Minimum Purchase:</b>	100 Trust Units (\$1,000).
<b>Exchange Option:</b>	<p>The price for each Trust Unit purchased may be paid either by cash or by an exchange of freely tradeable common shares of the Exchange Eligible Issuers set out under “Exchange Option — Exchange Eligible Issuers”.</p> <p>In order to utilize the Exchange Option, a prospective purchaser was required to deposit common shares of an Exchange Eligible Issuer with the Exchange Agent, through CDS, prior to 5:00 p.m. (Toronto time) on May 25, 2006. Such deposit must have been made by way of book-entry deposit through a CDS Participant.</p> <p>The Exchange Ratio was determined by dividing the Exchange Price by \$10.00. See “Exchange Option”.</p> <p>A purchaser who holds common shares of an Exchange Eligible Issuer as capital property may realize a capital gain or capital loss on the exchange of common shares of an Exchange Eligible Issuer for Trust Units pursuant to the Exchange Option. See “Canadian Federal Income Tax Considerations — The Exchange Option”.</p>

**Investment Objectives:**

The Fund's Investment Objectives are:

- (i) **Capital Appreciation:** to provide Unitholders with long-term capital appreciation; and
- (ii) **Monthly Distributions:** to provide Unitholders with a stable stream of monthly cash distributions.

The indicative distribution of the Fund is \$0.0417 per month (\$0.50 per Trust Unit per annum), representing a yield of 5.0% per annum based on the Offering Price. Commencing in December 2006, the Fund will annually determine and announce an indicative distribution for the following 12 months based upon prevailing market conditions and the Manager's estimate of distributable cash flow for the year. See "Distributions".

**There is no assurance that the Fund will meet its Investment Objectives.**

**Investment Strategy:**

The Fund will invest in a diversified global Portfolio comprised primarily of Dividend-Paying Equity Securities of companies that the Manager believes are fundamentally sound but which are trading at a discount to their intrinsic value. The Manager will seek to invest in companies which have strong cash flows and the ability to grow their dividends.

The Manager will employ a disciplined, bottom-up approach, which incorporates rigorous stock selection disciplines. This process is highly objective, and the Manager's view with respect to a potential Fund Investment will be based more on the long-term prospects of the company than short-term market, political or social forces.

Once a company has been identified for further study, the Manager will determine whether the company pays a regular dividend or whether it is likely, in the Manager's opinion, to initiate a dividend in the short term. If so, an in-depth fundamental analysis is conducted to determine whether, in the opinion of the Manager, the company's shares have been oversold by the marketplace relative to its intrinsic value. Key evaluation criteria include the following:

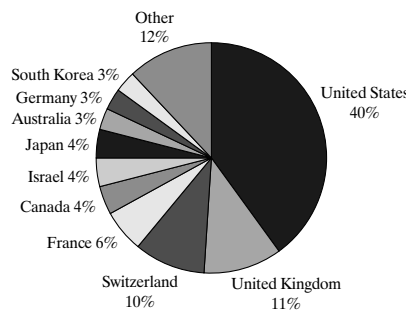
- (i) valuation using the discounted cash flow;
- (ii) assessment and/or interviews of the management team;
- (iii) analysis of the company's product or service offerings;
- (iv) financial statement analysis;
- (v) consideration of the company's ability to buy back stock, pay down debt, consolidate with competitors and/or initiate or increase a dividend payment; and
- (vi) industry analysis and analysis of the company's competitive position in its industry.

See "Investment Strategy and Restrictions — Investment Restrictions".

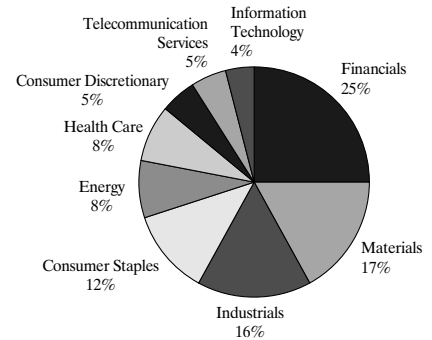
**Indicative Portfolio:**

The Indicative Portfolio is diversified by geography and business sector as follows:

**Indicative Country Allocation**



**Indicative Sector Allocation**



The following is a representative sample of companies included in the Indicative Portfolio.

**Representative Sample of Indicative Portfolio Companies**  
(actual Portfolio will include approximately 30-50 companies)

<u>Company</u>	<u>Country</u>	<u>Sector</u>
Bank of America Corp. . . . .	United States	Financials
Bayerische Motoren Werke . .	Germany	Consumer Durables
BHP Billiton Ltd . . . . .	Australia	Materials
Citigroup Inc. . . . .	United States	Financials
Emerson Electric Co. . . . .	United States	Industrials
Exxon Mobil Corp. . . . .	United States	Energy
ICL Israel Chemicals . . . . .	Israel	Materials
Japan Tobacco Inc. . . . .	Japan	Consumer Staples
Kookmin Bank . . . . .	South Korea	Financials
Motorola Inc. . . . .	United States	Information Technology
Nestle SA . . . . .	Switzerland	Consumer Staples
Rio Tinto . . . . .	United Kingdom	Materials
Rockwell Collins . . . . .	United States	Industrials
Sandvik SA . . . . .	Sweden	Industrials
UBS AG . . . . .	Switzerland	Financials

**The foregoing information is for illustrative purposes only and should not be construed as a representation concerning the future composition or diversification of the Portfolio.**

**Manager:**

Goodman & Company, Investment Counsel Ltd. is the Manager of the Fund and is responsible for providing or arranging for the provision of management and administrative services required by the Fund and will monitor the suitability of the Investment Strategy to meet the Investment Objectives. The Manager will also provide investment advisory and portfolio management services to the Fund. The Manager is also the manager of Dynamic® mutual funds and five closed-end funds and currently manages approximately \$20 billion in assets.

The Fund will be managed by the team of David Taylor and David Fingold. The senior portfolio manager is Mr. Taylor, while Mr. Fingold (Associate Portfolio Manager), under the supervision of Mr. Taylor, is the individual

who will be responsible for identifying investment opportunities for, and making investment decisions on behalf of, the Fund on a day-to-day basis.

Mr. Taylor heads the Value Team at the Manager and is the lead portfolio manager for all of Dynamic's Canadian Value Funds. With close to 20 years of industry experience, Mr. Taylor manages more than \$2.9 billion in assets for investors, of which approximately \$1.1 billion was invested in international equities as of April 30, 2006.

Mr. Fingold has been an associate portfolio manager at the Manager since March 2004 and has been a member of its Value Team since 2002. He has been an associate portfolio manager on behalf of Dynamic American Value Fund since October 2005, of Dynamic Global Discovery Fund since September 2004 and of Dynamic Global Dividend Value Fund since March 2006. Together, these mutual funds had approximately \$322.6 million in assets under management as at April 30, 2006. Prior to joining the Manager, Mr. Fingold worked for seven years sourcing and evaluating investment opportunities for a privately owned merchant bank. Mr. Fingold also has 11 years of business, operational and investment experience including senior positions in corporate finance, sales, purchasing, and marketing and in the manufacturing, transportation and distribution industries.

Mr. Taylor is presently the lead manager on behalf of the Manager of two open-end mutual funds which employ a similar investment approach as that of the Fund. As at April 30, 2006, Dynamic Canadian Dividend Fund Ltd., which has been managed since December 2003 by Mr. Taylor, had over \$1 billion in assets. As at April 30, 2006, Dynamic Dividend Value Fund, which has been managed since January 2003 by Mr. Taylor, had over \$500 million in assets. As a member of the Value Team, Mr. Fingold is also involved in managing Dynamic Canadian Dividend Fund Ltd. and Dynamic Dividend Value Fund. The Manager's value investment approach in respect of both of these funds is similar to the investment approach of the Fund. Each of these funds differs from the Fund in several ways. Both of these funds are open-end mutual funds that have not employed leverage as part of their investment strategies. Additionally, these funds were invested as of April 30, 2006 as to 32.1% and 36.8%, respectively, in foreign equity securities while it is anticipated that the Fund will have a significantly more global focus.

The following table shows the historical compound returns (net of all expenses) achieved by the Manager with respect to Dynamic Canadian Dividend Fund Ltd. and Dynamic Dividend Value Fund compared to the S&P/TSX Composite Index Total Return for the periods shown.

<u>Fund Name</u>	<u>For the periods ended April 30, 2006</u>			
	<u>1 Year Return</u>	<u>2 Year Return</u>	<u>3 Year Return</u>	<u>5 Year Return</u>
Dynamic Canadian Dividend Fund Ltd.	25.5%	23.6%	23.2%	15.0%
Dynamic Dividend Value Fund . . . . .	24.0%	23.0%	23.8%	10.6%
S&P/TSX Composite Index Total Return . . . . .	32.7%	23.9%	25.1%	11.0%

**This information does not reflect the expected performance of the Fund and is provided only to illustrate the experience and historic investment results**

**obtained by the Manager. This information is not, and should not be construed as, indicative of the future performance of the Trust Units or amounts which may be distributed by the Fund. This information is provided solely for illustrative purposes, and should not be construed as a forecast or projection. Past performance does not guarantee future investment results.**

Mr. Fingold and Mr. Taylor are backed by a team of analysts that provide in-depth analysis on the securities selected by the Manager for the Fund. See “Management of the Fund — The Manager”.

**Loan Facility:**

On or subsequent to the Closing of the Offering, the Fund intends to enter into a Loan Facility with a Canadian chartered bank or other arm’s length financial institution that will allow the Fund to borrow from time to time amounts not exceeding 25% of Total Assets (determined immediately prior to the borrowing). If at any time the total amount owing by the Fund under the Loan Facility exceeds 25% of Total Assets, the Manager will liquidate Fund Investments in an orderly manner and use the proceeds therefrom to reduce indebtedness so that the amount financed by the Fund is reduced to 25% or less of Total Assets. See “Investment Strategy and Restrictions — Loan Facility”. The Fund does not initially expect to borrow under the Loan Facility.

**Currency Hedging:**

The Fund will enter into currency hedging arrangements in order to minimize the effects on the Fund of changes in the value of the foreign currencies in which its assets are denominated relative to the Canadian dollar. It is intended that, initially, at least 80% of the value of the Fund Investments will be hedged back to the Canadian dollar and that, at all times, at least 50% of the value of the Fund Investments will be hedged back to the Canadian dollar. The Fund will not be hedged against all such risks at all times. See “Investment Strategy and Restrictions — Currency Hedging”.

**Monthly Distributions:**

Commencing in the month following the month in which Closing occurs, and on a monthly basis thereafter, it is intended that Distributions will be declared and each Unitholder of record at the close of business on the last Business Day of that month will be entitled to receive a monthly Distribution payable on or about the tenth Business Day of the subsequent month. Monthly Distributions for the period ending December 31, 2006 are targeted to be \$0.0417 per month (\$0.50 per Trust Unit per annum representing a yield of 5.0% per annum based on the Offering Price). The initial cash distribution is anticipated to be payable on or before August 15, 2006 to Unitholders of record on July 31, 2006.

Commencing in December 2006, the Fund will annually determine and announce an indicative distribution for the following 12 months based upon prevailing market conditions and the Manager’s estimate of distributable cash flow for the year. No assurance can be given as to the amount of indicative distributions announced in future years of the Fund. Additional Distributions will be made at year-end to ensure that the Fund will generally not be liable to pay income tax (taking into account anticipated capital gains refunds). Such Additional Distributions may be made in cash or in additional Trust Units. To the extent necessary, the Fund will return capital to Unitholders to fund the monthly distributions (in which case the Net Asset Value per Trust Unit would be reduced).

Based on the Indicative Portfolio, the initial indicative monthly distributions (after deducting expenses) will be funded through (i) dividend income from

the Fund Investments (approximately 2.52% currently); and (ii) proceeds from the sale of securities held by the Fund. Assuming (i) an offering size of \$100 million; (ii) no leverage; and (iii) the fees and expenses described under “Summary of Fees and Expenses”, the net yield will be approximately 0.66% on the original issue price of \$10. To the extent necessary, the Fund will return capital to Unitholders to fund the monthly distributions (in which case the Net Asset Value per Trust Unit would be reduced). The Portfolio would be required to appreciate at a rate of approximately 4.60% per annum in order for the Fund to maintain a stable Net Asset Value while making the initial indicative monthly cash distributions.

**Redemptions of Trust Units:**

Trust Units may be surrendered for redemption on the Redemption Date in December of each year (commencing in 2007). The redemption price per Trust Unit will be equal to 100% of the Net Asset Value per Trust Unit, as determined in accordance with the principles set out under “Valuation, Total Assets, Total Liabilities and Net Asset Value”, less out-of-pocket expenses, if any, directly incurred by the Manager to satisfy such redemptions. Any Unitholder of record on the Redemption Date will be entitled to receive any distribution payable to Unitholders of record on that date. Trust Units may also be redeemed monthly based on a different redemption price. Trust Units must be surrendered for redemption not less than ten Business Days before the applicable Redemption Date except in December (commencing in 2007) when Trust Units must be surrendered for redemption at least 20, and not more than 45, Business Days prior to December 31 in each year. Unitholders whose Trust Units are redeemed will receive payment on or before the tenth Business Day following the applicable Redemption Date, subject to the Manager’s right to suspend redemptions in certain circumstances. See “Redemption of Trust Units”.

**Market Purchase Program:**

During any 12-month period, the Fund has the right (but not the obligation), exercisable in its sole discretion, to purchase in the market for cancellation up to 10% of the Trust Units outstanding at the beginning of such period at prices not exceeding the Net Asset Value per Trust Unit. Purchases of Trust Units by the Fund will be subject to compliance with any applicable regulatory requirements and limitations. See “Market Purchase of Trust Units”.

**Trustee:**

Goodman & Company, Investment Counsel Ltd.

**Registrar, Transfer Agent,  
Exchange Agent and  
Distribution Disbursing Agent:**

Computershare Investor Services Inc.

**Custodian:**

State Street Trust Company Canada

**Termination of the Fund:**

The Fund will terminate on June 30, 2016 and its net assets will be distributed thereafter to Unitholders unless Unitholders determine to continue the Fund by a majority vote at a meeting called for such purpose. See “Declaration of Trust — Termination of the Fund”.

### Summary of Fees and Expenses

The following table contains a summary of the fees and expenses payable by the Fund. For further particulars, see “Fees and Expenses”.

<u>Type of Charge</u>	<u>Description of Charge</u>
<b>Agents’ Fees:</b>	\$0.50 per Trust Unit (5.00%).
<b>Expenses of the Issue:</b>	The Fund will pay the expenses incurred in connection with the Offering, which are estimated to be \$650,000, subject to a maximum of 1.5% of the gross proceeds of the Offering.
<b>Management Fee:</b>	The Manager will receive an annual fee equal to 1.10% per annum of the Net Asset Value, calculated and payable monthly in arrears, plus applicable taxes. The Management Fee may be paid in cash or in Trust Units at the option of the Manager. To the extent Trust Units are issued from treasury for these purposes, Trust Units will be valued at the greater of the market price or Net Asset Value per Trust Unit. See “Fees and Expenses — Management Fee”.
<b>Service Fee:</b>	The Fund will pay to the Manager a Service Fee (calculated quarterly and paid as soon as practicable after the end of each calendar quarter) of 0.40% per annum of the Net Asset Value of Trust Units held at the end of the relevant quarter by clients of dealers, plus applicable taxes. The Service Fee will be applied by the Manager to pay a service fee to certain registered dealers based on the number of Trust Units held by clients of such dealers at the end of the relevant quarter. All full service dealers that provide investment advice will receive 0.40% per annum of the Net Asset Value of Trust Units held by their clients. Any portion of the Service Fee not applied by the Manager to pay a service fee to dealers will be retained by the Manager to cover services provided by the Manager.

### Risk Factors

There are risks associated with an investment in Trust Units that should be considered by prospective purchasers, including:

- (i) there is no assurance that the Fund will be able to achieve its targeted monthly distributions or preserve the Net Asset Value per Trust Unit;
- (ii) there is no assurance that the value of the Fund Investments will not be adversely affected by a number of underlying factors;
- (iii) there can be no assurance that the Trust Units will trade at a price equal to Net Asset Value per Trust Unit;
- (iv) that the market price of the Trust Units and the Net Asset Value per Trust Unit will be affected by interest rate fluctuations;
- (v) there will be fluctuations in Net Asset Value per Trust Unit and funds available for Distributions;
- (vi) the effect of variations in the asset class allocations of the Fund Investments relative to the broader market;
- (vii) the risks associated with foreign market exposure;
- (viii) the risks associated with foreign currency exposure;
- (ix) the effects that leverage may have on the Net Asset Value;

- (x) the possibility of the Fund being unable to acquire or dispose of illiquid securities;
- (xi) the risk of the Fund being required to pay subsequent instalments on a security that has declined in value where the security was purchased on an instalment basis;
- (xii) reliance on the Manager;
- (xiii) the possibility that proposed amendments to the Tax Act could adversely affect the deduction by the Fund of interest and other expenses incurred by it;
- (xiv) that under proposed amendments to the Tax Act the Fund would cease to be a mutual fund trust if a majority of the Trust Units were held by non-residents or partnerships with non-resident partners;
- (xv) the possible loss of investment;
- (xvi) the Fund not being subject to regulation as a mutual fund;
- (xvii) the risks associated with securities lending;
- (xviii) the potential for conflicts of interest;
- (xix) the Fund having no operating history and there being no existing market for Trust Units;
- (xx) possible changes in legislation;
- (xxi) the risk of a Plan or registered education savings plan receiving a non-qualified investment on an *in specie* payment pursuant to a redemption request;
- (xxii) the risks associated with receiving assets of the Fund rather than cash upon redemption; and
- (xxiii) the risks associated with annual and monthly redemptions.

