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No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, and, subject to certain exemptions, will not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons.

PRELIMINARY PROSPECTUS

Initial Public Offering

May 20, 2020

BIG BANC SPLIT CORP.

\$• (Maximum) Up to • Preferred Shares and • Class A Shares \$10.00 per Preferred Share and \$10.00 per Class A Share

Big Banc Split Corp. (the “**Company**”) is a mutual fund corporation incorporated under the laws of the Province of Ontario. The Company proposes to offer preferred shares (“**Preferred Shares**”) and class A shares (“**Class A Shares**”) at a price of \$10.00 per Preferred Share and \$10.00 per Class A Share (the “**Offering**”). Preferred Shares and Class A Shares will be issued only on the basis that an equal number of Preferred Shares and Class A Shares will be outstanding at all material times.

The investment objectives for the Preferred Shares are to provide their holders with fixed cumulative preferential monthly cash distributions in the amount of \$0.05 per Preferred Share (\$0.60 per annum or 6.0% per annum on the issue price of \$10.00 per Preferred Share) until November 30, 2023 (the “**Maturity Date**”) and to return the original issue price of \$10.00 to holders on the Maturity Date. See “Investment Objectives”.

The investment objectives for the Class A Shares are to provide their holders with regular monthly non-cumulative cash distributions initially in the amount of \$0.067 per Class A Share representing a yield on the issue price of the Class A Shares of 8.0% per annum and to provide holders with the opportunity for growth in the net asset value per Class A Share. See “Investment Objectives”.

The Company will invest on an approximately equally-weighted basis in a portfolio (the “**Portfolio**”) of equity securities (the “**Portfolio Shares**”) of the following publicly traded Canadian banks: Bank of Montreal; Canadian Imperial Bank of Commerce; National Bank of Canada; Royal Bank of Canada; The Bank of Nova Scotia; and The Toronto-Dominion Bank. In order to seek to generate additional returns and enhance the Portfolio’s income, the Manager may write covered call options and cash covered put options in respect of some or all of the Portfolio Shares held in the Portfolio. See “Investment Objectives” and “Investment Strategies”.

The Preferred Shares will not be rated by any rating organization. See “Description of the Securities”. Based on the initial expected net asset value per unit (consisting of one Preferred Share and one Class A Share (each, a “**Unit**”), after taking into account offering expenses, the asset coverage ratio based on the Preferred Share original issue price of \$10.00 is 190% and the Downside Protection is 47.5%. “**Downside Protection**” refers to the percentage that the Portfolio would have to decline in value before holders of the Preferred Shares would be in a first-dollar loss position.

Purpose Investments Inc. (“**Purpose**” or the “**Manager**”) will act as the manager, portfolio manager and promoter of the Company and will provide all administrative services required by the Company. See “Organization and Management Details of the Manager”.

Price: \$10.00 per Preferred Share and \$10.00 per Class A Share

	Price to the Public ⁽¹⁾	Agents’ Fee	Net Proceeds to the Company ⁽²⁾
Per Preferred Share	\$10.00	\$0.30	\$9.70
Total Minimum Preferred Share Offering ⁽³⁾⁽⁴⁾	\$10,000,000	\$300,000	\$9,700,000
Total Maximum Preferred Share Offering ⁽⁴⁾	\$•	\$•	\$•

Per Class A Share	\$10.00	\$0.50	\$9.50
Total Minimum Class A Share Offering ⁽³⁾⁽⁴⁾	\$10,000,000	\$500,000	\$9,500,000
Total Maximum Class A Share Offering ⁽⁴⁾	\$●	\$●	\$●

Notes:

- (1) The terms of the Offering were established through negotiation between the Agents (as defined below) and the Manager on behalf of the Company. The price per Preferred Share and price per Class A Share is payable in cash and the price per Unit or price per Class A Share may be paid in Exchange Eligible Securities (as defined below) deposited pursuant to the Exchange Option (as defined below), as applicable.
- (2) Before deducting the expenses of the Offering (estimated to be \$490,000) which, subject to a maximum of 1.5% of the gross proceeds of the Offering, will, together with the Agents' fees, be paid out of the proceeds of the Offering. As a result of the priority of the Preferred Shares, the expenses of the Offering and any reduction in the value of the securities accepted pursuant to the Exchange Option between the date upon which their value is determined for such purposes and Closing will effectively be borne by holders of the Class A Shares (for so long as the net asset value per Unit exceeds the price per Preferred Share under the Offering plus accrued and unpaid distributions thereon) and the net asset value per Class A Share will reflect the expenses of the Offering of both the Preferred Shares and Class A Shares.
- (3) There will be no Closing unless a minimum of 1,000,000 Preferred Shares and 1,000,000 Class A Shares are sold. If subscriptions for a minimum of 1,000,000 Preferred Shares and 1,000,000 Class A Shares have not been received within 90 days following the date of issuance of a receipt for this prospectus, the Offering may not continue without the consent of the Canadian securities regulators and those who have subscribed for Preferred Shares and Class A Shares on or before such date.
- (4) The Company has granted to the Agents an over-allotment option, exercisable for a period of 30 days from the Closing Date (as defined herein), to purchase up to an additional 15% of the aggregate number of Preferred Shares and Class A Shares issued on the Closing Date on the same terms as set forth above solely to cover over-allocations, if any (the "Over-Allotment Option"). If the Over-Allotment Option is exercised in full under the maximum Offering, the price to the public, Agents' fee and net proceeds to the Company will be \$●, \$● and \$●, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Preferred Shares and the Class A Shares issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Preferred Shares and Class A Shares forming part of the Agents' over-allocation position acquires such Preferred Shares and Class A Shares under this prospectus, regardless of whether the Agents' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

There is currently no market through which the Preferred Shares and Class A Shares may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the Preferred Shares and the Class A Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See "Risk Factors".

There is no guarantee that an investment in the Company will earn any positive return in the short or long term nor is there any guarantee that the investment objectives will be achieved or that the net asset value per Preferred Share or Class A Share will appreciate or be preserved. An investment in the Company involves a degree of risk and is appropriate only for investors who have the capacity to absorb investment losses. See "Risk Factors" for a discussion of certain factors that should be considered by prospective purchasers of Preferred Shares and Class A Shares.

Prospective purchasers may purchase: (i) Preferred Shares or Class A Shares by a cash payment; or (ii) Units or Class A Shares by an exchange (the "Exchange Option") of freely tradeable listed securities of one or more of the eligible issuers set forth in this prospectus under the heading "Purchases of Securities – Exchange Eligible Securities" (collectively, the "Exchange Eligible Securities"). **The Exchange Option does not constitute, and is not to be construed as, a take-over bid for any issuer of the Exchange Eligible Securities.** See "Purchases of Securities".

National Bank Financial Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., RBC Dominion Securities Inc., Richardson GMP Limited, Scotia Capital Inc., TD Securities Inc., Industrial Alliance Securities Inc., Echelon Wealth Partners Inc., Raymond James Ltd., Desjardins Securities Inc., Hampton Securities Limited, Haywood Securities Inc., Mackie Research Capital Corporation, Manulife Securities Incorporated and PI Financial Corp. (collectively, the "Agents"), as agents, conditionally offer the Preferred Shares and Class A Shares for sale, on a best efforts basis, if, as and when issued by the Company in accordance with the conditions contained in an agency agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Company by Blake, Cassels & Graydon LLP and on behalf of the Agents by Osler, Hoskin & Harcourt LLP. The Agents may over-allot or effect transactions as described under "Plan of Distribution".

Subscriptions for Preferred Shares and Class A Shares will be received subject to acceptance or rejection in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about ●, 2020, but no later than 90 days after a receipt for this prospectus has been issued (the "Closing Date"). Registrations and transfers of Preferred Shares and Class A Shares will be effected only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership. See "Plan of Distribution" and "Description of the Securities – Book-Entry-Only and Book-Based Systems".

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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. Capitalized terms used but not defined herein shall have the meanings given to such terms in the “Glossary of Terms”.

The Offering

Issuer: Big Banc Split Corp. (the “**Company**”) is a mutual fund corporation incorporated under the laws of the Province of Ontario on May 15, 2020. See “Overview of the Company”.

Offering: The Company is offering preferred shares (“**Preferred Shares**”) and class A shares (“**Class A Shares**”). The Preferred Shares and Class A Shares are offered separately but will be issued only on the basis that an equal number of each class of shares will be issued and outstanding at all material times.

Maximum Issue: Maximum: \$● (● Preferred Shares)
Maximum: \$● (● Class A Shares)

Minimum Issue: Minimum: \$10,000,000 (1,000,000 Preferred Shares)
Minimum: \$10,000,000 (1,000,000 Class A Shares)

Price: \$10.00 per Preferred Share
\$10.00 per Class A Share

Minimum Cash Purchase: 100 Preferred Shares (\$1,000)
100 Class A Shares (\$1,000)

Exchange Option: At their election prospective purchasers may purchase: (i) Preferred Shares or Class A Shares by cash payment; or (ii) Units or Class A Shares by an exchange (the “**Exchange Option**”) of freely tradeable securities of one or more of those issuers set forth in this prospectus under the heading “Purchases of Securities – Exchange Eligible Securities” (collectively, the “**Exchange Eligible Securities**”).

A prospective purchaser of Units or Class A Shares who elects to pay for Units or Class A Shares by using the Exchange Option must do so by depositing (in the form of a book-entry deposit) Exchange Eligible Securities with the Exchange Agent, as the Company’s exchange agent for the Exchange Option, through CDS Clearing and Depository Services Inc. (“**CDS**”) prior to 5:00 p.m. (Toronto time) on June 12, 2020. Such book-entry deposits must be made by a participant in CDS, which may have an earlier deadline for receiving instructions from their clients to deposit Exchange Eligible Securities under the Exchange Option. See “Purchases of Securities”.

The purchase of Units or Class A Shares by the exchange of Exchange Eligible Securities pursuant to the Exchange Option will be a taxable event for the purchaser. See “Income Tax Considerations”.