See “Risk Factors”.

#### **Canadian Federal Income Tax Considerations**

A person who holds common shares of an Exchange Eligible Issuer as capital property and acquires Trust Units pursuant to the Exchange Option generally will realize a capital gain (or a capital loss) in the taxation year of the person in which the disposition of the common shares of an Exchange Eligible Issuer occurs to the extent that the proceeds of disposition of the common shares of the Exchange Eligible Issuer, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such common shares to the person. For this purpose, the proceeds of disposition of the common shares of the Exchange Eligible Issuer will be equal to the aggregate of the fair market value of the Trust Units received and the amount of any cash received in lieu of fractional Trust Units on the exchange.

A Unitholder who is resident in Canada will generally be required to include in computing income for a taxation year that part of the net income, and the taxable portion of the net realized capital gains, of the Fund, if any, that is paid or becomes payable to the Unitholder by the Fund in that year. The Fund will generally be required to pay foreign withholding tax on its foreign source income. To the extent that amounts payable to a Unitholder are designated as taxable capital gains, those amounts will be treated as taxable capital gains realized by the Unitholder. To the extent amounts payable to a Unitholder are designated as foreign source income such foreign source income and applicable foreign tax eligible for a foreign tax credit will effectively retain their character and be treated as such in the hands of the Unitholder.

Distributions by the Fund to a Unitholder in excess of the Unitholder’s share of the Fund’s net income and net realized capital gains will reduce the adjusted cost base of the Unitholder’s Trust Units. Distributions classified as returns of capital fall into this category. As a result of such distributions, the adjusted cost base of Trust Units purchased under the Offering is expected to be less than \$10.00 per Trust Unit on the Termination Date. To the extent that the adjusted cost base of a Trust Unit held as capital property would otherwise be less than zero, the Unitholder will be deemed to have realized a capital gain equal to that negative amount. A Unitholder who disposes of Trust Units held as capital property (on redemption or otherwise) will realize a capital gain (capital loss) to the extent that the proceeds of disposition exceed (are less than) the adjusted cost base of the Trust Units and any reasonable costs of disposition. See “Canadian Federal Income Tax Considerations”.

## GLOSSARY OF TERMS

In this prospectus, the following terms shall have the meanings set forth below, unless otherwise indicated.

“**Additional Distribution**” means a distribution that will, if necessary, be made in each year to Unitholders of record on December 31 in order that the Fund will generally not be liable to pay income tax (taking into account any expected capital gains refund).

“**Affiliated Fund(s)**” means the investment fund(s) that are managed by the Manager or an affiliate of the Manager.

“**Agency Agreement**” means the agency agreement dated as of May 30, 2006 among the Manager, on behalf of the Fund, the Manager and the Agents.

“**Agents**” means, collectively, RBC Dominion Securities Inc., CIBC World Markets Inc., Dundee Securities Corporation, Scotia Capital Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Canaccord Capital Corporation, HSBC Securities (Canada) Inc., Berkshire Securities Inc. and Blackmont Capital Inc.

“**Book-Entry Only System**” means the book-based system administered by CDS.

“**Business Day**” means any day except Saturday, Sunday, a statutory holiday in Toronto, Ontario or any other day on which the TSX is not open for trading.

“**Cash and Cash Equivalents**” means (i) obligations issued or guaranteed by the Government of Canada or any province of Canada or any agency or instrumentality thereof with less than 12 months to maturity; (ii) term deposits, guaranteed investment certificates, certificates of deposit or bankers’ acceptances of or guaranteed by any Canadian chartered bank or other financial institution (including the Trustee and any affiliate of the Trustee), which short-term debt or deposits have been rated at least investment grade by Standard & Poor’s, Moody’s or DBRS; and (iii) commercial paper rated at least investment grade or the equivalent by Standard & Poor’s, Moody’s or DBRS, in each case either maturing within 365 days after the date of acquisition or for which the Manager believes that there will be a liquid market for the resale thereof within such 365 day period.

“**CDS**” means The Canadian Depository for Securities Limited.

“**CDS Participant**” means a participant in CDS.

“**Closing**” means the closing of the Offering.

“**Closing Date**” means the date of the Closing, which is expected to be on or about June 19, 2006, or such later date as the Fund and the Agents may agree, but in any event not later than July 28, 2006.

“**CRA**” means the Canada Revenue Agency.

“**Custodian**” means State Street Trust Company Canada, in its capacity as custodian under the Custodian Agreement.

“**Custodian Agreement**” means the custodian agreement to be entered into on or prior to the Closing Date between the Fund and the Custodian, as it may be amended from time to time.

“**DBRS**” means Dominion Bond Rating Service Limited.

“**Declaration of Trust**” means the declaration of trust dated as of May 30, 2006 establishing the Fund, as it may be amended from time to time.

“**Distribution(s)**” means the distribution(s) which are paid by the Fund to Unitholders in cash or, in some cases, additional Trust Units.

“**Distribution Date**” means the date on which Distributions are paid by the Fund, such date to be on or about the tenth Business Day after the applicable Record Date.

“**Dividend-Paying Equity Securities**” means common shares and other equity securities which currently pay a dividend or which the Manager expects will initiate the payment of dividends in the near future.

“**Emerging Markets**” means financial markets in countries included in the Morgan Stanley Capital International World Emerging Markets (EM) Index from time to time.

“**Exchange Agent**” means Computershare Investor Services Inc.

“**Exchange Eligible Issuer**” means each of the companies set forth under “Exchange Option — Exchange Eligible Issuers”.

“**Exchange Option**” means an option to purchase Trust Units by an exchange of freely tradeable common shares of any Exchange Eligible Issuer as described under “Exchange Option — Methods to Purchase Trust Units”.

“**Exchange Price**” means, in respect of the common shares of an Exchange Eligible Issuer, the average of the volume weighted average trading price of such common shares on the TSX on the three consecutive trading days ending on May 25, 2006, as adjusted to reflect distributions declared by such Exchange Eligible Issuer that will not be received by the Fund.

“**Exchange Ratio**” means the number of Trust Units issuable for each common share of an Exchange Eligible Issuer, equal to the quotient obtained by dividing (i) the Exchange Price of such Exchange Eligible Issuer by (ii) \$10.00.

“**Exchange Shares**” means common shares of Exchange Eligible Issuers tendered and accepted in exchange for Trust Units pursuant to the Exchange Option.

“**Extraordinary Resolution**” means a resolution passed by the affirmative vote of at least 66 $\frac{2}{3}$ % of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of approving such resolution.

“**Fund**” means DiversiGlobal Dividend Value Fund, an investment trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust.

“**Fund Investment**” means a security acquired by the Manager on behalf of the Fund and “Fund Investments” means a number of Fund Investments collectively.

“**Indicative Portfolio**” means the portfolio of Dividend-Paying Equity Securities that would have been held by the Fund on April 13, 2006 had the Fund been in existence on such date.

“**Investment Objectives**” means the investment objectives of the Fund set forth in the Declaration of Trust, as described under “Investment Objectives”.

“**Investment Restrictions**” means the investment restrictions of the Fund set forth in the Declaration of Trust restricting the investment activities of the Fund as described under “Investment Strategy and Restrictions — Investment Restrictions”.

“**Investment Strategy**” means the investment strategy to be followed by the Manager in respect of the Fund as set forth in the Declaration of Trust and described under “Investment Strategy and Restrictions — Investment Strategy”.

“**Lender**” means a Canadian chartered bank or other financial institution at arm’s length to the Fund and the Manager, and their respective affiliates and associates.

“**Loan Facility**” means a loan facility between the Fund and the Lender.

“**Management Agreement**” means the management agreement dated as of May 30, 2006 between the Manager and the Trustee, on behalf of the Fund, as it may be amended from time to time.

“**Management Fee**” means the management fee payable to the Manager, equal to 1.10% per annum of Net Asset Value plus applicable taxes, as more fully described under “Fees and Expenses — Management Fee”.

“**Manager**” means the manager and administrator of the Fund, Goldman & Company, Investment Counsel Ltd. or, if applicable, its successor.

“**MSCI World Index**” means the Morgan Stanley Capital International World Index.

“**Net Asset Value**” means the net asset value of the Fund, as determined by subtracting the Total Liabilities from the Total Assets, as more fully described under “Valuation, Total Assets, Total Liabilities and Net Asset Value”.

“**Net Asset Value per Trust Unit**” means the Net Asset Value divided by the total number of Trust Units outstanding, in each case on the date on which the calculation is made.

“**NI 81-102**” means National Instrument 81-102 — Mutual Funds of the Canadian Securities Administrators, as amended from time to time.

“**Offering**” means the offering of a minimum of 2,000,000 Trust Units and a maximum of 10,000,000 Trust Units at the Offering Price pursuant to this prospectus.

“**Offering Price**” means \$10.00 per Trust Unit.

“**Over-Allotment Option**” means the option granted by the Fund to the Agents, exercisable for a period of 30 days from the Closing Date, to purchase additional Trust Units at the Offering Price in an amount not exceeding 15% of the aggregate number of Trust Units issued on the Closing Date, solely to cover over-allotments, if any.

“**Permitted Merger**” means a merger of the Fund with another investment fund or funds that does not require Unitholder approval as described under “Declaration of Trust — Modification of Declaration of Trust and Meetings of Unitholders”.

“**Portfolio**” means the Fund Investments held by the Fund from time to time.

“**Plans**” means registered retirement savings plans, registered retirement income funds and deferred profit sharing plans.

“**Record Date**” means the last Business Day of each calendar month prior to the Termination Date and commencing on the last Business Day of the month following the month in which the Closing Date occurs.

“**Redemption Date**” means the last Business Day of each month.

“**Redemption Payment Date**” means the date on or before the tenth Business Day following the applicable Redemption Date.

“**Regulations**” means the regulations under the Tax Act.

“**Securities Lending Agreement**” means an agreement setting forth the terms pursuant to which the Fund may lend Fund Investments to borrowers acceptable to the Fund.

“**Service Fee**” means the fee that the Fund will pay to the Manager (calculated quarterly and paid as soon as practicable after the end of each calendar quarter) of 0.40% per annum of the Net Asset Value of the Trust Units held at the end of the relevant quarter by clients of dealers, plus applicable taxes, as more fully described under “Fees and Expenses — Service Fee”.

“**S&P 500 Index**” means Standard & Poor’s 500 Index.

“**Standard & Poor’s**” means Standard & Poor’s Corporation.

“**Tax Act**” means the *Income Tax Act* (Canada), as now or hereafter amended, or successor statutes, and all regulations promulgated thereunder.

“**Tax Proposals**” means all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof.

“**Termination Date**” means June 30, 2016 unless Unitholders determine to continue the Fund by a majority vote at a meeting called for such purpose as more fully described under “Declaration of Trust — Termination of the Fund”.

“**Total Assets**” means the aggregate value of the assets of the Fund determined in accordance with the terms of the Declaration of Trust.

“**Total Liabilities**” means the aggregate value of the liabilities of the Fund determined in accordance with the terms of the Declaration of Trust including, without limitation, liabilities under short sale financing transactions and leverage and borrowing.

“**Trust Units**” means the transferable, redeemable trust units of the Fund, each of which represents an equal, undivided beneficial interest in the net assets of the Fund.

“**Trustee**” means Goodman & Company, Investment Counsel Ltd., in its capacity as Trustee under the Declaration of Trust or, if applicable, its successor.

“**TSX**” means the Toronto Stock Exchange.

“**Unitholders**” means holders of Trust Units.

“**Valuation Date**” means each Business Day.

## INFORMATION REGARDING PUBLIC ISSUERS

*Certain information contained in this prospectus relating to publicly traded securities and the issuers of those securities is taken from, and based solely upon, information published by those issuers and other publicly available information. Neither the Manager, the Fund nor the Agents have independently verified the accuracy or completeness of any such information or assumed any responsibility for the completeness or accuracy of such information.*

## FORWARD LOOKING STATEMENTS

*Certain statements included in this prospectus constitute forward looking statements including those identified by the expressions “intend”, “anticipate”, “believe”, “plan”, “estimate”, “expect” and similar expressions to the extent they relate to the Fund or the Manager. The forward looking statements are not historical facts but reflect the Fund’s current expectations regarding future results or events. These forward looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including matters discussed under “Risk Factors” and in other sections of this prospectus.*

## THE FUND

diversiGlobal Dividend Value Fund is an investment trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. Goodman & Company, Investment Counsel Ltd. is the Manager and Trustee of the Fund. The Fund’s principal office is 40 King Street West, Scotia Plaza, 55th Floor, Toronto, Ontario M5H 4A9. The fiscal year-end of the Fund is December 31.

The beneficial interest in the net assets and net income of the Fund is divided into transferable, redeemable units, each of which represents an equal, undivided interest in the net assets of the Fund. Each Trust Unit is entitled to one vote at meetings of Unitholders and to participate equally with all other Trust Units with respect to all payments made to Unitholders out of the Trust’s assets. See “Declaration of Trust — Description of Trust Units”. Unitholders will have no voting rights in respect of Fund Investments held by the Fund. The Manager will determine whether or not to exercise the voting rights attached to the Fund Investments and, if so, how such securities will be voted. See “Declaration of Trust — Proxy Voting Policy”.

**The Fund is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is not subject to the various securities policies and regulations that apply to mutual funds. The Fund will, however, be a mutual fund trust for purposes of the Tax Act.**

## RATIONALE FOR THE FUND

The Fund has been designed to provide Unitholders with exposure to an actively managed and diversified global Portfolio comprised primarily of Dividend-Paying Equity Securities. The Manager intends to invest in well-managed, undervalued global companies with strong cash flows and the ability to grow their dividends. The Manager expects that the resulting Portfolio will be comprised of the equity securities of approximately 30-50 companies diversified by both geography and sector, with each company typically having a market capitalization of at least U.S. \$3 billion.

## INVESTMENT OBJECTIVES

The Fund’s Investment Objectives are:

- (i) **Capital Appreciation:** to provide Unitholders with long-term capital appreciation; and
- (ii) **Monthly Distributions:** to provide Unitholders with a stable stream of monthly cash distributions.

The indicative distribution of the Fund is \$0.0417 per month (\$0.50 per Trust Unit per annum), representing a yield of 5.0% per annum based on the Offering Price. Commencing in December 2006, the Fund will annually determine and announce an indicative distribution for the following 12 months based upon prevailing market conditions and the Manager’s estimate of distributable cash flow for the year.

**There is no assurance that the Fund will meet its Investment Objectives.**

## INVESTMENT STRATEGY AND RESTRICTIONS

### Investment Strategy

The Fund will invest in a diversified, global portfolio comprised primarily of Dividend-Paying Equity Securities of companies that the Manager believes are fundamentally sound but which are trading at a discount to their intrinsic value. The Manager will seek to invest in companies which have strong cash flows and the ability to grow their dividends.

The Manager will employ a disciplined, bottom-up approach, which incorporates rigorous stock selection disciplines. This process is highly objective, and the Manager's view with respect to a potential Fund Investment will be based more on the long-term prospects of the company than short-term market, political or social forces.

The Manager's stock selection begins with a global search for value opportunities, which is facilitated through using the following sources:

- (i) ideas generated by the Manager's team of investment analysts;
- (ii) review of street research reports to identify companies rated "sell" or "hold";
- (iii) identifying companies reporting disappointing short-term results but with attractive long-term potential;
- (iv) identifying companies whose shares have been sold following negative media coverage; and
- (v) identifying companies in controversial or out of favour sectors or countries.

Once a company has been identified for further study, the Manager will determine whether the company pays a regular dividend or whether it is likely, in the Manager's opinion, to initiate a dividend in the short term. If so, an in-depth fundamental analysis is conducted to determine whether, in the opinion of the Manager, the company's shares have been oversold by the marketplace relative to its intrinsic value. Key evaluation criteria include the following:

- (i) valuation using the discounted cash flow;
- (ii) assessment and/or interviews of the management team;
- (iii) analysis of the company's product or service offerings;
- (iv) financial statement analysis;
- (v) consideration of the company's ability to buy back stock, pay down debt, consolidate with competitors and/or initiate or increase a dividend payment; and
- (vi) industry analysis and analysis of the company's competitive position in its industry.

The Fund intends to purchase and hold securities for the medium to long term. Accordingly, the Portfolio of Fund Investments turnover is expected to be low. The Fund may also hold Cash and Cash Equivalents for strategic reasons.

### *International Diversification*

The Canadian equity market is estimated to represent less than 3% of the overall global equity market. The Manager believes that, although attractive investment opportunities may be found in any market, expanding the number of markets that are included in a search for undervalued companies affords investors a much expanded range of attractive investment opportunities.

In addition, Canada's equity market is highly concentrated in three industry sectors: financial services, energy and materials, which together accounted for almost 75% of the S&P/TSX Composite Index. By comparison, the three most heavily weighted sectors in the MSCI World Index account for less than 50% of such index. For the period ending March 31, 2006, approximately 90% of the return generated by the S&P/TSX Composite Index was the result of the performance of the three most heavily weighted sectors on the S&P/TSX Composite Index; whereas approximately 30% of the return generated by the MSCI World Index was the result

of the performance of the three most heavily weighted sectors on the MSCI World Index. Accordingly, the Manager believes that having the ability to invest globally will provide investors with better access to industry sectors that are not well represented in Canada, such as health care and information technology.