Investment Objectives: The investment objectives for the Preferred Shares are to provide their holders with fixed cumulative preferential monthly cash distributions in the amount of \$0.05 per Preferred Share (\$0.60 per annum or 6.0% per annum on the issue price of \$10.00 per Preferred Share) until November 30, 2023 (the “**Maturity Date**”) and to return the original issue price of \$10.00 to holders on the Maturity Date.

The investment objectives for the Class A Shares are to provide their holders with regular monthly non-cumulative cash distributions initially in the amount of \$0.067 per Class A Share representing a yield on the issue price of the Class A Shares of 8.0% per annum and to provide holders with the opportunity for growth in the net asset value per Class A Share.

The Company will invest on an approximately equally-weighted basis in a portfolio (the “**Portfolio**”) of equity securities (the “**Portfolio Shares**”) of the following publicly traded Canadian banks: Bank of Montreal; Canadian Imperial Bank of Commerce; National Bank of Canada; Royal Bank of Canada; The Bank of Nova Scotia; and The Toronto-Dominion Bank. In order to seek to generate additional returns and enhance the Portfolio’s income, the Manager may write covered call options and cash covered put options in respect of some or all of the Portfolio Shares held in the Portfolio.

See “Investment Objectives”.

Investment Strategies:

The Company will invest on an approximately equally-weighted basis in Portfolio Shares of the following publicly traded Canadian banks: Bank of Montreal; Canadian Imperial Bank of Commerce; National Bank of Canada; Royal Bank of Canada; The Bank of Nova Scotia; and The Toronto-Dominion Bank. The Portfolio will generally be rebalanced on a quarterly basis, starting on September 30, 2020, so that as soon as practicable after each calendar quarter the Portfolio Shares will be held on an approximately equal weight basis.

Market Capitalization, Dividend Yield and Historical Total Returns as at May 15, 2020

Company Name	Market Capitalization (in Millions) ⁽¹⁾	Dividend Yield ⁽²⁾	Average Annual Total Return (2010-2020) ⁽³⁾⁽⁴⁾
Royal Bank of Canada	\$117,673	5.2%	7.4%
The Toronto-Dominion Bank	\$99,315	5.8%	8.0%
The Bank of Nova Scotia	\$60,557	7.2%	3.8%
Bank of Montreal	\$39,894	6.8%	4.7%
Canadian Imperial Bank of Commerce	\$35,254	7.4%	5.7%
National Bank of Canada	\$17,257	5.5%	10.0%

Source: Bloomberg.

(1) Market capitalization is based on the closing market price at May 15, 2020 multiplied by the number of shares outstanding at that date.

(2) Dividend yield is based on the most recently announced quarterly dividend rates annualized, divided by the closing market price at May 15, 2020.

(3) Average annual total return is based on the period from May 15, 2010 to May 15, 2020.

(4) Total return is calculated by dividing the sum of the appreciation in market price and dividends paid in the year by market price of the common shares at the beginning of the year.

The Manager may determine the appropriate composition of the Portfolio in the event of mergers or other transactions involving such banks in the Manager’s sole discretion. The Manager is responsible for investing the net proceeds of the Offering to purchase securities for the Portfolio.

In order to seek to generate additional returns and enhance the Portfolio’s income, the Manager may write covered call options and cash covered put options in respect of some or all of the Portfolio Shares held in the Portfolio. The Manager expects that initially covered call options will be written on up to 30% of the Portfolio Shares in the Portfolio.

See “Investment Strategies”.

Credit Facility: The Company does not intend to borrow money or employ other forms of leverage other than for working capital purposes. The Company may establish a credit facility that may be used by the Company for working capital purposes and expects that the maximum amount it borrows thereunder will be limited to 5% of the net asset value of the Company. The Company may pledge Portfolio Shares as collateral for amounts borrowed thereunder. Accordingly, at the time such leverage is incurred, the maximum amount of leverage that the Company could obtain is 1.05:1.

See “Investment Strategies – Credit Facility”.

Distribution Policy: Holders of record of Preferred Shares on the last Business Day of each month will be entitled to receive fixed, cumulative preferential monthly cash distributions equal to \$0.05 per Preferred Share. On an annualized basis, this would represent a yield on the Preferred Share offering price of 6.0%. Such distributions are expected to be paid by the Company before the 15th day of the month following the period in respect of which the distribution was declared payable. The first distribution will be pro-rated to reflect the period from the Closing Date to ●, 2020.

The policy of the Board of Directors of the Company will initially be to pay monthly non-cumulative distributions to the holders of Class A Shares in the amount of \$0.067 per Class A Share. Such distributions will be paid on or before the 15th day of the month following the month in respect of which the distribution is declared payable. No distributions will be paid on the Class A Shares if (i) the distributions payable on the Preferred Shares are in arrears, or (ii) if after paying a cash distribution, the NAV per Unit would be less than \$15.00. The amount of any distributions on the Class A Shares in any month or months will otherwise be in the discretion of the Board of Directors. The first distribution will be pro-rated to reflect the period from the Closing Date to ●, 2020.

Assuming that the gross proceeds of the Offering are \$50 million and fees and expenses are as described in this prospectus, in order to achieve the Company’s targeted annual distributions for the Class A Shares and the Preferred Shares while maintaining a stable NAV per Unit, the Company will be required to generate an average annual total return (comprised of net realized capital gains, Option Premiums and dividends) on the Portfolio of approximately 8.66%. The Portfolio currently generates dividend income of 6.31% per annum and would be required to generate an additional 2.35% per annum from other sources, including the Company’s covered call and cash covered put options strategy, to return and distribute such amounts. Such distributions may consist of Ordinary Dividends, Capital Gains Dividends or returns of capital. There can be no assurance that the Company will be able to pay distributions to the holders of Preferred Shares or Class A Shares.

In connection with any extension, the distribution rates on the Preferred Shares and distribution target on the Class A Shares for the new term will be announced by the Company at least 60 days prior to the extension of the term by way of a press release.

See “Distribution Policy” and “Risk Factors”.

Redemptions: All Preferred Shares and Class A Shares of the Company outstanding on the Maturity Date will be redeemed by the Company on such date provided that the term of the Shares may be extended beyond the initial Maturity Date for additional successive periods of 3 years as determined by the Company’s Board of Directors.

The redemption price payable by the Company for a Preferred Share on a Maturity Date will be equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions thereon, and (ii) the NAV of the Company on the applicable Maturity Date divided by the total number of Preferred Shares then outstanding.

The redemption price payable by the Company for a Class A Share on a Maturity Date will be equal to the greater of (i) the NAV per Unit on the applicable Maturity Date minus the sum of \$10.00 plus any accrued and unpaid distributions on a Preferred Share, and (ii) nil.

See “Redemptions and Retractions – Redemptions”.

**Retraction
Privileges:**

Preferred Shares

Monthly: Preferred Shares may be surrendered at any time for retraction to TSX Trust Company (the “**Registrar and Transfer Agent**”), the Company’s registrar and transfer agent, but will be retracted only on the second last Business Day of a month (the “**Retraction Date**”). Preferred Shares surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the Retraction Date will be retracted on such Retraction Date and the holder will be paid on or before the 15th day following the applicable Retraction Date (the “**Retraction Payment Date**”). If a Shareholder surrenders its Preferred Shares after 5:00 p.m. (Toronto time) on the tenth Business Day immediately preceding a Retraction Date, the Preferred Shares will be retracted on the Retraction Date in the following month and the Shareholder will receive payment for the retracted Preferred Shares on the Retraction Payment Date in respect of such Retraction Date.

Holders of Preferred Shares whose Preferred Shares are surrendered for retraction will be entitled to receive a retraction price per Preferred Share equal to the lesser of (i) 95% of the NAV per Unit determined as of such Retraction Date, less the cost to the Company of the purchase of a Class A Share for cancellation; and (ii) \$10.00 (the “**Preferred Share Retraction Price**”). For this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share, and commissions and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A Share and the payment of the Preferred Share Retraction Price. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Preferred Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date. With respect to any monthly retraction of Preferred Shares, the Company will purchase for cancellation such number of Class A Shares in the market so that there will be an equal number of Preferred Shares and Class A Shares outstanding at all material times.

Annual Concurrent Retraction: A holder of a Preferred Share may concurrently retract an equal number of Preferred Shares and Class A Shares on the second last Business Day of November of each year, other than in a year when the last Business Day of November is a Maturity Date, commencing in 2021 (the “**Annual Retraction Date**”) at a retraction price equal to the NAV per Unit on the Annual Retraction Date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. The Preferred Shares and Class A Shares must both be surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the Annual Retraction Date. Payment of the proceeds of retraction will be made on or before the 15th day following the applicable Annual Retraction Date.

Non-Concurrent Retraction Right: On a Maturity Date, a holder of Preferred Shares may retract such Preferred Shares. The Company will provide at least 60 days’ notice by way of a press release to holders of Preferred Shares of such right, the manner in which the Preferred Shares may be retracted on such date and any new dividend rate on the Preferred Shares for the period until the next Maturity Date, if applicable. The redemption price payable by the Company for a Preferred Share pursuant to the non-concurrent retraction right will be equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions thereon, and (ii) the NAV of the Company on the applicable Maturity Date divided by the total number of Preferred Shares then outstanding.

See “Redemption and Retractions – Retraction Privileges – Preferred Shares”.

Class A Shares

Monthly: Class A Shares may be surrendered at any time for retraction to the Registrar and Transfer Agent, but will be retracted only on the applicable Retraction Date. Class A Shares surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the Retraction Date will be retracted on such Retraction Date and the Shareholder will be paid on or before the Retraction Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the tenth Business Day immediately preceding a Retraction Date, the Class A Shares will be retracted on the Retraction Date in the following month and the Shareholder will receive payment for the retracted Class A Shares on the Retraction Payment Date in respect of such Retraction Date.

Holders of Class A Shares whose Class A Shares are surrendered for retraction will be entitled to receive a retraction price per Class A Share equal to the difference between (i) 95% of the NAV per Unit determined as of such Retraction Date, and (ii) the cost to the Company of the purchase of a Preferred Share for cancellation (the “**Class A Share Retraction Price**”). For this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, commissions and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Preferred Share and the payment of the Class A Share Retraction Price. If the NAV per Unit is less than \$10.00, plus any accrued and unpaid distributions on a Preferred Share, the retraction price of a Class A Share will be nil. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Class A Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

Annual Concurrent Retraction: A holder of a Class A Share may concurrently retract an equal number of Class A Shares and Preferred Shares on the Annual Retraction Date of each year, commencing in 2021 at a retraction price equal to the NAV per Unit on the Annual Retraction Date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. The Class A Shares and the Preferred Shares must both be surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the Annual Retraction Date. Payment of the proceeds of retraction will be made on or before the 15th day following the applicable Annual Retraction Date.

Non-Concurrent Retraction Right: On a Maturity Date, a holder of Class A Shares may retract such Class A Shares. The Company will provide at least 60 days’ notice by way of a press release to holders of Class A Shares of such right and the manner in which the Class A Shares may be retracted on such date. The redemption price payable by the Company for a Class A Share pursuant to the non-concurrent retraction right will be equal to the greater of (i) the NAV per Unit determined on the applicable Maturity Date minus \$10.00 plus any accrued and unpaid distributions on a Preferred Share, and (ii) nil.

See “Redemption and Retractions – Retraction Privileges – Class A Shares”.

Priority: The Preferred Shares rank in priority to the Class A Shares with respect to the payment of dividends and in priority to the Class A Shares with respect to the repayment of capital on the dissolution, liquidation or winding-up of the Company. See “Description of the Securities – Priority”.

Rating: **The Preferred Shares will not be rated. See “Description of the Securities”.** Based on the initial expected NAV per Unit after taking into account offering expenses, the asset coverage ratio based on the the Preferred Share original issue price of \$10.00 is 190% and the Downside Protection is 47.5%. “**Downside Protection**” refers to the percentage that the Portfolio would have to decline in value before holders of the Preferred Shares would be in a first-dollar loss position.

Use of Proceeds: The net proceeds of the Offering (including the proceeds from the exercise, if any, by the Agents of the Over-Allotment Option and the sale of Exchange Eligible Securities) will be used to purchase the securities for the Portfolio following the Closing Date.

See “Use of Proceeds”.

Risk Factors: An investment in Preferred Shares and Class A Shares is subject to certain risks, including: (i) there is no assurance that the Company will be able to achieve its investment objectives; (ii) industry concentration risk; (iii) banking sector risk; (iv) risks related to investments; (v) risks relating to the performance of the issuers in the Portfolio; (vi) risks relating to volatile markets and recent and future global financial developments; (vii) sensitivity to interest rates; (viii) greater volatility of the Class A Shares; (ix) risks relating to the lack of credit rating of the Preferred Shares; (x) reliance on the Manager; (xi) use of options and other derivative instruments; (xii) sensitivity to volatility levels; (xiii) conflicts of interest; (xiv) taxation risks; (xv) significant retractions; (xvi) securities lending; (xvii) loss of investment; (xviii) risks associated with non-concurrent retraction; (xix) distributions subject to change; (xx) changes in legislation and regulatory risk; (xxi) cyber security risk; and (xxii) lack of operating history.

See “Risk Factors”.

Income Tax Considerations: The Company intends to qualify at all relevant times as a mutual fund corporation under the Tax Act. As a mutual fund corporation, the Company will be entitled to capital gains refunds in respect of: (i) capital gains dividends paid by it in respect of its net realized capital gains and from which it may elect to pay dividends (“**Capital Gains Dividends**”) which are treated as capital gains in the hands of the Shareholders; and (ii) its “capital gains redemptions” (as defined in the Tax Act). As a result thereof, the payment of dividends other than Capital Gains Dividends (“**Ordinary Dividends**”) and the deduction of expenses in computing its income, based on the Portfolio described in this prospectus, the Company does not expect to be subject to material non-refundable taxes prior to the initial Maturity Date.

Ordinary Dividends received by individuals on the Preferred Shares and Class A Shares will be subject to the usual gross-up and dividend tax credit rules applicable to taxable dividends (including eligible dividends) received on shares of a taxable Canadian corporation.

Ordinary Dividends received by corporations, other than “specified financial institutions” (as defined in the Tax Act), on the Preferred Shares and Class A Shares will generally be deductible in computing taxable income.

Ordinary Dividends received by “specified financial institutions” on the Preferred Shares and Class A Shares will generally be deductible in computing taxable income, provided that certain conditions applicable to “term preferred shares” under the Tax Act are met.

Ordinary Dividends received by private corporations (and certain other corporations) on the Preferred Shares and Class A Shares will be subject to a refundable tax under Part IV of the Tax Act, generally at the rate of 38^{1/3}%, to the extent such dividends are deductible in computing the corporations’ taxable income.

Ordinary Dividends received by corporations other than private corporations or financial intermediary corporations on the Preferred Shares will be subject to a 10% tax under Part IV.1 of the Tax Act to the extent such dividends are deductible in computing the corporations’ taxable income.

Returns of capital paid on the Preferred Shares or Class A Shares will not be required to be included in a Shareholder’s income but will reduce the adjusted cost base of the Preferred Shares or Class A Shares, as applicable, to the Shareholder. To the extent that such adjusted cost base would otherwise be a negative amount, the Shareholder will be deemed to have realized a capital gain at that time and the adjusted cost base will be increased by the amount of such deemed capital gain.

The amount of any Capital Gains Dividend received by a Shareholder from the Company will be considered to be a capital gain of the Shareholder from the disposition of capital property in the taxation year of the Shareholder in which the Capital Gains Dividend is received.

A holder of Exchange Eligible Securities who disposes of such securities pursuant to the Exchange Option will generally will realize a capital gain (or a capital loss) in the taxation year of the holder in which the disposition takes place to the extent that the proceeds of disposition for such Exchange Eligible Securities, net of any reasonable costs of disposition, exceed (or are less than) the holder's adjusted cost base of such Exchange Eligible Securities. For this purpose, the proceeds of disposition to the holder will equal the sum of (i) any cash received by the holder on the exchange (including in respect of any fractional Share); and (ii) the aggregate of the fair market value of the Preferred Shares and/or Class A Shares acquired on the exchange. The cost to such a holder of Preferred Shares and/or Class A Shares so acquired will be equal to the fair market value of the Exchange Eligible Securities disposed of in exchange for such Preferred Shares and/or Class A Shares at the time of disposition less any cash received in connection with the exchange.

See "Income Tax Considerations".

Eligibility for Investment:

Provided that the Company qualifies as a "mutual fund corporation" for the purposes of the Tax Act, or the Preferred Shares and Class A Shares are listed on a "designated stock exchange" within the meaning of the Tax Act (which currently includes the Toronto Stock Exchange), the Preferred Shares and Class A Shares, if issued on the date hereof, would be qualified investments under the Tax Act for trusts governed by registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), deferred profit sharing plans ("DPSPs"), registered disability savings plans ("RDSPs"), registered education savings plans ("RESPs") and tax-free savings accounts ("TFSA").

Notwithstanding the foregoing, if the Preferred Shares or Class A Shares are a "prohibited investment" for the purposes of a TFSA, RRSP, RRIF, RDSP or RESP, the holder of such TFSA or RDSP, the annuitant of such RRSP or RRIF or the subscriber of such RESP, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Preferred Shares and the Class A Shares will not be a prohibited investment for a TFSA, RRSP, RRIF, RDSP or RESP provided the holder, annuitant or subscriber thereof, as the case may be, (i) deals at arm's length with the Company for purposes of the Tax Act, and (ii) does not have a "significant interest" (as defined in the Tax Act) in the Company. Generally, a holder, annuitant or subscriber will have a significant interest in the Company if the holder, annuitant or subscriber and/or persons or partnerships not dealing at arm's length with the holder, annuitant or subscriber own directly or indirectly 10% or more of the issued shares of any class of the capital stock of the Company or any corporation related to the Company within the meaning of the Tax Act. In addition, Preferred Shares and Class A Shares, as the case may be, will not be a "prohibited investment" if such Shares are "excluded property" (as defined in the Tax Act) for trusts governed by a TFSA, RRSP, RRIF, RDSP or RESP. Prospective purchasers who intend to hold Preferred Shares or Class A Shares in a TFSA, RRSP, RRIF, RDSP or RESP are advised to consult their personal tax advisors.

See "Eligibility for Investment".

Agents:

National Bank Financial Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., RBC Dominion Securities Inc., Richardson GMP Limited, Scotia Capital Inc., TD Securities Inc., Industrial Alliance Securities Inc., Echelon Wealth Partners Inc., Raymond James Ltd., Desjardins Securities Inc., Hampton Securities Limited, Haywood Securities Inc., Mackie Research Capital Corporation, Manulife Securities Incorporated and PI Financial Corp. (collectively, the "Agents") conditionally offer the Shares on a best efforts basis, subject to prior sale, if, as and when issued by the Company and accepted by the Agents in accordance with the conditions contained in the Agency Agreement (as defined herein) referred to under "Plan of Distribution" and subject to the approval of certain matters on behalf of the Company

by Blake, Cassels & Graydon LLP and on behalf of the Agents by Osler, Hoskin & Harcourt LLP.

Pursuant to the Agency Agreement, the Agents have agreed to offer the Preferred Shares and Class A Shares for sale, as agents of the Company, on a best efforts basis, if, as and when issued by the Company. The Agents will receive a fee equal to \$0.30 for each Preferred Share sold and \$0.50 for each Class A Share sold and will be reimbursed for out-of-pocket expenses incurred by them. The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Preferred Shares and the Class A Shares offered hereby, the Agents will not be obligated to purchase Preferred Shares and Class A Shares which are not sold.