Due to underlying differences in local economies, regional performance leadership has tended to change on a regular basis. The Manager believes that a globally diversified portfolio will be less vulnerable to general economic conditions affecting any one local equity market. In particular, since Canada’s market is not highly correlated with other regional markets, investing globally offers Canadian investors the opportunity to improve the overall risk-return profile of their portfolios.

***The Value of Dividends***

The Manager believes that the payment of dividends by a company is frequently an indicator of corporate health and profitability. Further, companies with a history of stable or increasing dividends are typically well managed, have strong long — term growth prospects and experience less price volatility. Dividends also provide investors with a degree of downside protection in more challenging equity markets, provided that the company’s underlying businesses remain sound. Dividends represent a financial commitment to investors, and the Manager considers a stable and or rising dividend policy to be a sign of corporate confidence in future cash flows and the quality of earnings.

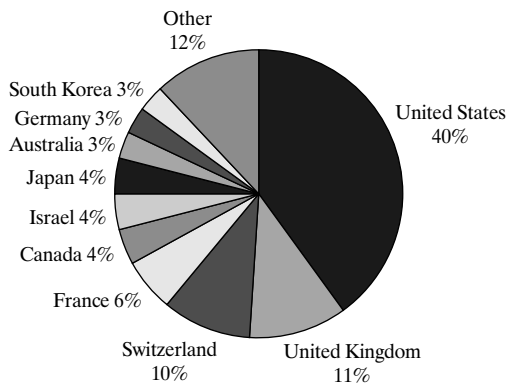
According to Ned Davis Research Inc. (“Returns of S&P 500 Stocks by Dividend Policy 2006”) which looked at the returns of all companies in the S&P 500 Index from January 31, 1972 to December 31, 2005, those companies included in the index that paid dividends, and particularly those companies that initiated or increased their dividends, as a group, outperformed the companies in the index that did not pay dividends and the companies that made no change to their dividend policy.

As global markets continue to evolve, the Manager believes that there are increasing opportunities to benefit from geographic and sector diversification, without giving up access to a stream of stable dividends.

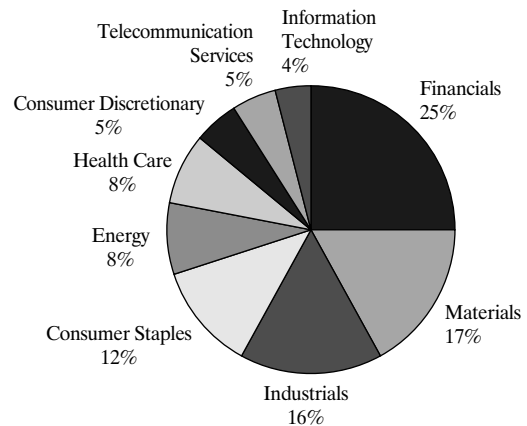
**Indicative Portfolio**

The Indicative Portfolio is diversified by geography and business sector as follows:

**Indicative Country Allocation**



**Indicative Sector Allocation**



The following is a representative sample of companies included in the Indicative Portfolio.

**Representative Sample of Indicative Portfolio Companies**  
(actual Portfolio will include approximately 30-50 companies)

<u>Company</u>	<u>Country</u>	<u>Sector</u>
Bank of America Corp. . . . .	United States	Financials
Bayerische Motoren Werke . . . . .	Germany	Consumer Durables
BHP Billiton Ltd . . . . .	Australia	Materials
Citigroup Inc. . . . .	United States	Financials
Emerson Electric Co. . . . .	United States	Industrials
Exxon Mobil Corp. . . . .	United States	Energy
ICL Israel Chemicals . . . . .	Israel	Materials
Japan Tobacco Inc. . . . .	Japan	Consumer Staples
Kookmin Bank . . . . .	South Korea	Financials
Motorola Inc. . . . .	United States	Information Technology
Nestle SA . . . . .	Switzerland	Consumer Staples
Rio Tinto . . . . .	United Kingdom	Materials
Rockwell Collins . . . . .	United States	Industrials
Sandvik SA . . . . .	Sweden	Industrials
UBS AG . . . . .	Switzerland	Financials

**The foregoing information is for illustrative purposes only and should not be construed as a representation concerning the future composition or diversification of the Portfolio.**

**Loan Facility**

On or subsequent to the Closing of the Offering, the Fund intends to enter into a Loan Facility with the Lender. The Loan Facility will permit the Fund to borrow up to 25% of Total Assets of the Fund (determined immediately prior to the borrowing). The Fund expects that the terms, conditions, interest rates, fees and expenses of and under the Loan Facility will be typical for loans of this nature. The Fund anticipates that the Lender will require that the Fund provide a security interest in favour of the Lender in some or all of its assets to secure such borrowings. The Manager will ensure that the Loan Facility provides that in an event of default, the Lender's recourse will be limited to the assets of the Fund and not the personal assets of the Trustee or any Unitholder. The Lender will be at arm's length to the Fund and the Manager, and their respective affiliates and associates.

The Loan Facility will permit the Fund to borrow funds for various purposes, including, without limitation, purchasing Fund Investments in accordance with the Investment Objectives and Investment Strategy and subject to the Investment Restrictions, maintaining liquidity, funding redemptions and paying Distributions.

If at any time the total amount owing by the Fund under the Loan Facility exceeds 25% of Total Assets, the Manager will liquidate Fund Investments in an orderly manner and use the proceeds therefrom to reduce indebtedness so that the amount financed by the Fund is reduced to 25% or less of Total Assets.

The Fund does not initially expect to borrow under the Loan Facility.

**Currency Hedging**

The Fund will enter into currency hedging arrangements in order to minimize the effects on the Fund of changes in the value of the foreign currencies in which its assets are denominated relative to the Canadian dollar. It is intended that, initially, at least 80% of the value of the Fund Investments will be hedged back to the Canadian dollar and that, at all times, at least 50% of the value of the Fund Investments will be hedged back to the Canadian dollar. The Fund will not be hedged against all such risks at all times.

## Securities Lending

In order to assist in achieving its Investment Objectives, the Fund may, consistent with the Investment Strategy and subject to the Investment Restrictions, lend securities to borrowers acceptable to the Fund pursuant to the terms of a securities lending agreement between the Fund and such borrower (a “Securities Lending Agreement”). Under a Securities Lending Agreement: (i) the borrower will pay to the Fund a negotiated securities lending fee and will make compensation payments to the Fund equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as “securities lending arrangements” for the purposes of the Tax Act; and (iii) the Fund will receive collateral security consisting of cash in Canadian dollars, Canadian or U.S. dollar debt obligations of, or guaranteed by, the Government of Canada, a province of Canada, the United States or one of the states of the United States, or such other collateral as shall be agreed upon and which is prescribed by NI 81-102. The Fund has adopted the provisions of NI 81-102 with respect to lending portfolio securities as if the Fund was subject to NI 81-102.

## Investment Restrictions

In making investments on behalf of the Fund, the Manager will be subject to certain Investment Restrictions, which are set out in the Declaration of Trust. The Investment Restrictions may not be changed without the prior approval of Unitholders by way of an Extraordinary Resolution, unless such change or changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed from time to time by applicable regulatory authorities. See “Declaration of Trust — Modification of Declaration of Trust and Meetings of Unitholders”.

The Investment Restrictions provide that the Fund will not:

- (a) invest more than 10% of Total Assets in the securities of any single issuer, other than securities issued or guaranteed by the Government of Canada or a province or territory thereof;
- (b) except as necessary to effect its currency hedging strategy, invest more than 5% of Total Assets in any asset class other than Dividend-Paying Equity Securities or Cash and Cash Equivalents;
- (c) invest more than 10% of Total Assets in common shares or equity securities that do not pay a dividend;
- (d) invest in securities of any single issuer with a market capitalization of less than U.S. \$1 billion;
- (e) invest more than 15% of Total Assets in securities of issuers domiciled in Emerging Markets;
- (f) invest more than 10% of Total Assets in “illiquid securities” as such term is defined in NI 81-102;
- (g) purchase real estate;
- (h) make short sales of securities or maintain short positions;
- (i) own more than 10% of the outstanding equity securities of an issuer or purchase the securities of an issuer for the purpose of exercising control over management of that issuer;
- (j) borrow or enter into leverage transactions in amounts that in the aggregate are more than 25% of Total Assets, determined at the time of borrowing or the date such transactions are entered into;
- (k) guarantee the securities or obligations of any person other than the Manager, and then only in respect of the activities of the Fund;
- (l) make or hold any investment that would result in the Fund failing to qualify as a “mutual fund trust” within the meaning of the Tax Act;
- (m) with the exception of securities of the Fund’s own issue, purchase securities from, sell securities to, or otherwise contract for the acquisition or disposition of securities with the Manager or any of its affiliates, any officer, director or shareholder of the Manager, any person, trust, firm or corporation managed by the Manager or any of its affiliates or any firm or corporation in which any officer, director or shareholder of the Manager may have a material interest (which, for these purposes, includes beneficial ownership of more than 10% of the voting securities of such entity) unless, with respect to any purchase or sale of securities, either: (i) any such transaction is effected through normal market

facilities and the purchase price approximates the prevailing market price provided the Board of Governors of the Fund approves of the criteria in this subsection (i) in principle; or (ii) the conflict with respect to such purchase or sale is approved by a committee of independent members of the Board of Governors of the Fund;

- (n) own securities of an issuer if as a result of such ownership the Manager would, either directly or indirectly, hold or exercise control or direction over greater than 19.99% of the securities of such issuer;
- (o) invest in the securities of any non-resident corporation or trust or other non-resident entity (or of any partnership that holds such securities) if the Fund (or the partnership) would be required to mark its investment in such securities to market in accordance with proposed section 94.2 of the Tax Act or to include any significant amounts in income pursuant to proposed section 94.1 or 94.3 of the Tax Act or invest in any foreign trust other than an exempt foreign trust, as set forth in the proposed amendments to the Tax Act dealing with foreign investment entities and foreign trusts released on July 18, 2005 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);
- (p) invest in any security that would be a tax shelter investment within the meaning of section 143.2 of the Tax Act; or
- (q) invest in any security that would be a foreign affiliate of the Trust.

If a percentage restriction on investment or use of assets or borrowing or financing arrangements set forth above as an Investment Restriction is adhered to at the time of the transaction, later changes to the market value of the Fund Investment or Total Assets will not be considered a violation of the Investment Restrictions (except for the restrictions in paragraphs (j), (k), (l), (o) and (p) above which must be complied with at all times and which may necessitate the selling of Fund Investments from time to time). If the Fund receives from an issuer subscription rights to purchase securities of that issuer, and if the Fund exercises those subscription rights at a time when the Fund's holdings of securities of that issuer would otherwise exceed the limits set forth above, the exercise of those rights will not constitute a violation of the Investment Restrictions if, prior to the receipt of securities of that issuer on exercise of these rights, the Fund has sold at least as many securities of the same class and value as would result in the restriction being complied with.

Notwithstanding the foregoing, the Fund may, during the 90-day period immediately following the Closing Date, deviate from its Investment Strategy and the restrictions in paragraphs (a), (b) and (c) above in respect of Exchange Shares acquired by the Fund.

### USE OF PROCEEDS

The Fund will use the proceeds from the Offering as follows:

	<u>Minimum Offering</u>	<u>Maximum Offering</u>	<u>Maximum Offering and Exercise of Over-Allotment Option</u>
Gross proceeds to the Fund . . . . .	\$20,000,000	\$100,000,000	\$115,000,000
Agents' fees . . . . .	\$ 1,000,000	\$ 5,000,000	\$ 5,750,000
Estimated expenses of issue . . . . .	\$ 300,000	\$ 650,000	\$ 650,000
Net proceeds to the Fund . . . . .	\$18,700,000	\$ 94,350,000	\$108,600,000

The Agents' fees and all other expenses of the Offering (including without limitation the cost of creating and organizing the Fund, the cost of preparing and printing this prospectus, legal expenses of the Fund and the Agents and certain other expenses) will be paid by the Fund out of the gross proceeds of the Offering subject to a maximum of 1.5% of the gross proceeds of the Offering.

The Fund will use the net proceeds of the Offering to acquire Dividend-Paying Equity Securities in accordance with the Investment Objectives and the Investment Strategy and subject to the Investment Restrictions.

Pending investment in Dividend-Paying Equity Securities, which will be made as soon as prudent investment practice permits, the Fund will hold the proceeds of the Offering in accordance with the terms of the

Declaration of Trust and will invest the proceeds of the Offering in Cash and Cash Equivalents. It is anticipated that investment of the net proceeds of the Offering in Dividend-Paying Equity Securities will be concluded within three months of Closing.

## MANAGEMENT OF THE FUND

### The Manager

Goodman & Company, Investment Counsel Ltd. has its head office in Toronto at 40 King Street West, Scotia Plaza, 55th Floor, Toronto, Ontario, M5H 4A9. The Manager is the manager of a fully integrated family of broad based and specialty mutual funds. The Manager and its directors and officers have extensive experience in managing financial assets and public and private entities including the management of closed-end funds, open-end mutual funds and flow-through resource limited partnerships.

The Manager will also provide investment advisory and portfolio management services to the Fund. The Manager is also the manager of Dynamic<sup>®</sup> mutual funds and currently manages approximately \$20 billion in assets.

### Directors and Officers of the Manager

The board of directors of the Manager currently consists of five members. Directors are appointed to serve on the board of directors of the Manager until such time as they retire or are removed and their successors are appointed. The directors and officers of the Manager collectively have extensive experience in the analysis and understanding of the risks associated with many of the businesses underlying the securities that may comprise the Fund Investments. The Manager will draw upon this experience when necessary in analyzing potential investments for the Fund.

The name, municipality of residence, position with the Manager and principal occupation of each director and certain officers that will be involved in the performance of the Manager's duties in respect of the Fund are set out below:

<u>Name and Municipality of Residence</u>	<u>Positions with the Manager</u>	<u>Director Since</u>	<u>Principal Occupation</u>
TODD BEALLOR . . . . . Toronto, Ontario	Director and Executive Vice President, Counselling	2006	Officer of the Manager
EDWARD C. BEZEAU . . . . . Toronto, Ontario	Director	2002	Corporate Director
DAVID GOODMAN . . . . . Toronto, Ontario	Director, President and Chief Executive Officer	1998	Officer of the Manager, and Director and Deputy Chairman of Dundee Wealth Management Inc.
NED GOODMAN . . . . . Innisfil, Ontario	Director and Chairman of the Board of Directors	1985	President and Chief Executive Officer of Dundee Wealth Management Inc., Director, President and Chief Executive Officer of Dundee Corporation and Chairman of the Board of Directors of the Manager
JOHN PEREIRA . . . . . Richmond Hill, Ontario	Director, Vice-President and Chief Financial Officer	2005	Officer of the Manager
AMY SATOV . . . . . Montréal, Québec	Vice President, Legal and Compliance, and Secretary	—	Officer of the Manager and Secretary of Dundee Wealth Management Inc.
DEBRA STOCKLA . . . . . Toronto, Ontario	Vice President, Trading and Head Trader	—	Officer of the Manager

<u>Name and Municipality of Residence</u>	<u>Positions with the Manager</u>	<u>Director Since</u>	<u>Principal Occupation</u>
DAVID TAYLOR . . . . . Toronto, Ontario	Vice President, Counselling	—	Officer of the Manager
ANNAMARIA TESTANI . . . . . Montréal, Québec	Executive Vice-President, Business and Product Development	—	Officer of the Manager

During the past five years, all of the directors and officers of the Manager listed above have held their present principal occupations (or similar positions with their present employer or its affiliates) except for Mr. Taylor who, prior to November, 2002 was an Investment Counsellor, Portfolio Manager with AGF's Private Client Services Division and, prior to 2001, was a Vice-President and Portfolio Manager with Altamira Investment Services.

The Fund will be managed by the team of David Taylor and David Fingold. The senior portfolio manager is Mr. Taylor, while Mr. Fingold (Associate Portfolio Manager), under the supervision of Mr. Taylor, is the individual who will be responsible for identifying investment opportunities for, and making investment decisions on behalf of, the Fund on a day-to-day basis.

Mr. Taylor heads the Value Team at the Manager and is the lead portfolio manager for all of Dynamic's Canadian Value Funds. With close to 20 years of industry experience, Mr. Taylor manages more than \$2.9 billion in assets for investors, of which approximately \$1.1 billion was invested in international equities as of April 30, 2006.

Mr. Fingold has been an associate portfolio manager at the Manager since March 2004 and has been a member of its Value Team since 2002. He has been an associate portfolio manager on behalf of Dynamic American Value Fund since October 2005, of Dynamic Global Discovery Fund since September 2004 and of Dynamic Global Dividend Value Fund since March 2006. Together, these mutual funds had approximately \$322.6 million in assets under management as at April 30, 2006. Prior to joining the Manager, Mr. Fingold worked for seven years sourcing and evaluating investment opportunities for a privately owned merchant bank. Mr. Fingold also has 11 years of business, operational and investment experience including senior positions in corporate finance, sales, purchasing, and marketing and in the manufacturing, transportation and distribution industries.