The Company has granted to the Agents an Over-Allotment Option, exercisable in whole or in part at any time for a period of 30 days from the Closing Date, to purchase additional Preferred Shares and Class A Shares in an amount up to 15% of the aggregate number of Preferred Shares and Class A Shares issued at the Closing at a price of \$10.00 per Preferred Share and \$10.00 per Class A Share to cover over-allotments, if any. If the Over-Allotment Option is exercised in full under the maximum Offering, the total price to the public will be \$●, the Agents' fees will be \$● and the net proceeds to the Company will be estimated to be \$●. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Preferred Shares and Class A Shares issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Preferred Shares or Class A Shares forming part of the Agents' over-allocation position acquires such Preferred Shares and Class A Shares under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

**Organization
and
Management of
the Company:**

Manager, Portfolio Manager and Promoter

Purpose Investments Inc. ("**Purpose**") is the manager and portfolio manager of the Company and is responsible for the provision of administrative services required by the Company. Purpose's head office is located at 130 Adelaide St. West Suite 3100 P.O. Box 109, Toronto, ON M5H 3P5.

Purpose may be considered a promoter of the Company within the meaning of the securities legislation of certain provinces and territories of Canada by reason of its initiative in organizing the Company.

See "Organization and Management Details of the Manager".

Custodian

CIBC Mellon Trust Company, located in Toronto, Ontario, is the custodian of the assets of the Company.

See "Organization and Management Details of the Company – Custodian".

Valuation Agent

CIBC Mellon Global Securities Services Company, located in Toronto, Ontario, provides valuation services to the Company.

See "Organization and Management Details of the Company – Valuation Agent".

Auditors

The auditor of the Company is Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants, Toronto, Ontario.

See “Organization and Management Details of the Company – Auditor”.

Registrar and Transfer Agent

TSX Trust Company will provide the Company with registrar, transfer and distribution agency services in respect of the Preferred Shares and Class A Shares from its principal offices in Toronto, Ontario.

See “Organization and Management Details of the Company – Registrar and Transfer Agent”.

Securities Lending Agent

Canadian Imperial Bank of Commerce will be the securities lending agent of the Company. See “Organization and Management Details of the Company – Securities Lending Agent”.

SUMMARY OF FEES AND EXPENSES

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

Fees and Expenses Payable by the Company

<u>Type of Fee</u>	<u>Amount and Description</u>
Agents’ Fees:	\$0.30 per Preferred Share (3.0%) \$0.50 per Class A Share (5.0%)
Expenses of the Offering:	The Company will pay the expenses incurred in connection with the Offering of Preferred Shares and Class A Shares by the Company, estimated to be \$490,000, subject to a maximum of 1.5% of the gross proceeds of the Offering. As a result of the priority of the Preferred Shares, the expenses of the Offering will effectively be borne by holders of the Class A Shares (for so long as the NAV per Unit exceeds the Offering price per Preferred Share plus accrued and unpaid distributions thereon) and the NAV per Class A Share will reflect the expenses of the Offering of both the Preferred Shares and Class A Shares.
Management Fee:	An annual management fee (the “ Management Fee ”) of 0.75% of the NAV of the Company plus applicable taxes (including HST), will be paid to the Manager. The Management Fee will be calculated and payable monthly in arrears based on the average NAV of the Company calculated at each Valuation Time during that month.
Operating Expenses:	The Company will pay for all expenses incurred in connection with the operation and management of the Company. These expenses include, without limitation: (a) financial reporting costs, mailing and printing expenses for periodic reports to Shareholders and other Shareholder communications; (b) any taxes payable by the Company; (c) fees payable to the Custodian; (d) fees payable to the registrar and transfer agent for the Shares of the Company and for performing certain financial, record-keeping, Shareholder reporting and general administrative services; (e) costs and fees payable to any agent, legal counsel, valuation agent, technical consultant, accountant and auditor of the Company; (f) ongoing regulatory filing fees, stock exchange fees, listing fees and other fees; (g) any expenses incurred by the Company in connection with any legal proceedings in which the Manager participates on behalf of the Company or any other acts of the Manager in connection with the protection of the Company or of any investment included in the Portfolio; (h) fees and expenses of the independent directors of the Company and members of the Independent Review Committee (“ IRC ”), which fees and expenses will be paid on a pro rata basis by the Company and other applicable investment funds managed by the Manager and, in the case of the IRC, of which the same individuals form the independent review committee; (i) expenses related to compliance with NI 81-107 – <i>Independent Review Committee for Investment Funds</i> ; (j) premiums for insurance coverage for the officers and directors of the Company and members of the IRC; (k) any expenditures which may be incurred upon the termination of the Company; (l) consulting fees including website maintenance costs and expenses associated with the preparation of tax filings; (m) other administrative expenses, including the expenses of Purpose in its capacity as portfolio manager of the Company; and (n) the costs of complying with any new governmental or regulatory requirement introduced after the Company was established and any extraordinary expenses which the Company may incur from time to time, including any costs associated with the printing and distribution of any

documents that the securities regulatory authorities require be sent or delivered to investors in the Company. The aggregate annual amount of these fees and expenses is estimated to be \$150,000. The Company is also responsible for all commissions and other costs of securities transactions, debt service and costs relating to borrowings by the Company, including under any credit facility.

See “Fees and Expenses – Operating Expenses”.

INFORMATION REGARDING PUBLIC INFORMATION

Certain information contained in this prospectus relating to publicly traded securities, the issuers of those securities and the sector in which the Company will invest is taken from and based solely upon information published by those issuers or other public sources. None of the Company, the Manager or the Agents has independently verified the accuracy or completeness of any such information or assume any responsibility for the completeness or accuracy of such information.

FORWARD LOOKING STATEMENTS

Certain statements included in this prospectus constitute forward looking statements. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words or expressions such as “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, “target” or negative versions thereof and other similar expressions or future or conditional verbs such as “may”, “will”, “should”, “would” and “could” and similar expressions to the extent they relate to the Company or the Manager. The forward-looking statements are not historical facts but reflect the expectations of the Company or the Manager regarding future results or events as at the date of this prospectus. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations including the matters discussed under “Risk Factors” and in other sections of this prospectus.

These and other factors should be considered carefully, and readers should not place undue reliance on the Company’s forward-looking statements. Except as otherwise required by law, the Company does not undertake to update any forward-looking statement that is contained in this prospectus.

GLOSSARY OF TERMS

In this prospectus, the following terms have the meanings set forth below, unless otherwise indicated. Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars.

“**1933 Act**” means the United States *Securities Act of 1933*, as it may be amended from time to time.

“**Agency Agreement**” means the agency agreement dated as of ●, 2020 among the Company, the Manager and the Agents.

“**Agents**” means collectively, National Bank Financial Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., RBC Dominion Securities Inc., Richardson GMP Limited, Scotia Capital Inc., TD Securities Inc., Industrial Alliance Securities Inc., Echelon Wealth Partners Inc., Raymond James Ltd., Desjardins Securities Inc., Hampton Securities Limited, Haywood Securities Inc., Mackie Research Capital Corporation, Manulife Securities Incorporated and PI Financial Corp.

“**Annual Retraction Date**” means the second last Business Day of November of each year, other than in a year which contains a Maturity Date, commencing in 2021.

“**at-the-money**” means a call option with a strike price equal to the current market price of the underlying security at the time of writing the call option as determined by the Manager, provided that the determination by the Manager that a call option is “at-the-money” shall be conclusive for all purposes herein.

“**Black Scholes Model**” means a widely used option pricing model developed by Fischer Black and Myron Scholes in 1973. The model can be used to calculate the theoretical value of an option based on the current price of the underlying security, the strike price and term of the option, prevailing interest rates and the volatility of the price of the underlying security.

“**Business Day**” means any day on which the TSX is open for business.

“**call option**” means the right, but not the obligation, of the option holder to buy a security from the seller of the option at a specified price at any time during a specified time period or at expiry.

“**Capital Gains Dividends**” has the meaning given to such term under “Income Tax Considerations – Taxation of the Company”.

“**cash equivalents**” means, and for the purposes of “cash cover” and “cash covered put option”, “cash” as used therein means:

- (a) cash on deposit at the Custodian;
- (b) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by:
 - (i) any of the federal or provincial Governments of Canada;
 - (ii) the Government of the United States; or
 - (iii) a financial institution;

provided that, in the case of (ii) and (iii), such evidence of indebtedness has at least a designated rating in the rating category of short term debt by a designated rating organization as defined in NI 81-102; or

- (c) other cash cover as defined in NI 81-102.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**CDS Participant**” has the meaning given to such term under “Purchases of Securities – Method to Purchase Shares”.

“**Class A Shares**” means the class A shares of the Company.

“**Class A Share Retraction Price**” has the meaning given to such term under “Redemptions and Retractions – Retraction Privileges”.

“**Class J Shares**” means the class J shares of the Company.

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

“**Closing Date**” means on or about ●, 2020, or such other date as may be agreed to by the Company and the Agents, but not later than 90 days after a receipt for this prospectus has been issued.

“**Company**” means Big Banc Split Corp., a split share corporation incorporated under the laws of the Province of Ontario.

“**covered call option**” means a call option entered into in circumstances where the seller of the call option owns the underlying security for the term of the option.

“**CRA**” has the meaning given to such term under “Income Tax Considerations”.

“**Custodian**” means CIBC Mellon Trust Company, in its capacity as custodian under the Custodian Agreement.

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

“**DFA**” has the meaning given to such term under “Income Tax Considerations”.

“**DFA Rules**” has the meaning given to such term under “Risk Factors – Taxation”.

“**Downside Protection**” refers to the percentage that the Portfolio would have to decline in value before holders of the Preferred Shares would be in a first-dollar loss position.

“**DPSPs**” has the meaning given to such term under “Eligibility for Investment”.

“**Exchange Agent**” means TSX Trust Company.

“**Exchange Eligible Securities**” has the meaning given to such term under “Purchases of Securities – Exchange Eligible Securities”.

“**Exchange Option**” has the meaning given to such term under “Purchases of Securities – Method to Purchase Shares”.

“**Exchange Option Election**” means an election to purchase Units or Class A Shares of the Company by using the Exchange Option.

“**Exchange Ratio**” has the meaning given to such term under “Purchases of Securities – Determination of Exchange Ratio”.

“**Extraordinary Resolution**” means a resolution passed by the affirmative vote of at least 66²/₃% of the votes cast, either in person or by proxy, at a meeting of Shareholders called for the purpose of approving such resolution.

“**in-the-money**” means a call option with a strike price less than the current market price of the underlying security or a put option with a strike price greater than the current market price of the underlying security.

“**International Information Exchange Legislation**” has the meaning given to such term under “Exchange of Information”.

“**IRC**” has the meaning give to such term under “Organization and Management Details of the Company – Conflict of Interest”.

“**Manager**” means Purpose, in its capacity as manager of the Company, or if applicable, its successor.

“**Management Agreement**” means the management agreement dated as of ●, 2020 between the Company and the Manager, as it may be amended from time to time.

“**Management Fee**” has the meaning given to such term under “Fees and Expenses – Management Fee”.

“**Maturity Date**” means November 30, 2023, subject to extension for successive terms of up to 3 years as determined by the Company’s Board of Directors.

“**Maximum Ownership Level**” has the meaning given to such term under “Purchases of Securities – Method to Purchase Shares”.

“**Minister**” means the Minister of Finance (Canada).

“**NAV**” or “**Net Asset Value**” means net asset value.

“**NAV of the Company**” means (i) the aggregate value of the assets of the Company, less (ii) the aggregate value of the liabilities of the Company (the Preferred Shares will not be treated as liabilities for these purposes), including any distributions declared and not paid that are payable to Shareholders on or before such date and (iii) the stated capital of the Class J Shares (\$100.00).

“**NAV per Unit**” means the NAV of the Company divided by the number of Units then outstanding.

“**NAV Valuation Date**” has the meaning given to such term under “Calculation of Net Asset Value”.

“**NI 81-102**” means National Instrument 81-102 – *Investment Funds*.

“**NI 81-107**” means National Instrument 81-107 – *Independent Review Committee for Investment Funds*.

“**Offering**” means the offering of up to ● Preferred Shares and ● Class A Shares as contemplated in this prospectus.

“**Option Premium**” means the purchase price of an option.

“**Ordinary Dividends**” has the meaning given to such term under “Income Tax Considerations – Tax Treatment of Shareholders”.

“**out-of-the-money**” means a call option with a strike price greater than the current market price of the underlying security or a put option with a strike price lower than the current market price of the underlying security.

“**Over-Allotment Option**” means the over-allotment option granted to the Agents by the Company as described under “Plan of Distribution”.

“**Portfolio**” means the assets held by the Company from time to time.

“**Portfolio Banks**” means the publicly traded Canadian banks, the securities of which are included in the Portfolio from time to time, which shall be: Bank of Montreal; Canadian Imperial Bank of Commerce; National Bank of Canada; Royal Bank of Canada; The Bank of Nova Scotia; and The Toronto-Dominion Bank.

“**Portfolio Shares**” means the equity securities held in the Portfolio.

“**Preferred Shares**” means the preferred shares of the Company.

“**Preferred Share Retraction Price**” has the meaning given to such term under “Redemptions and Retractions – Retraction Privileges”.

“**Pricing Period**” means the 5 consecutive trading days ending on June 12, 2020.

“**Proposed Amendments**” has the meaning given to such term under “Income Tax Considerations”.

“**Purpose**” means Purpose Investments Inc.

“**put option**” means the right, but not the obligation, of the option holder to sell a security to the seller of the option at a specified price at any time during a specified time period or at expiry.

“**RDSPs**” has the meaning given to such term under “Eligibility for Investment”.

“**Registered Plan**” means a trust governed by an RRSP, RRIF, RESP, RDSP, DPSP or TFSA.

“**Registrar and Transfer Agent**” means TSX Trust Company.

“**RESP**” has the meaning given to such term under “Eligibility for Investment”.

“**Retraction Date**” means the second last Business Day of a month, other than a month with an Annual Retraction Date.

“**Retraction Payment Date**” means the day that is on or before the 15th day following the applicable Retraction Date or Annual Retraction Date.

“**RRIFs**” has the meaning given to such term under “Eligibility for Investment”.

“**RRSPs**” has the meaning given to such term under “Eligibility for Investment”.

“**Securities Lending Agreement**” means a securities lending authorization agreement between the Manager in its capacity as manager of the Company, CIBC Mellon Global Securities Services Company, CIBC Mellon Trust Company, Canadian Imperial Bank of Commerce and The Bank of New York Mellon.

“**Securities Lending Agent**” means Canadian Imperial Bank of Commerce, in its capacity as securities lending agent under the Securities Lending Agreement.

“**Shareholder**” means a holder of a Class A Share or a Preferred Share.

“**Shares**” means, collectively, the Class A Shares and the Preferred Shares.

“**substituted property**” has the meaning given to such term under “Income Tax Considerations – Taxation of the Company”.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as the same may be amended from time to time.

“**TFSAs**” has the meaning given to such term under “Eligibility for Investment”.

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

“**Unit**” means a notional unit consisting of one Preferred Share and one Class A Share.

“**United States**” or “**U.S.**” means the United States of America, its territories and possessions.

“**U.S. person**” has the meaning given to such term in Regulation S under the 1933 Act.

“**Valuation Time**” means 4:00 p.m. (Toronto time) on each Business Day, and any other time as determined by the Manager from time to time.

OVERVIEW OF THE COMPANY

Big Banc Split Corp. (the “**Company**”) is a mutual fund corporation incorporated under the laws of the Province of Ontario on May 15, 2020. The articles of incorporation of the Company will be amended prior to Closing to create the Preferred Shares and the Class A Shares. See “Description of The Securities”. The manager of the Company is Purpose Investments Inc. (in such capacity, the “**Manager**”) and it will provide all administrative services required by the Company.

The principal office of the Company and the Manager is located at 130 Adelaide St. West Suite 3100 P.O. Box 109, Toronto, Ontario M5H 3P5.

Status of the Company

While the Company is considered to be a mutual fund corporation under the securities legislation of certain provinces and territories of Canada, the Company is not a conventional mutual fund.

The Company differs from conventional mutual funds in a number of respects, most notably as follows: (i) while the Preferred Shares and Class A Shares of the Company may be surrendered at any time for redemption, the redemption price is payable monthly whereas the securities of most conventional mutual funds are redeemable daily, (ii) the Preferred Shares and Class A Shares of the Company are to have a stock exchange listing whereas the securities of most conventional mutual funds do not, and (iii) unlike most conventional mutual funds, the Preferred Shares and Class A Shares will not be offered on a continuous basis.

INVESTMENT OBJECTIVES

The investment objectives for the Preferred Shares are to provide their holders with fixed cumulative preferential monthly cash distributions in the amount of \$0.05 per Preferred Share (\$0.60 per annum or 6.0% per annum on the issue price of \$10.00 per Preferred Share) until November 30, 2023 (the “**Maturity Date**”) and to return the original issue price of \$10.00 to holders on the Maturity Date.

The investment objectives for the Class A Shares are to provide their holders with regular monthly non-cumulative cash distributions initially in the amount of \$0.067 per Class A Share representing a yield on the issue price of the Class A Shares of 8.0% per annum and to provide holders with the opportunity for growth in the net asset value per Class A Share.

The Company will invest on an approximately equally-weighted basis in a portfolio (the “**Portfolio**”) of equity securities (the “**Portfolio Shares**”) of the following publicly traded Canadian banks: Bank of Montreal; Canadian Imperial Bank of Commerce; National Bank of Canada; Royal Bank of Canada; The Bank of Nova Scotia; and The Toronto-Dominion Bank. In order to seek to generate additional returns and enhance the Portfolio’s income, the Manager may write covered call options and cash covered put options in respect of some or all of the Portfolio Shares held in the Portfolio.

INVESTMENT STRATEGIES

The Company will invest on an approximately equally-weighted basis in Portfolio Shares of the following publicly traded Canadian banks: Bank of Montreal; Canadian Imperial Bank of Commerce; National Bank of Canada; Royal Bank of Canada; The Bank of Nova Scotia; and The Toronto-Dominion Bank. The Portfolio will generally be rebalanced on a quarterly basis, starting on September 30, 2020, so that as soon as practicable after each calendar quarter the Portfolio Shares will be held on an approximately equal weight basis.

The Manager may determine the appropriate composition of the Portfolio in the event of mergers or other transactions involving such banks in the Manager’s sole discretion. The Manager is responsible for investing the net proceeds of the Offering to purchase Portfolio Shares for the Portfolio.

Covered Option Writing

In order to seek to generate additional returns and enhance the Portfolio's income, the Manager may write covered call options and cash covered put options in respect of some or all of the Portfolio Shares held in the Portfolio. The Manager expects that initially covered call options will be written on up to 30% of the Portfolio Shares in the Portfolio.

The Manager believes that option writing may have potential to add value and is an effective way to help lower the level of volatility for an investor and potentially improve returns. All other things being equal, higher volatility in the price of a security results in higher Option Premiums in respect of such security. The Manager believes the Portfolio Shares are suited for a covered call writing strategy. Covered call options and cash covered put options can be written at a strike price that is at-the-money or out-of-the-money as determined by the Manager at its discretion. The Manager may write covered call options and cash covered put options in respect of some or all of the Portfolio Shares held in the Portfolio. The proportion of the Portfolio Shares of each issuer in respect of which the Manager may write options may differ between issuers. The extent to which any of the individual Portfolio Shares in the Portfolio are subject to option writing and the terms of such options will vary from time to time based on the Manager's assessment of the market.