Mr. Taylor is presently the lead manager on behalf of the Manager of two open-end mutual funds which employ a similar investment approach as that of the Fund. As at April 30, 2006, Dynamic Canadian Dividend Fund Ltd., which has been managed since December 2003 by Mr. Taylor, had over \$1 billion in assets. As at April 30, 2006, Dynamic Dividend Value Fund, which has been managed since January 2003 by Mr. Taylor, had over \$500 million in assets. As a member of the Value Team, Mr. Fingold is also involved in managing Dynamic Canadian Dividend Fund Ltd. and Dynamic Dividend Value Fund. The Manager's value investment approach in respect of both of these funds is similar to the investment approach of the Fund. Each of these funds differs from the Fund in several ways. Both of these funds are open-end mutual funds that have not employed leverage as part of their investment strategies. Additionally, these funds were invested as of April 30, 2006 as to 32.1% and 36.8%, respectively, in foreign equity securities while it is anticipated that the Fund will have a significantly more global focus.

The following table shows the historical compound returns (net of all expenses) achieved by the Manager with respect to Dynamic Canadian Dividend Fund Ltd. and Dynamic Dividend Value Fund compared to the S&P/TSX Composite Index Total Return for the periods shown.

<u>Fund Name</u>	<u>For the periods ended April 30, 2006</u>			
	<u>1 Year Return</u>	<u>2 Year Return</u>	<u>3 Year Return</u>	<u>5 Year Return</u>
Dynamic Canadian Dividend Fund Ltd . . . . .	25.5%	23.6%	23.2%	15.0%
Dynamic Dividend Value Fund . . . . .	24.0%	23.0%	23.8%	10.6%
S&P/TSX Composite Index Total Return . . . . .	32.7%	23.9%	25.1%	11.0%

**This information does not reflect the expected performance of the Fund and is provided only to illustrate the experience and historic investment results obtained by the Manager. This information is not, and should not be construed as, indicative of the future performance of the Trust Units or amounts which may be distributed by the Fund. This information is provided solely for illustrative purposes, and should not be construed as a forecast or projection. Past performance does not guarantee future investment results.**

Mr. Fingold and Mr. Taylor are backed by a team of analysts that provide in-depth analysis on the securities selected by the Manager for the Fund. The Manager’s entire investment management team, including research, meets on a regular basis via weekly strategy meetings, Value Team meetings, and analyst meetings to share ideas and analysis. This teamwork enables every member of the investment team to stay current with market developments and incorporate this perspective into his or her decision making. In-house research analysts are the primary research source and approximately 90% of investment ideas are provided by in-house research analysts. Research analysts compile findings in order to formulate a report in respect of every company examined. As a result thereof, such research data is readily accessible to all members of the Manager’s investment management team.

### **Board of Governors**

The Board of Governors acts in an advisory capacity to the Manager, representing the interests of securityholders of the Dynamic® mutual funds and the closed-end funds managed by the Manager, including the Fund. The Board of Governors consists of six members, all of whom are independent of the Manager. There are four committees of the Board of Governors: the Audit Committee, the Fund Review Committee, the Governance Committee and the Independent Review Committee. The members of each committee are identified below together with the name, municipality of residence and principal occupation of each member of the Board of Governors. The purpose and function of the Board of Governors is expected to evolve over time in response to changing market conditions and legislation.

<u>Name and Municipality of Residence</u>	<u>Governor Since</u>	<u>Principal Occupation</u>
ALAIN BENEDETTI <sup>(4)</sup> . . . . . Sainte-Anne-des-Lacs, Quebec	2004	Retired.
BRAHM GELFAND <sup>(1)(5)</sup> . . . . . Montreal, Quebec	1995	Lawyer and Senior Partner in the law firm of Lapointe Rosenstein LLP.
GARTH MACRAE <sup>(1)(3)</sup> . . . . . Toronto, Ontario	1998	Retired; Director of Dundee Corporation and Dundee Wealth Management Inc.; Director of Breakwater Resources Ltd., Eurogas Corporation and Great Plains Exploration Inc.
ROBERT T. RUGGLES <sup>(3)</sup> . . . . . Toronto, Ontario	1997	Retired.
RONALD SINGER <sup>(1)(2)(3)(4)(5)</sup> . . . . . Montreal, Quebec	1995	Consultant and Corporate Director.
FRANK D. WHITE <sup>(1)(4)(5)</sup> . . . . . Mount Royal, Quebec	1995	President of Frank White Enterprises Inc. (business management company).

Notes:

- (1) Member of the Audit Committee.
- (2) Chairman of the Board of Governors.
- (3) Member of the Fund Review Committee.
- (4) Member of the Governance Committee.
- (5) Member of the Independent Review Committee.

During the past five years, all of the members of the Board of Governors listed above have held their present principal occupations (or similar positions with their present employer or its affiliates, as applicable)

except for Mr. Benedetti who, prior to July 2004, was Vice-Chairman and Canadian Area Managing Partner, Ernst & Young LLP.

### **Management Agreement**

The terms of the Management Agreement were established by the Manager as manager, portfolio manager and promoter of the Fund, and the Agents in accordance with what the Manager and the Agents considered to be fair and commercially acceptable to the Fund and to purchasers of Trust Units.

Pursuant to the Management Agreement, the Manager has exclusive authority to manage the undertaking and affairs of the Fund and to make all decisions regarding the undertaking of the Fund and has authority to bind the Fund. The Manager may, pursuant to the terms of the Management Agreement, delegate certain of its powers to third parties, at no additional cost to the Fund where, in the discretion of the Manager, it would be in the best interests of the Fund and the Unitholders to do so. The Manager is required to exercise its powers and perform its duties honestly, in good faith and in the best interests of the Fund and to exercise the care, diligence and skill that a reasonably prudent and qualified manager would exercise in comparable circumstances. The Management Agreement provides that the Manager will not be liable in any way for any default, failure or defect in any of the Fund Investments if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence or disregard of its duties or standard of care, diligence and skill or for material breach or default of its obligations under the Management Agreement. Among other restrictions imposed on the Manager, it may not dissolve the Fund or wind up the Fund's affairs except in accordance with the provisions of the Declaration of Trust.

The Manager has coordinated the organization of the Fund, will work to develop and implement all aspects of the communications, marketing and distribution strategies of the Fund and will manage the ongoing undertaking and administration of the Fund. The Manager will be responsible for ensuring that the proceeds of the Offering are invested as described under "Use of Proceeds". Funds of the Manager will not be commingled with those of the Fund.

Under the terms of the Management Agreement, the Manager is responsible for providing, or causing to be provided, management, administrative and portfolio management services and facilities to the Fund, including, without limitation: (i) making decisions with respect to Fund Investments and asset allocation in order to achieve the Investment Objectives in accordance with the Investment Strategy and subject to the Investment Restrictions; (ii) selecting members of security exchanges, brokers and investment dealers for the execution of transactions in respect of Fund Investments; (iii) monitoring relationships with the Custodian, registrar and transfer agent, auditors, legal counsel and other organizations or professionals serving the Fund; (iv) monitoring the suitability of the Investment Strategy to meet the Investment Objectives and preparing for adoption by the Unitholders of any amendments to the Investment Objectives, Investment Strategy or Investment Restrictions which the Manager believes are in the best interests of Unitholders; (v) the authorization and payment on behalf of the Fund of expenses incurred on behalf of the Fund and the negotiation of contracts with third party providers of services (including, but not limited to, custodian, transfer agents, legal counsel, auditors and printers); (vi) the preparation of accounting, management and other reports, including interim and annual reports of Fund performance to Unitholders, interim and annual reports to Unitholders, financial statements, tax reporting to Unitholders and income tax returns; (vii) keeping and maintaining the books and records of the Fund and the supervision of compliance by the Fund with record keeping requirements under applicable regulatory regimes; (viii) the calculation of the amount, and the determination of the frequency, of Distributions by the Fund; (ix) ensuring that the Net Asset Value of the Fund is published; (x) responding to investors' inquiries and general investor relations in respect of the Fund; (xi) terminating the Trustee as the trustee of the Fund and replacing it with another trustee in certain circumstances (See "Declaration of Trust"); (xii) at its sole discretion establishing and monitoring a distribution reinvestment plan on such terms and conditions as it may deem appropriate; (xiii) dealing with banks and custodians, including the maintenance of bank records and the negotiation and securing of bank financing or refinancing; and (xiv) ensuring: (a) that the Fund complies with all regulatory requirements and applicable stock exchange listing requirements; (b) the preparation and delivery of the Fund's reports to and dealing with relevant securities regulatory authorities and any similar organization of any government or any stock exchange to which the Fund is obligated to report; (c) the organization of meetings

of Unitholders; and (d) the provision of such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Fund.

Subject to compliance with the Investment Objectives, the Investment Strategy and the Investment Restrictions, the Trustee may not approve or reject any investment proposed by the Manager.

In consideration for these services, the Fund will pay to the Manager the Management Fee and will reimburse the Manager for all reasonable costs and expenses incurred by the Manager on behalf of the Fund. See “Fees and Expenses — Management Fee”. The Fund also will pay to the Manager the Service Fee described above under “Fees and Expenses — Service Fee”. In addition, the Manager and each of its directors, officers, employees, consultants and agents will be indemnified and reimbursed by the Fund to the fullest extent permitted by law against all liabilities and expenses (including judgments, fines, penalties, interest, amounts paid in settlement with the approval of the Fund and counsel fees and disbursements on a solicitor and client basis) reasonably incurred in connection with acting as the Manager or a director, officer, employee, consultant or agent thereof, including in connection with any civil, criminal, administrative, investigative or other action, suit or proceeding to which any such person may hereafter be made a party by reason of being or having been the Manager or a director, officer, employee, consultant or agent thereof, except for liabilities and expenses resulting from the person’s wilful misconduct, bad faith, negligence, disregard of the Manager’s duties or standard of care, diligence and skill or material breach or default of the Manager’s obligations under the Management Agreement.

The Management Agreement may be terminated at any time by the Fund on 90 days’ written notice provided that an Extraordinary Resolution approving the termination of the Management Agreement is approved and Unitholders present at the meeting called to consider and vote upon such Extraordinary Resolution represent Trust Units equal to at least 15% of the Trust Units outstanding on the record date of the meeting held to approve the Extraordinary Resolution. In the event that the Manager is in material breach of the Management Agreement and, if capable of being cured, any such breach or default has not been cured within 30 days’ written notice of such breach or default to the Manager, the Management Agreement may be terminated by the Fund. The Management Agreement may be terminated immediately by the Fund in the event of the commission by the Manager of any fraudulent act and shall be automatically terminated if the Manager becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors. The Manager may assign the Management Agreement to an affiliate of the Manager at any time. The Manager may resign upon 120 days’ notice. If no new manager is appointed within such 120 day period, the Fund will be terminated. Other than fees and expenses payable to the Manager pursuant to the Management Agreement up to and including the date of termination, no additional payments will be required to be made to the Manager as a result of any termination.

The services of the Manager and the officers and directors of the Manager are not exclusive to the Fund. The Manager and its affiliates and associates (as defined in the *Securities Act* (Ontario)) may, at any time, engage in the administration of any other fund or trust.

## **FEES AND EXPENSES**

### **Fees and Expenses of the Offering**

The expenses of the Offering (including the costs of creating and organizing the Fund, the costs of printing and preparing this prospectus, legal expenses, marketing expenses and other reasonable out-of-pocket expenses incurred by the Agents) and other incidental expenses will be paid out of the gross proceeds of the Offering, subject to a maximum of 1.5% of the gross proceeds of the Offering. The expenses of the Offering are estimated to be \$650,000. In addition, the Agents’ fees of \$0.50 per Trust Unit will be paid to the Agents from the gross proceeds as described under “Plan of Distribution”.

### **Management Fee**

The Manager will receive an annual fee equal to 1.10% per annum of Net Asset Value, calculated and payable monthly in arrears plus applicable taxes. The Management Fee may be paid in cash or in Trust Units at the option of the Manager. To the extent Trust Units are issued from treasury for these purposes, Trust Units will be valued at the greater of the market price or Net Asset Value per Trust Unit. Trust Units that are distributed in

this respect will be distributed in accordance with exemptions from applicable securities laws in a manner determined by the Manager. Such distributions will be made in accordance with any applicable securities laws including without limitation private placement rules, the *Securities Act* (Ontario) and the rules of the TSX.

### **Service Fee**

The Fund will pay to the Manager an additional management fee (the “Service Fee”) (calculated quarterly and paid as soon as practicable after the end of each calendar quarter) of 0.40% per annum of the Net Asset Value of Trust Units held at the end of the relevant quarter by clients of dealers, plus applicable taxes. The Service Fee will be applied by the Manager to pay a service fee to certain registered dealers based on the number of Trust Units held by clients of such dealers at the end of the relevant quarter. All full service dealers that provide investment advice will receive 0.40% per annum of the Net Asset Value of Trust Units held by their clients. Any portion of the Service Fee not applied by the Manager to pay a service fee to dealers will be retained by the Manager to cover services provided by the Manager.

### **Ongoing Expenses**

The Fund will pay all expenses incurred in connection with the operation and administration of the Fund including, without limitation, any Trustee’s fees, the Management Fee, the Service Fee, custodial fees, legal, audit and valuation fees and expenses, Unitholder reporting costs, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the Fund’s continuous public filing requirements and investor relations, taxes, brokerage commissions, costs and expenses relating to the issue of Trust Units, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies and all amounts paid by the Fund on account of the indebtedness of the Fund. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Custodian, the Trustee or the Agents and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund.

The Manager estimates that ongoing expenses, exclusive of the Management Fee, the Service Fee, debt service and other costs related to borrowing and brokerage expenses in connection with Fund Investment transactions, will be approximately \$200,000 per year (based on an offering size of \$100 million). The actual amount may vary significantly depending on the value of Total Assets.

### **Portfolio Transactions and Brokerage Commissions**

The Manager is responsible for selecting members of securities exchanges, brokers and investment dealers for the execution of transactions in respect of the Fund Investments and, when applicable, the negotiation of commissions in connection therewith. The Fund will be responsible for paying those commissions. In the event that any trailer fee is paid to the Fund by virtue of its ownership of a Fund Investment, such fee will become the property of the Fund and as such will be held for the benefit of Unitholders.

### **Additional Services**

Any arrangements for additional services between the Fund and the Manager, or any affiliate thereof, that have not been described in this prospectus shall be on terms that are generally no less favourable to the Fund than those available from arm’s length parties (within the meaning of the Tax Act) for comparable services and the Fund shall pay all expenses associated with such additional services.

## VALUATION, TOTAL ASSETS, TOTAL LIABILITIES AND NET ASSET VALUE

The Net Asset Value per Trust Unit on any Valuation Date shall be calculated by dividing the Net Asset Value on such Valuation Date by the total number of Trust Units outstanding on such Valuation Date (before giving effect to any issue or redemption of Trust Units implemented on that date). The Manager will calculate the Net Asset Value per Trust Unit as at the close of business on each Valuation Date. The Fund will make available to the financial press for publication on a daily basis the Net Asset Value per Trust Unit.

For the purpose of calculating Net Asset Value per Trust Unit on such Valuation Date, Net Asset Value will be calculated by subtracting the aggregate amount of the Fund's Total Liabilities from Total Assets. Total Assets on such Valuation Date will be determined as follows:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, distributions, dividends or other amounts received (or declared to holders of record of securities owned by the Fund on a date before the Valuation Date as of which Total Assets are being determined, and to be received) and interest accrued and not yet received, shall be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, accounts receivable, prepaid expense, distribution, dividend or other amount received (or declared to holders of record of securities owned by the Fund on a date before the Valuation Date as of which Total Assets are being determined, and to be received) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof shall be deemed to be such value as the Manager determines to be the fair market value thereof;
- (b) on any day other than a Redemption Date, the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Manager) shall be determined by taking the official closing sale price, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the Manager, in its sole discretion, shall determine in good faith the fair market value thereof), as at the Valuation Date on which Total Assets are being determined, all as reported by any means in common use;
- (c) on a Redemption Date (or, if a Redemption Date is not a Business Day, the immediately preceding Business Day), the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Manager) shall be determined by taking the volume weighted average trading price of the security on such exchange during the three most recent trading days of such exchange ending on and including such Redemption Date, or lacking any sales during such period or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the fair market value as determined by the Manager shall be used), as at the Redemption Date, all as reported by any means in common use;
- (d) the value of any security which is traded over-the-counter will be determined by taking the closing sale price as at the Valuation Date and, if no such closing sale price is available, the average of the last bid and asked prices as at the Valuation Date, all as reported by the financial press;
- (e) the value of any security or other asset for which a market quotation is not readily available will be its fair market value on the Valuation Date on which Total Assets are being determined as determined by the Manager;
- (f) any market price reported in a currency other than Canadian dollars shall be translated into Canadian currency at the Reuters noon rate of exchange on the Valuation Date on which Total Assets are being determined;
- (g) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Manager and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a

published market, unless a different fair market value is determined to be appropriate by the Manager; and

- (h) the value of any security or property to which, in the opinion of the Manager, the above principles cannot be applied or are inappropriate in the circumstances (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair market value thereof determined in good faith in such manner as the Manager from time to time adopts.

The liabilities of the Fund will include (i) bills, notes and accounts payable, (ii) the Management Fee (including unpaid fees, if any, owed to the Manager), the Service Fee and ongoing expenses payable, (iii) all contractual obligations for the payment of money or property, including short sales (valued at current market value) and unpaid distributions, (iv) all allowances authorized or approved by the Trustee for taxes (if any) or contingencies, and (v) all other liabilities of the Fund.

The Net Asset Value per Trust Unit will be calculated in Canadian dollars.

## DISTRIBUTIONS

### Monthly Distributions

Commencing in the month following the month in which Closing occurs, and on a monthly basis thereafter, it is intended that Distributions will be declared and each Unitholder of record at the close of business on the last Business Day of that month will be entitled to receive a monthly Distribution payable on or about the tenth Business Day of the subsequent month. Monthly Distributions for the period ending December 31, 2006 are targeted to be \$0.0417 per month (\$0.50 per Trust Unit per annum), representing a yield of 5.0% per annum based on the Offering Price. Unitholders will be entitled to participate equally in respect of each Trust Unit held with respect to any and all Distributions made by the Fund. Yield is not comparable to a traditional yield on debt instruments where investors are entitled to a full return on the principal amount of the debt on maturity in addition to a return on investment through interest payments. The Fund may make other Distributions at any time in addition to monthly Distributions, if the Manager considers it appropriate.

Commencing in December 2006, the Fund will annually determine and announce an indicative distribution for the following 12 months based upon prevailing market conditions and the Manager's estimate of distributable cash flow for the year. **No assurances can be given as to the amount of the indicative distribution in future years. See "Risk Factors".**

Based on the Indicative Portfolio, the initial indicative monthly distributions (after deducting expenses) will be funded through (i) dividend income from the Fund Investments (approximately 2.52% currently); and (ii) proceeds from the sale of securities held by the Fund. Assuming (i) an offering size of \$100 million; (ii) no leverage; and (iii) the fees and expenses described under "Summary of Fees and Expenses", the net yield will be approximately 0.66% on the original issue price of \$10. To the extent necessary, the Fund will return capital to Unitholders to fund the monthly distributions (in which case the Net Asset Value per Trust Unit would be reduced). The Portfolio would be required to appreciate at a rate of approximately 4.60% per annum in order for the Fund to maintain a stable Net Asset Value while making the initial indicative monthly cash distributions.

The Fund may, in the future, adopt a distribution reinvestment plan so that, subject to obtaining all necessary regulatory approvals, all distributions shall be automatically reinvested on a Unitholder's behalf. The terms of such a plan, if adopted, will be similar to the reinvestment plans adopted by other similar funds managed by the Manager.

The Fund will be subject to tax each year under Part I of the Tax Act on the amount of its net income for tax purposes for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. Provided the Fund makes Distributions in each year of its net income and net realized capital gains, and provided the Fund deducts (taking into account any expected capital gains refund) in computing its income the full amount available for deduction in each year, the Fund will generally not be liable for income tax under Part I of the Tax Act, other than such tax on net realized capital gains as would be recoverable by the Fund as a result of the capital gains refund. In order to ensure this result, the Declaration of Trust provides that an Additional Distribution in cash will, if necessary, be

automatically payable in each year to Unitholders of record on December 31. The Additional Distribution may be necessary where the Fund realizes income for tax purposes which is in excess of the monthly Distributions paid or made payable to Unitholders during the year. If the Fund does not have cash in an amount sufficient to pay the full amount of the Additional Distribution, the shortfall will be satisfied by the issuance of additional Trust Units having a value equal to the cash shortfall. See “Canadian Federal Income Tax Considerations”.

Unitholders who are non-residents of Canada or partnerships other than “Canadian partnerships” for purposes of the Tax Act will be subject to all withholding taxes payable in respect of any distributions by the Fund. Such Unitholders should contact their tax advisors concerning the income tax consequences of investing in Trust Units and, in particular, the possible application of provisions in the Tax Act which would require tax to be withheld from “TCP gains distributions” and “assessable distributions” (as these terms are defined in the proposed amendments) made by the Fund to such Unitholders.

Each Unitholder will be mailed annually, no later than 90 days after the Fund’s taxation year, the information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the Fund to the Unitholder in the preceding taxation year of the Fund. See “Canadian Federal Income Tax Considerations”.

## **MARKET PURCHASE OF TRUST UNITS**

### **Market Purchase Program**

The Declaration of Trust provides that, during any 12-month period, the Fund has the right (but not the obligation), exercisable in its sole discretion, to purchase in the market for cancellation up to 10% of the Trust Units outstanding at the beginning of such period at prices not exceeding the Net Asset Value per Trust Unit. It is expected that such purchases, if made, will be made as normal course issuer bids through the facilities and under the rules of the exchange or market on which the Trust Units are listed, if applicable, as provided for in the Declaration of Trust or as otherwise permitted by applicable securities laws. All purchases of Trust Units by the Fund will be subject to compliance with any applicable regulatory requirements and limitations.

### **Market Purchases by Affiliates**

Affiliates of the Manager may from time to time purchase Trust Units in the market at prevailing market prices.

## **REDEMPTION OF TRUST UNITS**

Units may be surrendered at any time for redemption by the Fund and will be redeemed on a monthly basis on the Redemption Date for the redemption prices and subject to the terms and conditions discussed below, and, subject to the Manager’s right to suspend redemptions in certain circumstances.

### **Annual Redemptions**

For redemptions occurring on the Redemption Date in December of each year (commencing in 2007) the redemption price per Trust Unit will be equal to 100% of the Net Asset Value per Trust Unit, as determined in accordance with the principles set out under “Valuation, Total Assets, Total Liabilities and Net Asset Value”, less out-of-pocket expenses, if any, directly incurred by the Manager to satisfy such redemptions, plus any distribution payable to Unitholders of record on the Redemption Date.

### **Monthly Redemptions**

For redemptions occurring on the Redemption Date of each month, the redemption price per Trust Unit will be the lesser of (a) 90% of the prior 10 day weighted average trading price per Trust Unit on the TSX, and (b) the closing price per Trust Unit on the TSX on the Redemption Date, less out-of-pocket expenses, if any, directly incurred by the Manager to satisfy such redemptions, plus any distribution payable to Unitholders of record on the Redemption Date; provided that Trust Units surrendered not less than 20, and not more than 45, Business Days prior to December 31 will be redeemed on the Redemption Date in December of each year (commencing in 2007) and will receive the amount described in “Annual Redemptions” above.

## **Redemption Payments**

Unitholders whose Trust Units are redeemed will receive payment on or before the tenth Business Day following the applicable Redemption Date (the “Redemption Payment Date”), subject to the Manager’s right to suspend redemptions in certain circumstances. Any unpaid Distribution payable to Unitholders of record on the Redemption Date in respect of Trust Units tendered for redemption will also be paid on the Redemption Payment Date.

## **Redemption Procedures**

A Unitholder who desires to exercise redemption privileges must do so by causing the CDS Participant through which he or she holds his or her Trust Units to deliver to CDS at its office in the City of Toronto on behalf of the Unitholder, a written notice of the Unitholder’s intention to redeem Trust Units by no later than 5:00 p.m. on the day which is at least ten Business Days prior to such monthly Redemption Date, or for redemptions occurring in December of each year (commencing in December 2007), at least 20, and not more than 45, Business Days prior to such Redemption Date in December. A Unitholder who desires to redeem Trust Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption right sufficiently in advance of the Redemption Date deadline so as to permit the CDS Participant to deliver a notice to CDS prior to such deadline.

By causing a CDS Participant to deliver to CDS a notice of the Unitholder’s intention to redeem Trust Units, the Unitholder shall be deemed to have irrevocably surrendered his or her Trust Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of such redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any redemption notice that 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 a Unitholder’s instructions will not give rise to any obligations or liability on the part of the Fund or the Manager to the CDS Participant or the Unitholder.

The aggregate redemption price payable by the Fund in respect of any Trust Units surrendered for redemption shall be satisfied by way of a cash payment; provided that the entitlement of Unitholders to receive cash upon redemption of their Trust Units is subject to the limitation that if the Manager determines in good faith, with the approval of the Board of Governors of the Fund, that satisfying redemptions with cash will be materially detrimental to the continuing Unitholders of the Fund, then redeeming Unitholders will receive, to the extent reasonably determined by the Manager to be necessary, any assets of the Fund other than cash. Such in specie payments may include Dividend-Paying Equity Securities that the Fund holds. It is possible that assets delivered to Unitholders in connection with a redemption will not be listed on any stock exchange and that no market will develop for such assets. Assets so distributed may be subject to resale restrictions under applicable securities laws and may not be qualified investments under the Tax Act for Plans or registered education savings plans which would have adverse tax consequences for such plans and/or their annuitants or beneficiaries. Unitholders who hold Trust Units through such plans should consult their tax advisors in the event that such an in specie payment is to be made.

## **Suspension of Redemptions**

The Manager may direct the Trustee to suspend the redemption of Trust Units or payment of redemption proceeds (i) for the whole or any part of a period during which normal trading is suspended on one or more stock exchanges, options exchanges or futures exchanges on which more than 50% of the Fund Investments (by value) are listed and traded; or (ii) for any period not exceeding 120 days during which the Manager determines, with the approval of the Board of Governors of the Fund, that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension, but as for which payment has not been made, as well as to all requests received while the suspension

is in effect. All 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 Business 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. Subject to applicable law, any declaration of suspension made by the Manager shall be conclusive.

## **DETAILS OF THE OFFERING**

The Offering consists of a minimum of 2,000,000 Trust Units and a maximum of 10,000,000 Trust Units at a price of \$10.00 per Trust Unit.

### **The Trust Units**

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Fund. Fractions of Trust Units may be issued which will have the same rights, restrictions, conditions and limitations attaching to whole Trust Units in the proportion which they bear to a whole Trust Unit, except that fractional Trust Units will not have the right to vote. Trust Units are freely transferable, except as provided under “Declaration of Trust — Non-Resident Unitholders” or as otherwise restricted by the Trustee in order to comply with any applicable laws, regulations or other requirements imposed by regulatory authorities or to obtain, maintain or renew any licenses, rights, status or powers pursuant to any applicable laws, regulations or other requirements imposed by any stock exchange or other applicable regulatory authorities.

Each Trust Unit entitles the holder to the same rights and obligations as a holder of any other Trust Unit and except as provided under “Declaration of Trust — Non-Resident Unitholders”, no holder of Trust Units is entitled to any privilege, priority or preference in relation to any other holder of Trust Units. Each holder of Trust Units is entitled to one vote for each whole Trust Unit held and is entitled to participate equally with respect to any and all Distributions made by the Fund, including distributions of net income and net realized capital gains, if any. On termination or liquidation of the Fund, the holders of outstanding Trust Units of record are entitled to receive on a pro rata basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund. See “Declaration of Trust — Description of Trust Units” and “Declaration of Trust — Termination of the Fund”.

### **Book Entry Registration**

Registration of interests in and transfers and pledges of the Trust Units will be made only through the Book-Entry Only System. On or about the Closing Date, the Trustee will deliver to CDS a certificate representing the aggregate number of Trust Units subscribed for under the Offering. Trust Units must be purchased, transferred, pledged and surrendered for redemption through a CDS Participant. All rights of Unitholders must be exercised through, and all payments or other property to which such Unitholders are entitled will be made or delivered by CDS or the CDS Participant through which the Unitholder holds such Trust Units. Upon the purchase of any Trust Units, the Unitholders will receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the Trust Units are purchased. References in this prospectus to a Unitholder mean, unless the context otherwise requires, the owner of the beneficial interest in such Trust Units.

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

The Fund has the option under certain circumstances to terminate registration of the Trust Units through the Book-Entry Only System, in which case certificates for the Trust Units in fully registered form will be issued to beneficial owners of such Trust Units or their nominees.

## PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents have agreed to act as, and have been appointed as, the sole and exclusive agents of the Fund to offer the Trust Units for sale to the public, on a best efforts basis, if, as and when issued by the Fund. The Trust Units will be issued at a price of \$10.00 per Trust Unit. In consideration for their services in connection with the Offering, the Agents will be paid a fee of \$0.50 per Trust Unit sold under the Offering (either for cash or for common shares of Exchange Eligible issuers deposited and accepted pursuant to the Exchange Option. See “Exchange Option”) and will be reimbursed for reasonable out of pocket expenses incurred by them. The Agents’ fees and expenses will be paid by the Fund out of the proceeds of the Offering. The Agents may form a sub-agency group including other qualified investment dealers and limited market dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Trust Units offered hereby, the Agents will not be obligated to purchase any Trust Units which are not sold.

The Fund has granted to the Agents the Over-Allotment Option, which is exercisable for a period of 30 days from the Closing and gives the Agents the right to purchase additional Trust Units in an amount not exceeding 15% of the aggregate number of Trust Units sold on the Closing on the same terms as set forth above. To the extent that the Over-Allotment Option is exercised, the additional Trust Units will be purchased at the Offering Price hereunder and the Agents will be paid a fee of \$0.50 per Trust Unit in respect of Trust Units purchased pursuant to the exercise of the Over-Allotment Option. This prospectus qualifies the grant of the Over-Allotment Option and the distribution of Trust Units issuable upon the exercise of the Over-Allotment Option.

If subscriptions for a minimum of 2,000,000 Trust Units (or \$20,000,000, including common shares of Exchange Eligible Issuers deposited and accepted pursuant to the Exchange Option) have not been received within 90 days following the date of issuance of a final receipt for the prospectus, the Offering may not continue without the consent of the securities regulatory authorities and those who have subscribed for Trust Units on or before such date. The maximum number of Trust Units which will be sold pursuant to the Offering, including common shares of Exchange Eligible Issuers deposited and accepted pursuant to the Exchange Option but excluding any Trust Units issued should the Over-Allotment Option be exercised, is 10,000,000 Trust Units. Under the terms of the Agency Agreement, the Agents may, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Agency Agreement and withdraw all subscriptions for Trust Units on behalf of subscribers. In the event the minimum Offering is not achieved and the necessary consents are not obtained or, if the Closing does not occur for any reason, subscription proceeds received from prospective purchasers in respect of the Offering will be returned to such purchasers promptly without interest or deduction. Subscriptions for Trust Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. Closing will take place on or about June 19, 2006 or such later date as the Fund and the Agents may agree, but in any event not later than July 28, 2006.

There is currently no market through which the Trust Units can be sold. Accordingly, the Offering Price for the Trust Units was determined by negotiation between the Agents and the Manager on behalf of the Fund. The TSX has conditionally approved the listing of the Trust Units. Listing is subject to the Fund fulfilling all of the requirements of the TSX on or before August 14, 2006, including distribution of the Trust Units to a minimum number of Unitholders.

Dundee Securities Corporation, one of the Agents, is an affiliate of the Manager. Consequently, the Fund may be considered to be a “connected issuer” of Dundee Securities Corporation under applicable securities legislation. The decision of Dundee Securities Corporation to participate in the Offering was made independently of the Manager. Dundee Securities Corporation will receive no benefit in connection with this Offering other than receiving a portion of the Agents’ fee and a portion of the Service Fee described under “Fees and Expenses — Service Fee”.

Pursuant to policy statements of the Ontario Securities Commission and the Autorité des marchés financiers, the Agents may not, throughout the period of distribution under this prospectus, bid for or purchase Trust Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Trust

Units. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Agents may over-allot and effect transactions in connection with their over-allotted position. Such transactions, if commenced, may be discontinued at any time.

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

The Fund has agreed with the Agents not to, directly or indirectly, sell, issue, offer to sell or issue any of its Trust Units or other securities (or announce publicly its intention to do so) for a period of 90 days following the Closing Date, except pursuant to the Over-Allotment Option, without the consent of RBC Dominion Securities Inc., such consent not to be unreasonably withheld. Following such date, the Fund may in its discretion raise additional capital by any means determined appropriate by the Manager including, without limitation, through a rights offering, the making of an exchange offer through the facilities of an exchange on which the Trust Units may be listed from time to time or any further issue of Trust Units, provided that in each case the net proceeds received by the Fund for additional Trust Units are at least equal to the Net Asset Value per Trust Unit at that time.

### **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of McCarthy Tétrault LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a person who is an individual (other than a trust), who acquires Trust Units pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm's length with the Fund and the Agents, is not affiliated with the Fund and holds the Trust Units and units of Exchange Eligible Issuers as capital property. Generally, the Trust Units and common shares of Exchange Eligible Issuers will be considered to be capital property to a purchaser provided that the purchaser does not hold the Trust Units or common shares of an Exchange Eligible Issuer in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain purchasers who might not otherwise be considered to hold their Trust Units and common shares of certain Exchange Eligible Issuers which are "Canadian Securities" as defined in the Tax Act as capital property may, in certain circumstances, be entitled to have them (and all other Canadian securities) treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the "Regulations"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the "Tax Proposals"), and counsel's understanding of the administrative policies and assessing practices of the Canada Revenue Agency (the "CRA") that have been made publicly available prior to the date hereof. This summary assumes that the Tax Proposals will be enacted as proposed, but no assurance can be given in this regard. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in the law, whether by way of legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial or foreign tax legislation or considerations.

This summary is based on the assumption that the Fund will qualify at all times as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act. In order to so qualify, the Fund must comply on a continuous basis with certain minimum distribution requirements relating to the Trust Units. In addition, the Fund may not at any time reasonably be considered to be established or maintained primarily for the benefit of non-resident persons unless all or substantially all of its property is property other than taxable Canadian property for purposes of the Tax Act. The Manager has advised counsel that the Fund intends to make an election so that it will qualify under the Tax Act as a mutual fund trust from the commencement of its first taxation year. If the Fund were not to qualify as a mutual fund trust at all times, the income tax consequences described below would in some respects be materially and adversely different.

If certain Tax Proposals released on September 16, 2004 are enacted as proposed, the Fund would cease to qualify as a mutual fund trust for the purposes of the Tax Act if, at any time, the fair market value of all Trust Units held by non-residents or partnerships which are not “Canadian partnerships” for purposes of the Tax Act is more than 50% of the fair market value of all issued and outstanding Trust Units unless no more than 10% (based on fair market value) of the Fund’s property is at any time “taxable Canadian property” as defined in the Tax Act and certain other types of “specified property” as defined in such Tax Proposals. On December 6, 2004 the Minister of Finance indicated that the September 16, 2004 Tax Proposals are being further considered pending consultation with the private sector.