The decision as to which of the issuers' securities options will be written on, and the number of options to be written on such securities, will be based upon the Manager's assessment of the best value offered by the Option Premiums available on the securities held in the Portfolio at the time such options are written. Accordingly, in making such determination, the Manager will not have regard for the capital appreciation that may be foregone on a security during the term of a call option, except to the extent that it may affect Option Premiums.

If a cash covered put option is written on a security that the Manager desires to hold in the Portfolio, the amounts that the Company will be able to realize on the cash used to secure the put option during the term of the option will be limited to any interest earned on the underlying cash position and the Option Premiums received from writing the option. If the price of the security underlying the put option declines below the strike price, the Company would be obligated to purchase the security at a price above the then current market price. As the Company does not hold the security underlying the put option, the Company forgoes potential returns resulting from any dividends or distributions paid on such security, as well as any price appreciation of such security above the strike price during the term of the option. Writing a cash covered put option is most advantageous when it is written on a security where the price of the security remains above the strike price over the period of the contract as the option writer retains the full option premium.

In circumstances where the Manager determines that it is in the best interest of the Company to do so, it may write covered call options and cash covered put options in respect of more securities held in the Portfolio than it believes are necessary to fund the monthly distributions on the Class A Shares and Preferred Shares, as applicable, from time to time. This may require the Company to pay Capital Gains Dividends in a particular taxation year to ensure that the Company will not be liable for income tax on its net realized capital gains under the Tax Act. In addition, depending upon, among other things, the Company's cash position and prevailing market conditions, the Manager may also elect to write options on fewer securities than would be necessary to fund distributions at the then current indicative distribution amounts in any particular month or months. This may have the effect of reducing amounts available for distribution and consequently, the amount of distributions paid.

While the writing of options may have the effect of lowering overall volatility of returns associated with the Portfolio, the Manager will not execute its option writing strategy with a primary view to minimizing volatility.

The Manager may, in its discretion, close out outstanding options that are in-the-money prior to their expiry date or permit securities subject to a call option to be called away. In circumstances where securities are called away, the Manager will use the proceeds realized by the Company on the exercise of the call options to acquire securities of the issuers whose securities were called away in the market as soon as practicable following the exercise of such options. This may result in securities being acquired at prices exceeding the price received for them pursuant to exercised options, even after taking into account the premium realized by the Company on the writing of the option.

The holder of a call option purchased from the Company will have the option, exercisable during a specific time period or at expiry, to purchase the securities underlying the option from the Company at the strike price per security. By selling call options, the Company will receive Option Premiums, which are generally paid within one Business Day of the writing of the option. If at any time during the term of a call option or at expiry the market price of the underlying securities is above the strike price, the holder of the option may exercise the option and the Company will be obligated to sell the securities to the holder at the strike price per security. Alternatively, the Company may repurchase a call option it has written that is “in-the-money” by paying the market value of the call option. If, however, the option is “out-of-the-money” at expiration of the call option, the holder of the option will likely not exercise the option, the option will expire and the Company will retain the underlying security. In each case, the Company retains the Option Premium.

The amount of Option Premium depends upon, among other factors, the volatility of the price of the underlying security: generally, the higher the volatility, the higher the Option Premium. In addition, the amount of the Option Premium will depend upon the difference between the strike price of the option and the market price of the underlying security at the time the option is written. The smaller the positive difference (or the larger the negative difference), the more likely it is that the option will become “in-the-money” during the term and, accordingly, the greater the Option Premium.

When a call option is written on a security in the Portfolio, the amounts that the Company will be able to realize on the security if it is called on termination of the call option will be limited to the dividends received prior to the exercise of the call option during such period plus an amount equal to the sum of the strike price and the premium received from writing the option. In essence, the Company will forego potential returns resulting from any price appreciation of the security underlying the option above the strike price in favour of the certainty of receiving the Option Premium. See “Risk Factors – Use of Options”.

Income from Covered Call Option Writing

The following table sets forth income, expressed as a percentage of the Net Asset Value of the Company, net of the Company’s expenses (excluding any gains or losses on portfolio investments, distribution increases or decreases and any amounts paid to close out “in-the-money” options), generated by writing at-the-money covered call options on the indicated proportions of the Portfolio Shares of each issuer in the Portfolio at various volatility levels, and assuming monthly options are re-written eight times a year.

Cash Flow from Dividends and Option Premiums⁽¹⁾

% of Portfolio Overwritten	Average Implied Volatility Scenarios⁽²⁾					
	10%	20%	30%	40%	50%	60%
5%	5.52%	6.02%	6.50%	6.97%	7.45%	7.92%
10%	5.88%	6.89%	7.84%	8.80%	9.75%	10.69%
15%	6.25%	7.77%	9.19%	10.62%	12.04%	13.47%
20%	6.62%	8.64%	10.54%	12.44%	14.34%	16.24%
25%	6.99%	9.51%	11.89%	14.26%	16.64%	19.01%

⁽¹⁾ Net of Management Fee and administrative expenses.

⁽²⁾ Average Implied Volatility is representative of the average volatility premium priced into a basket of call options covering the indicated portion of the portfolio. It is shown as additive to the average dividend yield of an equal-weighted portfolio.

Source: Bloomberg as of May 15, 2020.

The information above is provided for illustrative purposes only and should not be construed as a forecast or projection. No assurance can be given that the returns from call option writing upon which the estimated gross income of the Company has been based will be realized.

The table above was generated using a modified Black-Scholes Model and is based on the following assumptions:

- (a) the gross proceeds of the Offering are \$50,000,000 and the net proceeds are fully invested in common shares of the Portfolio Banks on an equally weighted basis;
- (b) all call options are exercisable only at maturity and are written at-the-money;
- (c) all call options are written for a term of 30 days;
- (d) the risk-free or other benchmark interest rate set to equal 0.25% per annum;
- (e) the average net return from dividends paid on the Portfolio Shares is 6.31% per annum, assuming an equal weighting among the Portfolio Banks;
- (f) there are no realized capital gains or losses on the Portfolio Shares for the period during which the call options are outstanding; and
- (g) annual expenses of the Company are \$150,000 and the management fee payable to the Manager is 0.75% of the Net Asset Value of the Company, plus HST.

The figures shown above do not take into account the potential price impact on portfolio value resulting from writing covered call options. In the case of covered call options written generally at-the-money, the investor forgoes any upside return but the investor receives the premium payment. In an upward trending market, a portfolio that is subject to covered call option writing will generally provide lower total returns and a commensurately lower volatility. In a flat or downward trending market, such a portfolio will generally provide higher relative returns as well as lower volatility.

Volatility History

The historical average, low, high and current values of the trailing 30-day volatility (expressed in percentages on an annualized basis) for the common shares of the Portfolio Banks for the 10 year period ending May 15, 2020 is set out below.

Volatilities - 10 years to May 15, 2020

Company Name	Current 30 Day	10 Year Average	10 Year Low	10 Year High
Royal Bank of Canada	33.1%	14.9%	5.3%	95.5%
The Bank of Nova Scotia	38.4%	14.8%	4.5%	106.1%
The Toronto-Dominion Bank	40.4%	14.4%	5.1%	105.7%
Bank of Montreal	45.5%	14.1%	4.5%	113.8%
Canadian Imperial Bank of Commerce	40.2%	14.5%	4.1%	105.3%
National Bank of Canada	50.8%	15.2%	3.4%	128.5%

Source: Bloomberg.

Note: Past performance is not an indication or guarantee of future performance.

Call Option Pricing

Many investors and financial market professionals price call options based on the Black Scholes Model. In practice, however, actual Option Premiums are determined in the marketplace and there can be no assurance that the values generated by the Black Scholes Model can be attained in the market.

Under the Black Scholes Model (modified to include dividends), the primary factors which affect the Option Premium received by the seller of a call option are the following:

<i>Price volatility of the underlying security</i>	The volatility of the price of a security measures the tendency of the price of the security to vary during a specified period. The higher the price volatility, the more likely that the price of that security will fluctuate (either positively or negatively) and the greater the Option Premium. Price volatility is generally measured in percentage terms on an annualized basis, based on price changes during a period of time immediately prior to or trailing the date of calculation.
<i>The difference between the strike price and the market price of the underlying security at the time the option is written</i>	The smaller the positive difference (or the larger the negative difference), the greater the Option Premium.
<i>The term of the option</i>	The longer the term, the greater the call Option Premium.
<i>The “risk-free” or benchmark interest rate in the market in which the option is issued</i>	The higher the risk-free interest rate, the greater the call Option Premium.
<i>The distributions expected to be paid on the underlying security during the relevant term</i>	The greater the distributions, the lower the call Option Premium.

Utilization of Cash Equivalents

The Company may, from time to time, hold a portion of its assets in cash equivalents. The Company may also, from time to time, utilize such cash equivalents to provide cover in respect of the writing of cash covered put options, which is intended to generate additional returns and to reduce the net cost of acquiring the securities subject to the put options and for working capital purposes. Such cash covered put options will only be written in respect of securities in which the Company is permitted to invest. See “Investment Restrictions”.

The holder of a put option purchased from the Company will have the option, exercisable during a specific time period or at expiry, to sell the securities underlying the option to the Company at the price per security set out in the put option. In such case, the Company will be obligated to acquire a security at a strike price, which may exceed the then current market value of such security. If, however, the option is out-of-the-money at the expiration of the put option, the holder of the option will likely not exercise the option and the option will expire. In each case, the Company will retain the Option Premiums. By selling put options, the Company will receive Option Premiums, which are generally paid within one Business Day of the writing of the option. The Company, however, must maintain cash equivalents in an amount at least equal to the aggregate strike price of all securities underlying the outstanding put options that it has written. If at any time during the term of a put option or at expiry the market price of the underlying securities is below the strike price, the holder of the option may exercise the option and the Company will be obligated to buy the securities from the holder at the strike price per security. In such case, the Company will be obligated to acquire a security at a strike price, which may exceed the then current market value of such security. If, however, the option is out-of-the-money at the expiration of the put option, the holder of the option will likely not exercise the option and the option will expire. In each case, the Company will retain the Option Premiums.