This summary is also based on the assumption that, at all relevant times, none of the issuers of the securities comprising the Fund Investments will be foreign affiliates of the Fund or of any Unitholder, that none of the securities will be “tax shelter investments” within the meaning of section 143.2 of the Tax Act and that none of the securities comprising the Fund Investments will be participating interests, other than exempt interests, in foreign investment entities or tracking entities or an interest in a non-resident trust other than an exempt foreign trust under the proposals to amend the Tax Act released July 18, 2005 (or such proposals as amended or enacted or successor provisions thereto) or interests in partnerships that hold such securities.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Trust Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Trust Units will vary according to the status of the investor, the province or provinces in which the investor resides or carries on business and, generally, the investor’s own particular circumstances. Accordingly, the following description of income tax matters is of a general nature only and is not intended to constitute advice to any particular investor. Prospective investors should consult their own tax advisors with respect to the income tax consequences of investing in Trust Units, based upon the investor’s particular circumstances.**

### **The Exchange Option**

A Unitholder who disposes of common shares (“Exchange Shares”) of an Exchange Eligible Issuer pursuant to the Exchange Option generally will realize a capital gain (or capital loss) in the taxation year of the Unitholder in which the disposition of Exchange Shares takes place to the extent that the proceeds of disposition for such Exchange Shares, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Exchange Shares to the Unitholder. For this purpose, the proceeds of disposition to the Unitholder will equal the aggregate of the fair market value of the Trust Units received and the amount of any cash received in lieu of fractional Trust Units. The cost to a holder of Trust Units so acquired will be equal to the fair market value at the time of disposition of the Exchange Shares disposed of in exchange for such Trust Units less any cash received in lieu of fractional Trust Units. In computing the adjusted cost base of a Trust Unit acquired by a Unitholder pursuant to the Exchange Option, the cost of such Trust Unit must be averaged with the adjusted cost base of any other Trust Units then held by that Unitholder as capital property.

### **Taxation of the Fund**

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

The Fund will be required to include in its income for a taxation year all dividends received in the year on shares of corporations.

Upon the actual or deemed disposition of a Fund Investment held by the Fund, the Fund will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of amounts otherwise included in income, exceed (or are less than) the adjusted cost base of such Fund Investment and any reasonable costs of disposition, provided such Fund Investment is capital property to the Fund. The Manager has advised counsel that the Fund intends to make an election under subsection 39(4) of the Tax Act so that all Fund Investments that are Canadian securities (as defined in the Tax Act) will be deemed to be capital property. Securities disposed of pursuant to a short sale that are not Canadian securities (as defined in the Tax Act) will generally not

be capital property. Accordingly, gains or losses realized on the short sale of such securities will generally be required to be included in or deducted from, respectively, the income of the Fund.

In computing its income for tax purposes, the Fund may generally deduct reasonable administrative and other expenses incurred to earn income, including interest on any borrowings generally to the extent borrowed funds are used for the purpose of earning income from Fund Investments. The Fund may generally deduct over a five-year period the Agents' fees and other costs and expenses of the Offering paid by the Fund and not reimbursed.

On October 31, 2003 the Department of Finance announced a Tax Proposal relating to the deductibility of losses under the Tax Act. Under this Tax Proposal, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, and can reasonably be expected to carry on, the business or has held, and can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If such Tax Proposal were to apply to the Fund, deductions that would otherwise reduce the Fund's taxable income could be denied and the Fund could be subject to non-refundable tax. The February 23, 2005 Federal Budget indicates that the Department of Finance will respond to concerns raised in respect of the October 31 Tax Proposal with a more modest legislative proposal, which will be released for public comment.

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

The Manager has advised counsel that the Fund generally intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year (taking into account any expected capital gains refund). Therefore, provided the Fund makes distributions in each year of its net income for tax purposes and net realized capital gains as described under "Distributions — Monthly 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 by reason of the capital gains refund.

The Fund Investments may include securities that are not denominated in Canadian dollars. Proceeds of disposition of securities, distributions, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction. The Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

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

### **Taxation of Unitholders**

A Unitholder will generally be required to include in computing income for a particular taxation year of the Unitholder such portion of the net income, including the taxable portion of the net realized capital gains of the Fund for a taxation year as is paid or becomes payable to the Unitholder in that particular taxation year whether received in cash or reinvested in additional Trust Units. The cost of the additional Trust Units received in satisfaction of a distribution of income and net realized capital gains will be equal to such distribution and, in computing their adjusted cost base, such cost must be averaged with the adjusted cost base of all other Trust

Units then held by the Unitholder as capital property. Provided that appropriate designations are made by the Fund, such portions of (a) the net realized taxable capital gains of the Fund, (b) foreign source income of the Fund and foreign taxes eligible for a foreign tax credit and (c) the taxable dividends received or deemed to be received by the Fund on shares of taxable Canadian corporations, as are paid or become payable to a Unitholder will effectively retain their character and be treated as such in the hands of the Unitholder. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules will apply. On May 2, 2006 as part of the Federal Budget, the Minister of Finance released a proposal to enhance the dividend gross-up and the credit available for eligible dividends paid by taxable Canadian corporations after 2005 to eligible shareholders. There can be no assurance that the proposal will be enacted as proposed. The non-taxable portion of net realized capital gains of the Fund that are paid or become payable to a Unitholder in a year will not be included in computing the Unitholder's income for the year. Any other amount in excess of a Unitholder's share of the net income and the net realized capital gains of the Fund for a taxation year that is paid or becomes payable to the Unitholder in such year will generally not be included in computing the Unitholder's income for the year but will reduce the adjusted cost base of Trust Units to the Unitholder. To the extent that the adjusted cost base of a Trust Unit becomes a negative amount, such negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Trust Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain.

The Net Asset Value per Trust Unit will reflect any income and gains of the Fund that have accrued or been realized but have not been made payable at the time Trust Units are acquired. A Unitholder who acquires Trust Units may become taxable on the Unitholder's share of such income and gains of the Fund.

### **Capital Gains and Losses**

Upon the disposition or deemed disposition by a Unitholder of a Trust Unit, whether on a sale, redemption, repurchase or otherwise, a capital gain (or capital loss) will be realized by the Unitholder to the extent that the proceeds of disposition exceed (or are less than) the adjusted cost base of the Trust Unit to the Unitholder immediately before the disposition and any reasonable costs of disposition. If the Fund distributes Fund Investments in satisfaction of a portion of the redemption price of a Trust Unit surrendered for redemption, the Unitholder's proceeds of disposition of the Trust Unit will include the fair market value of each such Fund Investment so distributed and the Unitholder will be considered to have acquired each such Fund Investment at a cost equal to its fair market value.

Under the Tax Act, the Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions for the year. This will enable the Fund to utilize, in a taxation year, losses from prior years without affecting the ability of the Fund to distribute its income annually. The amount distributed to a Unitholder but not deducted by the Fund will not be included in the Unitholder's income. However, the adjusted cost base of the Unitholder's Trust Units will be reduced by such amount. To the extent that the adjusted cost base of a Trust Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Trust Units and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain.

One-half of any capital gain (a "taxable capital gain") realized by a Unitholder in a taxation year must be included in computing the income of the Unitholder for that year and one-half of any capital loss (an "allowable capital loss") realized by a Unitholder in a taxation year may be deducted from taxable capital gains realized by the Unitholder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, against taxable capital gains realized in such year, to the extent and under the circumstances provided for in the Tax Act.

### **Alternative Minimum Tax**

In general terms, net income of the Fund paid or payable to a Unitholder (other than amounts designated as taxable dividends from taxable Canadian corporations or designated in respect of net realized capital gains) will not increase the Unitholder's liability for alternative minimum tax. Amounts designated as taxable dividends from taxable Canadian corporations and net realized capital gains paid or payable to a Unitholder by the Fund and designated in respect of a Unitholder or realized on the disposition of Trust Units or Exchange Shares may increase the Unitholder's liability for alternative minimum tax.

## EXCHANGE OPTION

### Method to Purchase Units

Prospective purchasers may acquire Trust Units either by: (a) cash payment; or (b) an exchange of freely tradeable common shares of any Exchange Eligible Issuer. The maximum number of common shares of any one Exchange Eligible Issuer which the Fund may acquire under the Offering pursuant to the Exchange Option is the lesser of (i) that number of common shares which constitutes 9.9% of the outstanding common shares of such Exchange Eligible Issuer; (ii) that number which would constitute 10% of the net assets of the Fund; and (iii) that number which if combined with the other common shares of such Exchange Eligible Issuer held, either directly or indirectly, by the Manager, would result in the Manager holding directly and indirectly 19.9% of the outstanding common shares of such Exchange Eligible Issuer (such lesser number being referred to as the "Maximum Ownership Level"). To the extent the Maximum Ownership Level has been achieved in respect of the common shares of any one Exchange Eligible Issuer, and an excess of common shares of such Exchange Eligible Issuer above the Maximum Ownership Level has been deposited and not withdrawn, then the common shares of such Exchange Eligible Issuer will be accepted by the Manager up to the Maximum Ownership Level.

### Procedure

A prospective purchaser of Trust Units who elects to pay for such Trust Units by using the Exchange Option must do so by means of a book-entry deposit through CDS. Prospective purchasers intending to utilize the Exchange Option must have deposited the common shares of the Exchange Eligible Issuer with the Exchange Agent through CDS prior to 5:00 p.m. (Toronto time) on May 25, 2006. Such book-entry deposits must have been made by a CDS Participant. Once submitted to the Exchange Agent through CDS, a deposit of common shares of an Exchange Eligible Issuer under the Exchange Option (including the transfer authorized thereby) is, subject to the completion of this Offering, irrevocable unless withdrawn as described below under the heading "Withdrawal of Exchange Option Elections". By authorizing a deposit of common shares of an Exchange Eligible Issuer under the Exchange Option through CDS, a prospective purchaser authorizes the transfer to the Fund of each such common share and represents and warrants that the prospective purchaser has full right and authority to transfer the common shares and is the beneficial owner of such common shares, that such common shares have not previously been conveyed, that the transfer of such common shares is not prohibited by laws applicable to the prospective purchaser and that such common shares are free and clear of all liens, encumbrances and adverse claims. Such representations and warranties will survive the issuance of Trust Units in exchange for such common shares of Exchange Eligible Issuers. The Manager's interpretation of the terms and conditions of the Exchange Option will be final and binding. The Manager reserves the right to waive any conditions of the Exchange Option (other than the Maximum Ownership Level) and to accept or reject, in whole or in part, any deposit of common shares made pursuant to the Exchange Option for any reason including, without limitation, an unfavourable relationship between the Exchange Ratio as described below and the value of the security of the Exchange Eligible Issuer.

If for any reason common shares of an Exchange Eligible Issuer deposited pursuant to the Exchange Option are not acquired by the Fund, the holders of such common shares will be notified of such fact as soon as practicable following the closing or the termination of this Offering, as the case may be, and such common shares will be recredited to their accounts through CDS.

### Determination of Exchange Ratios

The number of Trust Units issuable for each common share of an Exchange Eligible Issuer was determined by dividing (i) the average of the volume weighted average trading price of such common shares on the TSX during the three consecutive trading days ending on May 25, 2006 (the "Pricing Period"), as adjusted to reflect distributions declared by any Exchange Eligible Issuer that will not be received by the Fund, by (ii) \$10.00. For greater certainty, the distribution payable on the common shares of any Exchange Eligible Issuer that were deposited under the Exchange Option and which have a record date before the Closing will be received by the prospective purchaser who deposited such common shares and not by the Fund. The Exchange Ratios are rounded down to four decimal places. If a prospective purchaser of Trust Units has deposited common shares of one or more Exchange Eligible Issuers pursuant to the Exchange Option, and if the exchange of such common

shares for Trust Units would otherwise result in the issuance of a fractional Trust Unit, the Fund will, after the applicable withdrawal period has expired, forward a cash payment to CDS equal to \$10.00 multiplied by such fraction of a Trust Unit, in lieu of issuing a fractional Trust Unit.

### Delivery of Final Prospectus

Each prospective purchaser who authorized the deposit of common shares of an Exchange Eligible Issuer through CDS by 5:00 p.m. (Toronto time) on May 25, 2006 and who did not withdraw such common shares will be furnished with a copy of the final prospectus relating to this Offering.

### Withdrawal of Exchange Option Elections

Each prospective purchaser who has authorized the deposit through CDS of common shares of an Exchange Eligible Issuer under the Exchange Option will have the right to withdraw such deposit by notifying such prospective purchaser's investment advisor or other CDS Participant who effected the deposit at any time prior to the close of business (Toronto time) on May 25, 2006.

In addition, a purchaser may rescind its purchase of Trust Units hereunder by a written notice of rescission which must be received by the CDS Participant who effected such deposit on or before midnight on the second Business Day after receipt or deemed receipt of the final prospectus related to this Offering and any amendment. To be effective, a written notice of rescission must be either delivered in person or by courier to such prospective purchaser's investment advisor who effected the deposit. Any such notice of rescission must specify the common shares of each Exchange Eligible Issuer to be so rescinded and the name of the prospective purchaser. A prospective purchaser also has the rights described under "Purchasers' Statutory Rights".

### Exchange Eligible Issuers

The following table lists the names of the Exchange Eligible Issuers, the common shares of which may be accepted by the Fund pursuant to the Exchange Option, the weighted average trading price of each Exchange Eligible Issuer during the Pricing Period and the Exchange Ratio of a common share of each Exchange Eligible Issuer:

<u>Exchange Eligible Issuer</u>	<u>Symbol</u>	<u>Volume Weighted Average Trading Price</u>	<u>Exchange Ratio</u>
Abitibi-Consolidated Inc. . . . .	A	4.0317	0.4032
ACE Aviation Holdings Inc. . . . .	ACE.B	32.4356	3.2436
Agnico-Eagle Mines Ltd. . . . .	AEM	35.8004	3.5800
Agrium Inc. . . . .	AGU	27.9192	2.7919
Alcan Inc. . . . .	AL	53.5103	5.3510
ATI Technologies Inc. . . . .	ATY	17.2005	1.7200
Bank of Montreal . . . . .	BMO	61.5316	6.1532
Bank of Nova Scotia (The) . . . . .	BNS	42.2940	4.2294
Barrick Gold Corporation . . . . .	ABX	34.3105	3.4311
BCE Inc. . . . .	BCE	26.3809	2.6381
Biovail Corporation . . . . .	BVF	27.4901	2.7490
Bombardier Inc. . . . .	BBD.SV.B	3.7925	0.3793
Brookfield Asset Management Inc. . . . .	BAM.LV.A	44.1750	4.4175
Cameco Corporation . . . . .	CCO	44.3210	4.4321
Canadian Imperial Bank Of Commerce . . . . .	CM	80.5747	8.0575
Canadian National Railway Company . . . . .	CNR	48.7463	4.8746
Canadian Natural Resources Limited . . . . .	CNQ	57.2572	5.7257
Canadian Pacific Railway Limited . . . . .	CP	56.7925	5.6792
Canadian Tire Corporation, Limited . . . . .	CTC.A	69.0850	6.9085
Celestica Inc. . . . .	CLS	10.6375	1.0637
Cognos Incorporated . . . . .	CSN	34.6470	3.4647
Cott Corporation . . . . .	BCB	16.5056	1.6506

<u>Exchange Eligible Issuer</u>	<u>Symbol</u>	<u>Volume Weighted Average Trading Price</u>	<u>Exchange Ratio</u>
Domtar Inc. . . . .	DTC	7.6170	0.7617
Enbridge Inc. . . . .	ENB	32.2621	3.2262
EnCana Corporation . . . . .	ECA	52.9330	5.2933
Falconbridge Limited . . . . .	FAL.LV	54.4468	5.4447
George Weston Limited . . . . .	WN	83.0399	8.3040
Glamis Gold Ltd. . . . .	GLG	40.0059	4.0006
Goldcorp Inc. . . . .	G	33.7957	3.3796
Husky Energy Inc. . . . .	HSE	61.7676	6.1768
Imperial Oil Limited . . . . .	IMO	38.4184	3.8418
Inco Limited . . . . .	N	68.1633	6.8163
IPSCO Inc. . . . .	IPS	102.0778	10.2078
Kinross Gold Corporation . . . . .	K	12.1296	1.2130
Loblaw Companies Limited . . . . .	L	53.6697	5.3670
Magna International Inc. . . . .	MG.A	85.3863	8.5386
Manulife Financial Corporation . . . . .	MFC	36.5663	3.6566
MDS Inc. . . . .	MDS	20.8171	2.0817
National Bank of Canada . . . . .	NA	59.3209	5.9321
Nexen Inc. . . . .	NXY	58.8126	5.8813
Nortel Networks Corporation . . . . .	NT	2.6670	0.2667
NOVA Chemicals Corporation . . . . .	NCX	34.2907	3.4291
Novelis Inc. . . . .	NVL	23.6659	2.3666
Petro-Canada . . . . .	PCA	47.7474	4.7747
Potash Corporation of Saskatchewan Inc. . . . .	POT	102.0381	10.2038
Quebecor World Inc. . . . .	IQW.SV	11.3388	1.1339
Research In Motion Limited . . . . .	RIM	72.8515	7.2851
Rogers Communications Inc. . . . .	RCL.B	43.5706	4.3571
Royal Bank of Canada . . . . .	RY	45.8112	4.5811
Shaw Communications Inc. . . . .	SJR.NV.B	30.8802	3.0880
Shoppers Drug Mart Corporation . . . . .	SC	43.3132	4.3313
Sun Life Financial Inc. . . . .	SLF	44.8090	4.4809
Suncor Energy Inc. . . . .	SU	86.9607	8.6961
Talisman Energy Inc. . . . .	TLM	18.8524	1.8852
Teck Cominco Limited . . . . .	TEK.SV.B	65.6145	6.5614
TELUS Corporation . . . . .	T	44.4137	4.4414
Thomson Corporation (The) . . . . .	TOC	43.5417	4.3542
Toronto-Dominion Bank (The) . . . . .	TD	60.9371	6.0937
TransAlta Corporation . . . . .	TA	23.9287	2.3929
TransCanada Corporation . . . . .	TRP	31.5066	3.1507

## RISK FACTORS

There are many risks associated with an investment in Trust Units, some of which are outlined below. Investors should consider the following risk factors before subscribing for Trust Units.

### No Assurance in Achieving Investment Objectives or Targeted Distributions

There is no assurance that the Fund will be able to achieve its Investment Objectives. There is no assurance that the Fund will be able to pay monthly Distributions in the short or long term, or will be able to meet its objective of providing monthly cash Distributions to Unitholders that meet the initial targeted distribution of \$0.0417 per month (\$0.50 per Trust Unit per annum), representing a yield of 5.0% per annum based on the Offering Price or the targeted distribution from time to time, nor is there any assurance that the Net Asset Value of the Fund will be repaid or any capital appreciation attained.

The funds available for distribution to Unitholders will vary according to, among other things, the dividends paid on all of the securities comprising the Fund Investments, the value of the securities comprising the Fund Investments and the net gains realized on the Fund Investments. As the dividends received by the Fund will not be sufficient to meet the Investment Objectives of the Fund in respect of the payment of distributions, the Trust will depend on the realization of capital gains to meet those Investment Objectives. To the extent necessary, the Fund will return capital to Unitholders to fund the monthly distributions (in which case the Net Asset Value per Trust Unit would be reduced).

### **Performance of Fund Investments**

The Net Asset Value per Trust Unit will vary in accordance with the value of the securities acquired by the Fund. The value of the securities acquired by the Fund will be affected by business factors and risks that are beyond the control of the Manager or the Fund. Some of these factors and risks are:

- (i) operational risks related to specific business activities of respective issuers;
- (ii) quality of underlying assets;
- (iii) financial performance of the respective issuers;
- (iv) environmental risks;
- (v) political risks;
- (vi) fluctuations in exchange rates;
- (vii) fluctuations in interest rates; and
- (viii) changes in government regulations.

### **Trading Price of Trust Units**

Trust Units may trade in the market at a premium or discount to Net Asset Value per Trust Unit and there can be no assurance that Trust Units will trade at a price equal to Net Asset Value per Trust Unit. This risk is separate and distinct from the risk that the Net Asset Value per Trust Unit may decrease. The market price of the Trust Units will be determined by, among other things, the relative demand for and supply of Trust Units in the market, the Fund's investment performance, the Trust Unit's yield and investor perception of the Fund's overall attractiveness as an investment as compared with other investment alternatives.

### **Sensitivity to Interest Rates**

The market price of the Trust Units may be affected by the level of interest rates prevailing from time to time. In addition, any decrease in the Net Asset Value per Trust Unit resulting from an increase in interest rates may also negatively affect the market price of the Trust Units. Unitholders who wish to redeem or sell their Trust Units will, therefore, be exposed to the risk that the Net Asset Value per Trust Unit or the market price of the Trust Units will be negatively affected by interest rate fluctuations. Increases in interest rates will also increase the Fund's cost of borrowing.

### **Fluctuations in Net Asset Value**

The Net Asset Value per Trust Unit and the funds available for Distributions will vary according to, among other things, the value of the Fund Investments acquired by the Fund and the dividends paid thereon. Fluctuations in the market value of the Fund Investments in which the Fund invests may occur for a number of reasons beyond the control of the Manager or the Fund.

### **Composition of Fund Investments**

The composition of the Fund Investments taken as a whole may vary from time to time and may be concentrated by type of security, industry or geography, resulting in the Fund Investments being less diversified

than anticipated. Focusing on a certain sector or industry involves risk that the Fund will suffer a loss because of general declines in the prices of securities in that sector or industry.

### **Foreign Market Exposures**

The Fund Investments will, at any time, include securities of issuers established in jurisdictions outside Canada and 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 markets may be less than in Canada and the United States and, at times, volatility of price may be greater than in Canada or the United States. As a result, the price of such securities may be affected by conditions in the market of the jurisdiction in which the issuer is located or its securities are traded. Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

### **Currency Exposure**

As the portfolio will be primarily invested in securities traded in U.S. dollars or other foreign currencies, the Net Asset Value and distributable cash, when measured in Canadian dollars, will, to the extent this has not been hedged against, be affected by changes in the value of the U.S. dollar or other foreign currencies relative to the Canadian dollar. It is intended that, initially, at least 80% of the value of the Fund Investments will be hedged back to the Canadian dollar and that, at all times, at least 50% of the value of the Fund Investments will be hedged back to the Canadian dollar. The Fund will not be hedged at all times and accordingly no assurance can be given that the Fund will not be adversely impacted by changes in foreign exchange rates or other factors. The use of hedges involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the Manager's assessment of certain market movements is incorrect, the risk that the use of hedges could result in losses greater than if the hedging had not been used. The hedging arrangements may have the effect of limiting or reducing the total returns to the Fund if the Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, the costs associated with the hedging program may outweigh the benefits of the arrangements in such circumstances.

### **Loan Facility**

The Fund may use the Loan Facility for various purposes, including purchasing Fund Investments in accordance with the Investment Objectives and Investment Strategy and subject to the Investment Restrictions, effecting market purchases of Trust Units, maintaining liquidity and funding redemptions and paying Distributions. There can be no assurance that this borrowing strategy will enhance returns or help the Fund achieve the Investment Objectives and, to the extent that the interest payable on and other expenses of, the Loan Facility exceed the incremental returns to the Fund on the additional Fund Investments purchased thereby, the strategy may reduce returns (both distributions and capital) and thereby increase the risk to Unitholders. If the Fund Investments suffer a decrease in value, the Loan Facility component will cause a decrease in Net Asset Value in excess of that which would otherwise be experienced.

If at any time the amount owing under the Loan Facility exceeds 25% of Total Assets or is called by the Lender, the Fund may be required to liquidate Fund Investments to comply with the restriction or to repay the indebtedness. Such sales may occur at a time when the market for the Fund Investments is depressed, affecting the value of the Fund Investments and the return to the Fund. In addition, the Fund may not be able to renew the Loan Facility on acceptable terms.

For these reasons, there can be no assurance that the borrowing strategy employed by the Fund will enhance returns, and it may, in fact, reduce returns.

### **Illiquid Securities**

There is no assurance that an adequate market will exist for Fund Investments acquired by the Fund. In addition, if the Manager is unable, or determines that it is inappropriate, to dispose of some or all of the Fund

Investments prior to the Termination Date, Unitholders may, subject to applicable laws, receive distributions of securities in specie upon the termination of the Fund, for which there may be an illiquid market or which may be subject to resale restrictions of indefinite duration. Further, if the Manager determines that it is appropriate to acquire certain securities for the Fund, the Manager may be unable to acquire the number of such securities, or to acquire such securities at a price acceptable to the Manager, if the market for such securities is particularly illiquid.

### **Instalment Receipts**

The Fund may purchase certain Fund Investments as instalment receipts representing ownership interests in securities, the original issue price of which is payable on an instalment basis. The Fund may be required to pay subsequent instalments despite a decline in the value of the Fund Investment of an issuer in which the Fund invests.

### **Reliance on the Manager**

The Fund will be dependent on the Manager for investment advisory and portfolio management services under the Management Agreement. There is no certainty that key employees will continue to be employees of the Manager throughout the life of the Fund. Investors who are not willing to rely on the Manager should not invest in Trust Units.

### **Taxation of the Fund**

There can be no assurance that Canadian federal income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders. In addition, if certain Tax Proposals released on September 16, 2004 are enacted as proposed, the Fund would cease to qualify as a mutual fund trust for purposes of the Tax Act if, at any time, the fair market value of all Trust Units held by non-residents or partnerships which are not “Canadian partnerships” for purposes of the Tax Act is more than 50% of the fair market value of all issued and outstanding Trust Units unless no more than 10% (based on fair market value) of the Fund’s property is at any time “taxable Canadian property” within the meaning of the Tax Act and certain other types of “specified property” as defined in such Tax Proposals. If the Fund ceases to qualify as a “mutual fund trust” under the Tax Act, the income tax considerations described under the heading “Canadian Federal Income Tax Considerations” would be materially and adversely different in certain respects. On December 6, 2004 the Minister of Finance indicated that the September 16, 2004 Tax Proposals are being further considered pending consultation with the private sector.

### **Tax Proposals Regarding Deductions**

On October 31, 2003 the Department of Finance announced a Tax Proposal relating to the deductibility of losses under the Tax Act. Under this Tax Proposal, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, and can reasonably be expected to carry on, the business or has held, and can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If such a tax proposal were to apply to the Fund, deductions that would otherwise reduce the Fund’s taxable income could be denied with after tax returns to Holders reduced as a result. The February 23, 2005 Federal Budget indicates that the Department of Finance will respond to concerns raised in respect of the October 31 Tax Proposal with a more modest legislative proposal, which will be released for public comment. Prospective Holders should consult their own tax advisors regarding the possible application of this Tax Proposal to interest on money borrowed to acquire Trust Units.

### **Loss of Investment**

An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment and who can withstand the effect of the targeted return not being met in any period.

## **Status of the Fund**

As the Fund is not a mutual fund as defined under Canadian securities laws, the Fund is not subject to the Canadian policies and regulations that apply to open-end mutual funds. As a result, some of the protections provided to investors in open-end mutual funds under such laws will not be available to investors in the Trust Units. The Fund will, however, be a mutual fund trust for purposes of the Tax Act.

## **Securities Lending**

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

## **Conflicts of Interest**

The Manager and its directors and officers and their respective affiliates and associates may engage in the promotion, management or investment management of one or more funds or trusts which invest primarily in Dividend-Paying Equity Securities.

Although none of the directors or officers of the Manager will devote his or her full time to the business and affairs of the Fund, each will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) the Fund. See “Conflicts of Interest”.

## **Operating History and Marketability of Trust Units**

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

## **Changes in Legislation**

There can be no assurance that certain laws applicable to the Fund, including income tax laws and government incentive programs relating to the natural resource or real estate industries and the treatment of mutual fund trusts under the Tax Act will not be changed in a manner which could adversely affect the distributions received by the Fund or by the Unitholders.

## **Redemptions**

While the Fund intends to pay the redemption price of Trust Units redeemed in cash, it is possible that assets of the Fund delivered to Unitholders in connection with the redemption of their Trust Units will not be listed on any stock exchange and that no market will develop for such assets. Assets so distributed may be subject to resale restrictions under applicable securities laws and may not be qualified investments for Plans or registered education savings plans which would have adverse tax consequences to such plans and/or their annuitants or beneficiaries. In addition, in certain circumstances, the Fund may suspend redemptions.

## **Annual and Monthly Redemptions**

If holders of a substantial number of Trust Units exercise their redemption right, the number of Trust Units outstanding and the Net Asset Value of the Fund could be significantly reduced with the effect of decreasing the liquidity of the Trust Units in the market and increasing the management expenses borne by each outstanding Trust Unit.

## CONFLICTS OF INTEREST

The Declaration of Trust acknowledges that the Trustee may provide services to the Fund in other capacities, including acting as manager of the Fund, provided that the terms of any such arrangements are no less favourable to the Fund than those which would be obtained from parties which are at arm's length for comparable services.

In addition, the directors and officers of the Manager may be directors, officers, shareholders or unitholders of one or more issuers from which the Fund may acquire securities. If required by applicable laws, the Trustee will consent to the acquisition of such securities. The Manager or its affiliates may be managers of one or more issuers from which the Fund may acquire securities and may be managers of funds that invest in the same securities as the Fund.

Dundee Securities Corporation is an affiliate of the Manager. Dundee Securities Corporation will receive fees pursuant to the Agency Agreement and may from time to time act as broker to the Fund in respect of purchases or sales of Fund Investments or as underwriter or agent to the Fund in respect of further issues of Trust Units or other Fund securities. See "Plan of Distribution".

The services of the Manager are not exclusive to the Fund. The Manager acts as the advisor to other funds and may in the future act as the advisor to other funds which invest primarily in Dividend-Paying Equity Securities and which may have similar investment mandates to the Fund. Since the Manager will continue to manage the investments of its other clients, the Manager may acquire or dispose of the same investment for the Fund and one or more of its other clients. However, because of different investment policies, the Manager may be selling an investment for one client and buying the same investment for another client. Under the Management Agreement, the Manager has agreed to allocate opportunities to acquire and dispose of investments fairly among the Fund and its other clients that have similar investment objectives and to adhere generally to the standards set by the CFA Institute. See "Management of the Fund — Management Agreement".

## THE TRUSTEE

Goodman & Company, Investment Counsel Ltd. is the Trustee of the Fund. The Trustee is responsible for certain aspects of the administration of the Fund as described in the Declaration of Trust.

The Trustee or any successor Trustee may resign upon 90 days' written notice to the Manager or may be removed by an Extraordinary Resolution passed at a meeting of Unitholders called for such purpose. Any such resignation or removal shall become effective only on the appointment of a successor Trustee. If, after notice of resignation has been received from the Trustee, no successor has been appointed within 90 days of such notice, the Trustee, the Manager or any Unitholder may apply to a court of competent jurisdiction for the appointment of a successor Trustee.

The Declaration of Trust provides that the Trustee will not be liable in carrying out its duties under the Declaration of Trust except in cases where the Trustee fails to act honestly and in good faith with a view to the best interests of the Unitholders or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties.

The address of the Trustee is 40 King Street West, Scotia Plaza, 55th Floor, Toronto, Ontario M5H 4A9.

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

## DECLARATION OF TRUST

The following description of the Declaration of Trust does not purport to be complete and is subject to, and is qualified in its entirety by, reference to the Declaration of Trust.

### Description of Trust Units

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal undivided interest in the net assets of the Fund. Fractions of Trust Units may be issued which will have the same rights, restrictions, conditions and limitations attaching to whole Trust Units in the proportion which they bear to a whole Trust Unit, except fractional Trust Units will not have the right to vote. Each Trust Unit entitles the holder to the same rights and obligations as a holder of any other Trust Unit and no holder of Trust Units is entitled to any privilege, priority or preference in relation to any other holder of Trust Units. Each holder of Trust Units is entitled to one vote for each whole Trust Unit held and is entitled to participate equally with respect to any and all Distributions made by the Fund, including distributions of net income and net realized capital gains, if any. On termination or liquidation of the Fund, the holders of outstanding Trust Units of record are entitled to receive on a pro rata basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund.

### Information and Reports to Unitholders

The Fund will furnish to Unitholders such financial statements (including semi-annual unaudited and annual audited financial statements, accompanied by management's discussion and analysis of the affairs and operations of the Fund) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation.

While the Fund will not hold regularly scheduled annual meetings of Unitholders, prior to any meeting of Unitholders, which is called under the provisions of the Declaration of Trust, the Fund will provide the Unitholders (along with notice of such meeting) all such information as is required by applicable law to be provided to such holders.

### Proxy Voting Policy

Subject to compliance with the provisions of applicable securities law, the Manager, acting on the Fund's behalf, has the right to vote proxies relating to the issuers of the Fund's Fund Investments. In all cases, proxies must be voted in a manner consistent with the best interests of the Fund and its Unitholders.

Generally, proxies will be voted with management of an issuer on routine business, otherwise the Fund will not own or maintain a position in the securities of that issuer. Examples of routine business applicable to an issuer are: voting on the size, nomination and election of the board of directors and the appointment of auditors. All other special or non-routine matters will be assessed on a case-by-case basis with a focus on the potential impact of the vote on the value of the Fund's investment in that issuer. Examples of non-routine business are: stock-based compensation plans, executive severance compensation arrangements, shareholders rights plans, corporate restructuring plans, going private transactions in connection with leveraged buyouts, lock-up arrangements, crown jewel defenses, supermajority approval proposals, and stakeholder or shareholder proposals.

On occasion, the Manager may abstain from voting a proxy or a specific proxy item when it is concluded that the potential benefit of voting the proxy of that issuer is outweighed by the cost of voting the proxy. In addition, the Manager will not vote proxies received for issuers of portfolio securities which are no longer held in the Fund's account.

### Non-Resident Unitholders

At no time may persons who are non-residents of Canada or partnerships which are not "Canadian partnerships" for the purposes of the Tax Act ("non-residents") be the beneficial owners of a majority of the Units and the Trustee shall inform the Transfer Agent and Registrar of this restriction. The Trustee may require

declarations as to the jurisdictions in which beneficial owners of Trust Units are resident. If the Trustee becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Trust Units then outstanding are, or may be, non-residents, or that such a situation is imminent, the Trustee may make a public announcement thereof and shall not accept a subscription for Trust Units from or issue or register a transfer of Trust Units to a person unless the person provides a declaration that the person is not a non-resident. If the Trustee determines that 45% or more of the Trust Units then outstanding are beneficially held by non-residents, the Trustee shall send a notice to such non-resident Unitholders, chosen in inverse order to the order of acquisition or in such manner as the Trustee may consider equitable and practicable, requiring them to sell their Trust Units or a portion thereof within a specified period of not less than 30 days to residents of Canada or partnerships which are “Canadian partnerships” for the purposes of the Tax Act. If the Unitholders receiving such notice have not sold the specified number of Trust Units or provided the Trustee with satisfactory evidence that they are not non-residents within such period, the Trustee may on behalf of such Unitholders sell such Trust Units and, in the interim, shall suspend the voting and distribution rights attached to such Trust Units. Upon such sale, the affected holders shall cease to be beneficial holders of Trust Units and their rights shall be limited to receiving the net proceeds of sale of such Trust Units.