Use of Other Derivative Instruments

In addition to writing covered call options and cash covered put options, the Company may use derivatives provided that the use of such derivative instruments is in compliance with NI 81-102 or the appropriate regulatory exemptions have been obtained. The Company may use derivatives to, among other things, reduce transaction costs and increase the liquidity and efficiency of trading, purchase call options and put options with the effect of closing out existing call options and put options written by the Company and enter into trades to close out positions in such permitted derivatives. The Company may also purchase put options in order to protect the Company from declines in the market prices of the individual securities in the Portfolio or in the value of the Portfolio as a whole.

Credit Facility

The Company does not intend to borrow money or employ other forms of leverage other than for working capital purposes. The Company may establish a credit facility that may be used by the Company for working capital purposes and expects that the maximum amount it borrows thereunder will be limited 5% of the Net Asset Value of the Company. The Company may pledge Portfolio Shares as collateral for amounts borrowed thereunder. Accordingly, at the time such leverage is incurred, the maximum amount of leverage that the Company could obtain is 1:05:1.

Securities Lending

In order to generate additional returns, the Company may lend Portfolio Shares to securities borrowers acceptable to the Company pursuant to the terms of the Securities Lending Agreement. Under the Securities Lending Agreement (i) the Securities Lending Agent will pay to the Company a negotiated securities lending fee and will make compensation payments to the Company equal to any distributions received by the Securities Lending Agent on the securities borrowed, (ii) the securities loans must qualify as “securities lending arrangements” for the purposes of the Tax Act, and (iii) the Company will receive collateral security. Any securities lending by the Company will comply with the requirements of NI 81-102, including the obligation to mark-to-market the collateral on a daily basis.

OVERVIEW OF THE SECTOR THAT THE COMPANY INVESTS IN

The Company will invest the net proceeds of the Offering primarily in common shares of the Portfolio Banks.

Trading History of the Shares of the Portfolio Banks

The following table sets forth the closing market prices of the common shares of the Portfolio Banks on the TSX on the dates indicated:

Company Name	Closing Price as at May 15, 2020 ⁽¹⁾	Closing Price as at December 31 ⁽¹⁾				
		2019	2018	2017	2016	2015
Royal Bank of Canada	\$82.64	\$102.75	\$93.44	\$102.65	\$90.87	\$74.15
The Toronto-Dominion Bank	\$55.10	\$72.83	\$67.86	\$73.65	\$66.22	\$54.24
The Bank of Nova Scotia	\$49.97	\$73.35	\$68.05	\$81.12	\$74.76	\$55.97
Bank of Montreal	\$62.37	\$100.64	\$89.19	\$100.59	\$96.57	\$78.08
Canadian Imperial Bank of Commerce	\$79.27	\$108.06	\$101.68	\$122.54	\$109.56	\$91.19
National Bank of Canada	\$51.38	\$72.08	\$56.05	\$62.72	\$54.53	\$40.31

⁽¹⁾ Share prices are adjusted for stock splits.
Source: Bloomberg.

Dividend History of the Shares of the Portfolio Banks

The following table sets forth the dividends declared on common shares of the Portfolio Banks for the calendar years indicated.

Dividends for the 12 months ended December 31 ⁽¹⁾						
	2020 ⁽²⁾	2019	2018	2017	2016	2015
Royal Bank of Canada	\$1.08	\$4.07	\$3.77	\$3.48	\$3.24	\$3.08
The Toronto-Dominion Bank	\$0.79	\$2.89	\$2.61	\$2.35	\$2.16	\$2.00

The Bank of Nova Scotia	\$0.90	\$3.49	\$3.28	\$3.05	\$2.88	\$2.72
Bank of Montreal	\$1.06	\$4.06	\$3.78	\$3.56	\$3.40	\$3.24
Canadian Imperial Bank of Commerce	\$1.46	\$5.60	\$5.32	\$5.08	\$4.75	\$4.30
National Bank of Canada	\$0.71	\$2.66	\$2.44	\$2.28	\$2.18	\$2.04

⁽¹⁾ Dividends are adjusted for stock splits.

⁽²⁾ Dividends declared and payable up to May 15, 2020.

Source: Bloomberg.

Market Capitalization, Dividend Yield and Historical Total Returns as at May 15, 2020

The following table sets forth the market capitalization, dividend yield and historical total returns of Portfolio Banks for the periods indicated.

Company Name	Market Capitalization (in Millions) ⁽¹⁾	Dividend Yield ⁽²⁾	5 Year Total Return ⁽³⁾⁽⁵⁾	10 Year Total Return ⁽⁴⁾⁽⁵⁾	5 Year Dividend Growth ⁽⁶⁾
Royal Bank of Canada	\$117,673	5.2%	5.1%	7.4%	5.8%
The Toronto-Dominion Bank	\$99,315	5.8%	3.8%	8.0%	7.7%
The Bank of Nova Scotia	\$60,557	7.2%	-0.8%	3.8%	5.1%
Bank of Montreal	\$39,894	6.8%	-0.3%	4.7%	4.7%
Canadian Imperial Bank of Commerce	\$35,254	7.4%	1.4%	5.7%	5.1%
National Bank of Canada	\$17,257	5.5%	5.4%	10.0%	5.5%

⁽¹⁾ Market capitalization is based on the closing market price at May 15, 2020 multiplied by the number of shares outstanding at that date.

⁽²⁾ Dividend yield is based on the most recently announced quarterly dividend rates annualized, divided by the closing market price at May 15, 2020.

⁽³⁾ 5-year annualized total return is based on the period from May 15, 2015 to May 15, 2020.

⁽⁴⁾ 10-year annualized return is based on the period from May 15, 2010 to May 15, 2020.

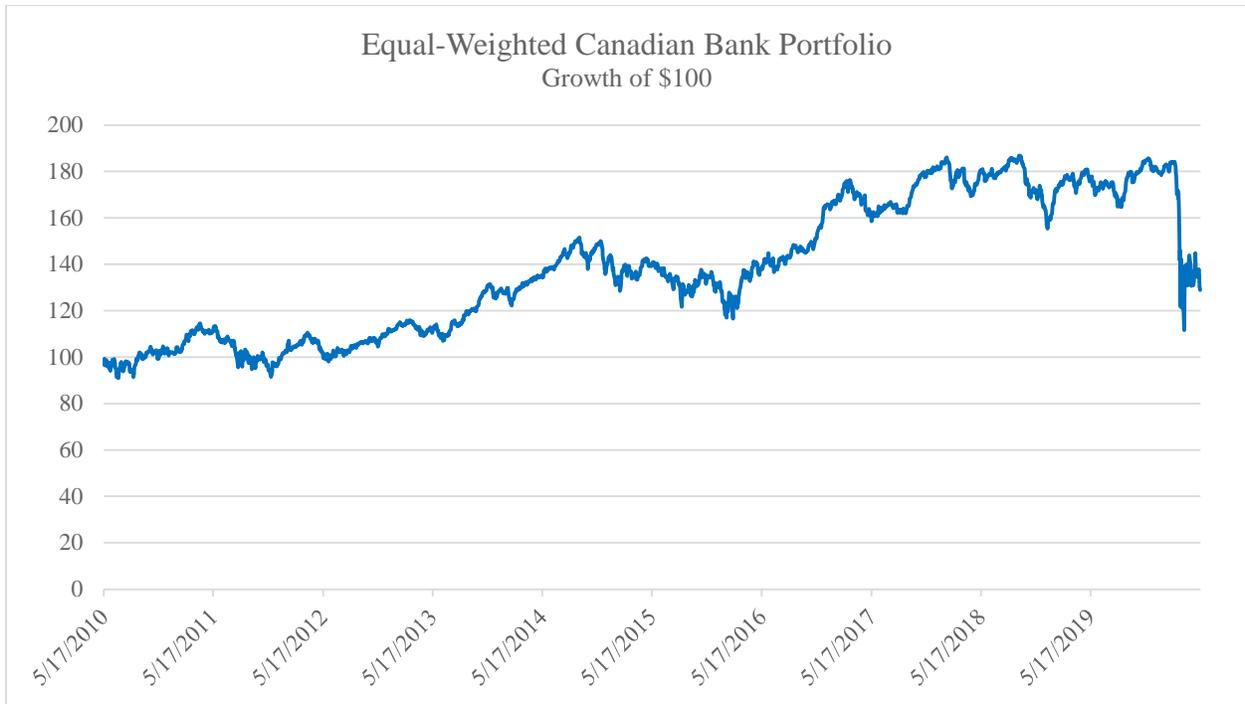
⁽⁵⁾ Total return is calculated by dividing the sum of the appreciation in market price and dividends paid in the year by market price of the common shares at the beginning of the year.

⁽⁶⁾ 5-year dividend growth is calculated by dividing the dividends paid in 2019 by the dividends paid in 2015 and annualizing the result.

Source: Bloomberg.