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

#### **Modification of Declaration of Trust and Meetings of Unitholders**

Not less than 21 days’ notice will be given for any meeting of Unitholders. The quorum for any meeting of Unitholders is two or more Unitholders present in person or represented by proxy voting not less than 15% of the Trust Units then outstanding. If no quorum is present at such meeting when called, the meeting shall be adjourned for not less than 14 days and the Unitholders present in person or represented by proxy at such adjourned meeting will form the necessary quorum except in the event such meeting was requisitioned by Unitholders in which case the meeting will be dissolved. At any such meetings, each Unitholder will be entitled to one vote for each whole Trust Unit held.

The following may only be undertaken with the approval of Unitholders by an Extraordinary Resolution:

- (a) any termination of the Management Agreement other than termination by, or as a result of the resignation of, the Manager or in circumstances where the Manager has been removed by the Trustee for cause pursuant to the Declaration of Trust or the Management Agreement;
- (b) the liquidation, dissolution or termination of the Fund prior to the Termination Date;
- (c) except as otherwise provided herein, any material amendment to the Declaration of Trust;
- (d) the sale of all or substantially all the assets of the Fund other than in the ordinary course;
- (e) the termination of the Trustee or any of its affiliates as the trustee of the Fund;
- (f) any change in the Investment Objectives, Investment Strategy or Investment Restrictions, unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- (g) any material change in the Management Agreement;
- (h) any increase in the Management Fee;
- (i) any amendment, modification or variation in the provisions or rights attaching to the Trust Units;
- (j) any issuance of Trust Units subsequent to the initial issuance of Trust Units (other than (i) issuances where the net proceeds for each Trust Unit issued is not less than the Net Asset Value per Trust Unit calculated prior to the entering into of the commitment by the subscriber to purchase such Trust Units or prior to the pricing of the offering, as the case may be, (ii) a Distribution in Trust Units or the

automatic reinvestment of distributions of net income or net realized capital gains, or (iii) issuances of Trust Units to the Manager in satisfaction of the Management Fee); and

- (k) any change in the frequency of calculating Net Asset Value per Trust Unit to less often than each Business Day.

The Trustee is entitled to amend the Declaration of Trust without the consent of, or notice to, the Unitholders, to:

- (i) ensure compliance with applicable laws, regulations or requirements of any governmental authority having jurisdiction over the Fund;
- (ii) maintain the status of the Fund as a “unit trust” and a “mutual fund trust” under the Tax Act;
- (iii) make changes or corrections which counsel for the Fund advise are necessary or desirable for the correction of typographical mistakes or are required for the purpose of curing any ambiguity or defective or inconsistent provisions or omissions or manifest error or, conforming with this prospectus; or
- (iv) provide added protection for Unitholders upon the advice of counsel to the Fund,

but only if such amendments do not in the opinion of the Manager materially adversely affect the interests of the Unitholders or restrict any protection for the Trustee or the Manager or increase their respective responsibilities.

In addition, the Manager may, without obtaining Unitholder approval, merge the Fund into another investment fund or permit another investment fund to merge into the Fund, provided that:

- (i) the investment fund(s) with which the Fund is merged is an Affiliated Fund(s);
- (ii) Unitholders are permitted to redeem their Units at a redemption price equal to 100% of the Net Asset Value per Trust Unit (less any costs associated with the redemption, including brokerage costs and any income or net realized capital gains of the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption), prior to the effective date of the merger;
- (iii) the Fund and the Affiliated Fund(s) have similar investment objectives as set forth in their respective declarations of trust, as determined in good faith by the Manager in its sole discretion;
- (iv) the Manager must have determined in good faith that there will be no increase in the aggregate general and administrative expenses as a result of the merger and that there will be no increase in the management expense ratio of the Fund as a result of the merger, in each case as notionally attributable to Unitholders on a per Unit basis;
- (v) the merger of the Fund and the Affiliated Fund(s) is completed on the basis of an exchange ratio determined with reference to the Net Asset Value per Trust Unit of each of the Fund and the Affiliated Fund(s); and
- (vi) the merger of the Fund and the Affiliated Fund(s) must be capable of being accomplished on a basis which will not result in any adverse tax consequences to Unitholders, as determined by the Manager in good faith.

If the Manager determines that it is appropriate and desirable, the Manager can effect the Permitted Merger, including any required changes to the Declaration of Trust, without seeking Unitholder approval for the Permitted Merger or such amendments. If a decision is made to effect a Permitted Merger, the Manager will provide notice to Unitholders and issue a press release at least 40 Business Days in advance of the anticipated effective date thereof disclosing details of the proposed Permitted Merger. While the Fund and the Affiliated Fund(s) will have similar investment objectives, they may have different investment strategies, guidelines and restrictions and, accordingly, the units of the merged funds may be subject to different risk factors.

Except for changes to the Declaration of Trust which require the approval of Unitholders or changes described above which require neither approval of nor prior notice to Unitholders, the Declaration of Trust may

be amended from time to time by the Trustee at the request of the Manager upon not less than 30 days prior written notice to Unitholders.

The holders of not less than 10% of the then outstanding Trust Units may requisition the Trustee to call a meeting of Unitholders for the purpose stated in the requisition.

### **Take-over Bids**

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for the Trust Units and not less than 90% of the Trust Units (but not including any Trust Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Trust Units held by the Unitholders who did not accept the take-over bid on the terms offered by the offeror.

### **Termination of the Fund**

The Fund will continue until June 30, 2016 (subject to extension as described below) and thereupon will terminate and the net assets of the Fund will be distributed to the Unitholders unless an alternative to termination is approved by the Unitholders as described below. Prior to the Termination Date, the Manager will, to the extent practicable, convert the assets of the Fund to cash. The Manager may, in its discretion with the prior approval of the Board of Governors of the Fund and upon not less than 30 days prior written notice to Unitholders, extend the Termination Date by a period of 90 days if the Manager determines that it will be unable to convert all the portfolio assets to cash and the Manager determines that it would be in the best interests of the Unitholders to do so. Should the liquidation of certain securities not be practicable or should the Manager consider such liquidation not to be appropriate prior to the Termination Date, such securities will be distributed to Unitholders in specie rather than in cash subject to compliance with any securities or other laws applicable to such distributions. See “Risk Factors — Illiquid Securities”. Following such distribution, the Fund will be dissolved.

Not less than six months prior to the Termination Date, the Manager may present a proposal to Unitholders providing an alternative to the dissolution of the Fund on the Termination Date. Such proposal may include, without limitation: (i) continuing the Fund; or (ii) exchanging the Trust Units for units in one or more mutual funds or closed-end investment funds on or after the Termination Date. A meeting of Unitholders to consider such a proposal must be held at least six months prior to the Termination Date in order to give the Manager the opportunity to conduct an orderly liquidation of the assets of the Fund if the Unitholders do not approve the proposal. In order to be implemented, such proposal would require the approval of Unitholders by a majority vote at such meeting. Any such proposal may be conditional on such matters as the Manager considers are appropriate, including obtaining any necessary regulatory approvals.

The Fund will also be terminated in the event of the resignation of the Manager if a replacement Manager has not been appointed within 120 days of the date upon which the Manager gives notice to the Trustee of its resignation. Such termination shall occur on the date which is 60 days following the last day of the aforementioned 120 day period.

### **PROMOTER**

The Manager took the initiative in creating the Fund and, accordingly, is a promoter of the Fund as defined in the securities legislation of certain provinces and territories of Canada. Except as otherwise described herein, the Manager will not receive any benefits, directly or indirectly, from the issuance of Trust Units offered hereunder.

### **LEGAL PROCEEDINGS**

Neither the Fund nor the Manager are involved in any material legal proceedings involving the Fund, nor is the Trustee or the Manager aware of existing or pending material legal or arbitration proceedings involving the Fund or the Manager.

## **MATERIAL CONTRACTS**

The only material contracts entered into by the Fund or the Manager during the past two years or to which either of them will become a party prior to the Closing, are as follows:

- (a) the Declaration of Trust referred to under “The Fund” and under “Declaration of Trust”;
- (b) the Management Agreement referred to under “Management of the Fund — Management Agreement”;
- (c) the Custodian Agreement referred to under “Custodian”; and
- (d) the Agency Agreement referred to under “Plan of Distribution”.

Copies of the foregoing documents may be examined during normal business hours at the principal office of the Fund during the period of distribution to the public of the Trust Units offered under the Offering. Copies of the Declaration of Trust may be obtained at any time from the Trustee on written request.

## **LEGAL MATTERS**

Certain legal matters in connection with the issuance and sale of the Trust Units offered by this prospectus will be reviewed on behalf of the Fund by McCarthy Tétrault LLP and on behalf of the Agents by Blake, Cassels & Graydon LLP.

## **AUDITORS**

The auditors of the Fund are PricewaterhouseCoopers LLP, Chartered Accountants, Suite 3000, Royal Trust Tower, Toronto Dominion Centre, Toronto, Ontario, M5K 1G8.

## **CUSTODIAN**

State Street Trust Company Canada will be appointed the custodian of the Fund’s assets on or prior to the Closing Date pursuant to the Custodian Agreement.

The Custodian may employ sub-custodians as considered appropriate in the circumstances. The address of the Custodian is 30 Adelaide Street East, Suite 1100, Toronto, Ontario, M5C 3G6.

## **REGISTRAR, TRANSFER AGENT, EXCHANGE AGENT AND DISTRIBUTION DISBURSING AGENT**

Computershare Investor Services Inc. has been appointed the registrar, transfer agent and distribution disbursing agent for the Trust Units.

The register and transfer ledger will be kept by the Trustee at its principal stock and bond transfer offices located in Toronto.

Computershare Investor Services Inc., at its principal offices in Toronto, will also be appointed the Exchange Agent for the Exchange Option under an exchange agency agreement to be entered into with the Manager on or prior to the Closing.

## **PURCHASERS’ STATUTORY RIGHTS**

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

## AUDITORS' REPORT

To the Unitholder and the Trustee of  
**diversiGlobal Dividend Value Fund**

We have audited the statement of financial position of diversiGlobal Dividend Value Fund (the "Fund") as at May 30, 2006. This statement of financial position is the responsibility of the Fund's management. Our responsibility is to express an opinion on this statement of financial position based on our audit.

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

In our opinion, this statement of financial position presents fairly, in all material respects, the financial position of the Fund as at May 30, 2006 in accordance with Canadian generally accepted accounting principles.

Toronto, Canada  
May 30, 2006

PRICEWATERHOUSECOOPERS LLP  
Chartered Accountants

**FINANCIAL STATEMENTS**  
**DIVERSIGLOBAL DIVIDEND VALUE FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As at May 30, 2006**

<b>Assets</b>	
Cash . . . . .	<u>\$10</u>
<b>Unitholder's Equity</b>	
Unitholder's Equity (Note 1):	
Units (1 Unit) . . . . .	<u>\$10</u>

Approved by the Board of Directors of the Manager, Goodman & Company, Investment Counsel Ltd.

By: (Signed) TODD BEALLOR  
Director

By: (Signed) EDWARD C. BEZEAU  
Director

*The accompanying notes are an integral part of this statement of financial position.*

**DIVERSIGLOBAL DIVIDEND VALUE FUND**  
**NOTES TO STATEMENT OF FINANCIAL POSITION**

**As at May 30, 2006**

**1. ORGANIZATION AND UNITHOLDER'S EQUITY**

diversiGlobal Dividend Value Fund (the "Fund") is an investment trust created under the laws of the Province of Ontario pursuant to a declaration of trust dated as of May 30, 2006 (the "Declaration of Trust"). The beneficiaries of the Fund will be the holders of Trust Units (as defined below) being offered pursuant to this prospectus. The Fund is authorized to issue an unlimited number of redeemable transferable trust units ("Trust Units"). On May 30, 2006, the Fund issued one unit for \$10.00 cash.

**2. AGENCY AGREEMENT, CUSTODIAN AND TRUSTEE**

The Fund and Goodman & Company, Investment Counsel Ltd. (the "Manager") have entered into an agency agreement with RBC Dominion Securities Inc., CIBC World Markets Inc., Dundee Securities Corporation, Scotia Capital Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Canaccord Capital Corporation, HSBC Securities (Canada) Inc., Berkshire Securities Inc. and Blackmont Capital Inc. (collectively, the "Agents") dated as of May 30, 2006 pursuant to which the Fund has agreed to create, issue and sell, and the Agents have agreed to offer for sale to the public, a minimum of 2,000,000 Trust Units and a maximum of 10,000,000 Trust Units at \$10 per Trust Unit.

Pursuant to the Declaration of Trust, Goodman & Company, Investment Counsel Ltd. is trustee of the assets of the Fund and is also responsible for certain aspects of the Fund's day to day operations. In consideration of the services provided by Goodman & Company, Investment Counsel Ltd., the Fund will pay a fee to be agreed upon between the Fund and the Manager.

Pursuant to a custodian agreement to be entered into on or before Closing, State Street Trust Company Canada will be appointed custodian of the Fund's assets. In consideration of the services to be provided by State Street Trust Company Canada, the Fund will pay a fee to be agreed upon between the Manager and State Street Trust Company Canada.

**3. COMMITMENTS**

The Fund has retained the Manager to act as manager and investment manager under a management agreement dated as of May 30, 2006. Pursuant to such agreement, the Manager is entitled to a management fee equal to 1.10% per annum of the Net Asset Value of the Fund. The Fund will also pay to the Manager a Service Fee of 0.40% per annum of the Net Asset Value of Trust Units held by clients of dealers. The Service Fee will be used by the Manager to in turn pay a service fee to certain dealers based on the number of Trust Units held by the clients of such dealers.

## **AUDITORS' CONSENT**

We have read the prospectus of diversiGlobal Dividend Value Fund (the "Fund") dated May 30, 2006 relating to the issue and sale of units of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above mentioned prospectus of our report to the unitholder and the trustee of the Fund on the statement of financial position of the Fund as at May 30, 2006. Our report is dated May 30, 2006.

Toronto, Canada  
May 30, 2006

PRICEWATERHOUSECOOPERS LLP  
Chartered Accountants

## CERTIFICATE OF THE FUND AND THE PROMOTER

Dated: May 30, 2006

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of the *Securities Act* (Saskatchewan), by Part VII of the *Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 63 of the *Securities Act* (Nova Scotia), by Part 6 of the *Securities Act* (New Brunswick), by Part II of the *Securities Act* (Prince Edward Island), by Part XIV of the *Securities Act* (Newfoundland and Labrador), by the *Securities Act* (Yukon), by the *Securities Act* (Northwest Territories) and by the *Securities Act* (Nunavut) and the respective regulations thereunder. This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Quebec) and the regulations thereunder.

DIVERSIGLOBAL DIVIDEND VALUE FUND

By: its manager GOODMAN & COMPANY, INVESTMENT COUNSEL LTD.

By: (Signed) DAVID GOODMAN  
President and Chief Executive Officer

By: (Signed) JOHN PEREIRA  
Vice-President and Chief Financial Officer

On behalf of the board of directors of  
GOODMAN & COMPANY, INVESTMENT COUNSEL LTD.

By: (Signed) TODD BEALLOR  
Director

By: (Signed) EDWARD C. BEZEAU  
Director

Promoter  
GOODMAN & COMPANY, INVESTMENT COUNSEL LTD.

By: (Signed) JOHN PEREIRA  
Vice President and Chief Financial Officer

## CERTIFICATE OF THE AGENTS

Dated: May 30, 2006

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of the *Securities Act* (Saskatchewan), by Part VII of the *Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 64 of the *Securities Act* (Nova Scotia), by Part 6 of the *Securities Act* (New Brunswick), by Part II of the *Securities Act* (Prince Edward Island), by Part XIV of the *Securities Act* (Newfoundland and Labrador), by the *Securities Act* (Yukon), by the *Securities Act* (Northwest Territories) and by the *Securities Act* (Nunavut) and the respective regulations thereunder. To our knowledge, this prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Quebec) and the regulations thereunder.

RBC DOMINION SECURITIES INC.      CIBC WORLD MARKETS INC.      DUNDEE SECURITIES CORPORATION

By: (Signed) EDWARD V. JACKSON      By: (Signed) RONALD W.A. MITCHELL      By: (Signed) DAVID P. STYLES

SCOTIA CAPITAL INC.

TD SECURITIES INC.

By: (Signed) BRIAN D. MCCHESENEY

By: (Signed) MICHAEL WOOLHOUSE

BMO NESBITT BURNS INC.

NATIONAL BANK FINANCIAL INC.

By: (Signed) DAVID R. THOMAS

By: (Signed) MICHAEL D. SHUH

CANACCORD CAPITAL CORPORATION

HSBC SECURITIES (CANADA) INC.

By: (Signed) CRAIG G. H. WARREN

By: (Signed) CATHERINE J. CODE

BERKSHIRE SECURITIES INC.

BLACKMONT CAPITAL INC.

By: (Signed) L. WARREN PIMM

By: (Signed) CHARLES A. V. PENNOCK



**diversiGlobal Dividend Value Fund**