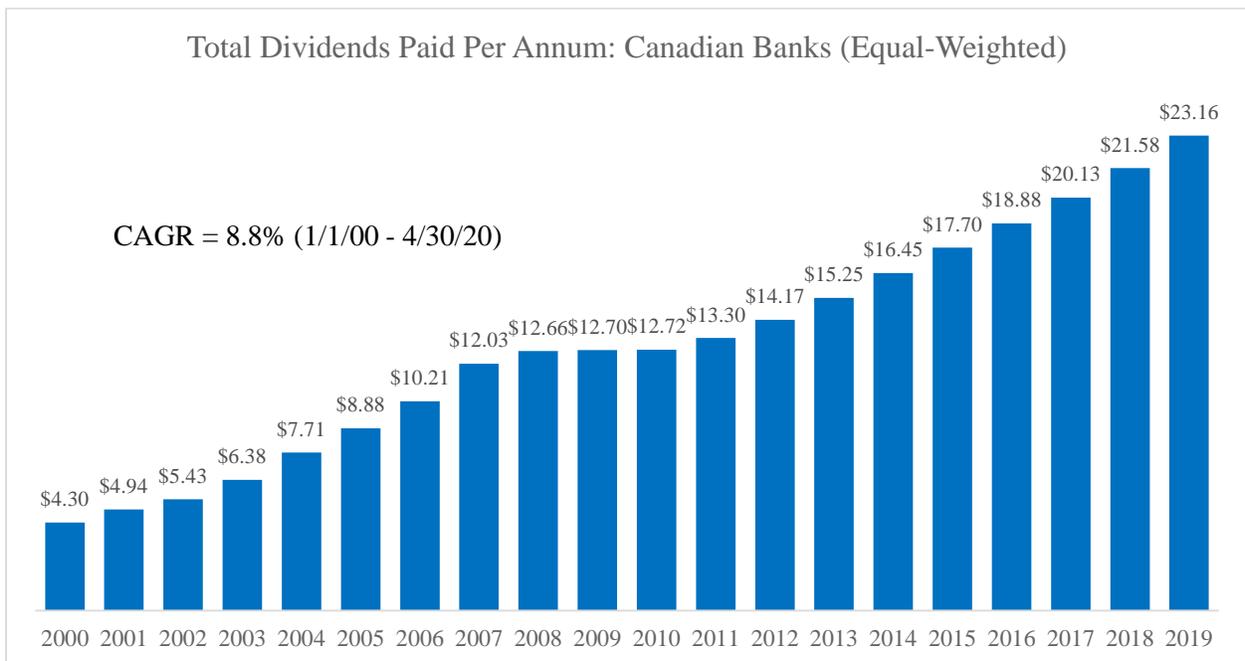
Select Industry Data

Generally, the prices of the Portfolio Banks have meaningfully declined from their peak in 2018 and therefore the Manager believes their current prices may represent an attractive entry point. The following chart illustrates the growth of \$100 hypothetically invested in the common shares of the Portfolio Banks since May 15, 2010.



Source: Bloomberg, as at May 15, 2020.

As illustrated in the chart below, the Portfolio Banks have materially increased their total dividends paid per annum since 2000, and have been able to sustain them through periods of financial and economic turmoil, including the Global Financial Crisis of 2008.

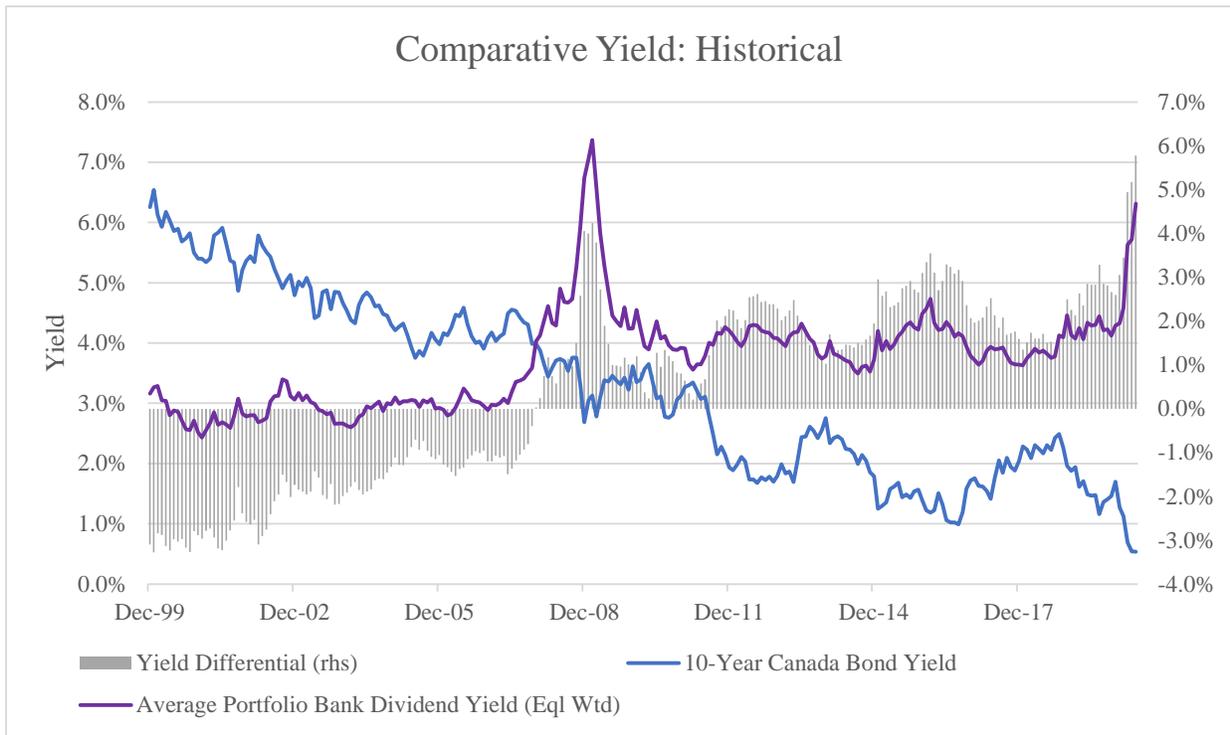


⁽¹⁾ Dividend income represents dividends paid in a given year on a basket of one share of each of the Portfolio Banks.

⁽²⁾ Compound Annual Growth Rate ("CAGR") covers the 10-year period from January 1, 2000 to December 31, 2019.

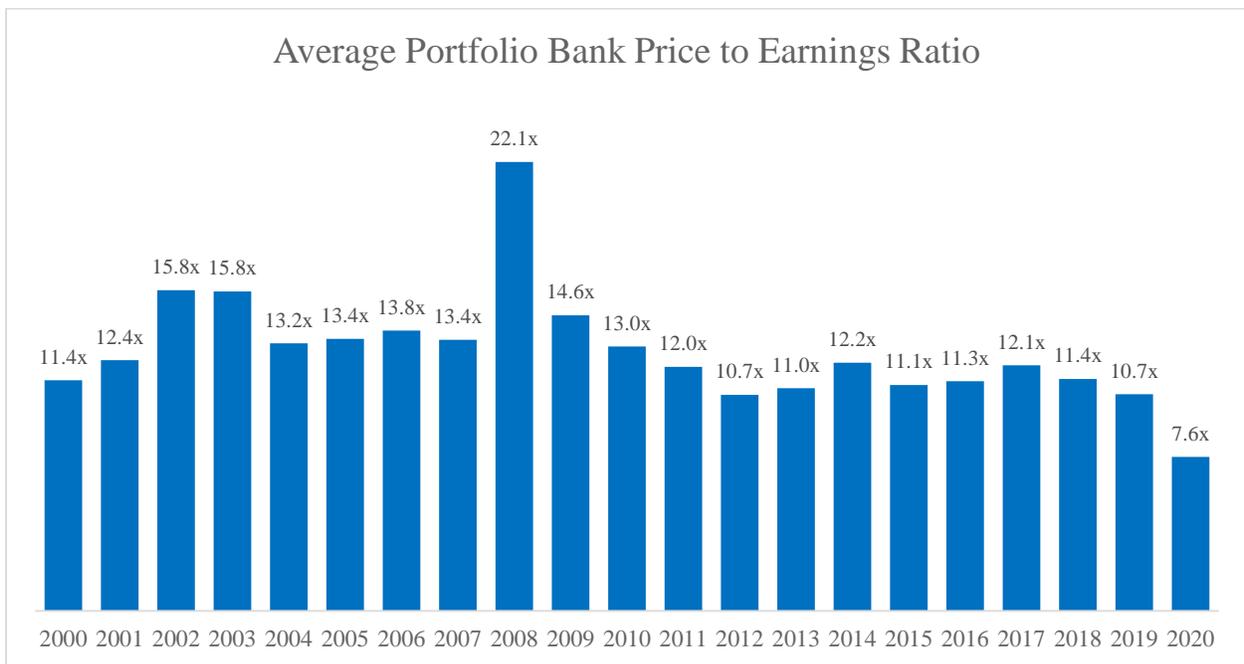
Source: Bloomberg, as at May 15, 2020.

The Manager believes that in a low interest rate environment, dividends act as a particularly attractive source of income. The Portfolio Banks' dividend yields are currently trading at extreme highs relative to the 10-year Government of Canada Bond as illustrated in the chart below.



Source: Bloomberg, as at May 15, 2020.

The Manager believes that the Portfolio Banks are currently trading at very attractive price-to-earnings multiples relative to their history offering a great opportunity to buy shares at attractive valuations.



Source: Bloomberg, as at May 15, 2020.

The price-to-earnings multiple represents the value as at May 15, 2020, while each other year reflects the average for that period.

The Manager believes that the Portfolio Banks have lagged in the initial recovery from the COVID-19-driven selloff and continue to trade at a discount relative to the broader Canadian equity market across several key metrics.

	Dividend Yield	Price/Book Ratio	Trailing P/E Ratio	Forward P/E Ratio	Average ROE
S&P/TSX Composite Index	3.6%	1.5x	17.3x	22.5x	7.7%
Portfolio Banks	6.3%	1.1x	7.6x	8.8x	15.0%

Source: Bloomberg, as at May 15, 2020.

Required Return

Based on the assumptions that the gross proceeds of the Offering are \$50 million and fees and expenses are as expected, the Portfolio would be required to generate an average annual total return of approximately 8.66% in order for the Company to achieve its investment objectives.

INVESTMENT RESTRICTIONS

The Company is subject to certain investment restrictions and practices contained in Canadian securities legislation, including NI 81-102 (subject to any exemptions), and the additional investment restrictions set out below that, among other things, limit the equity securities and other securities that the Company may acquire for the Portfolio. The Company's investment restrictions may not be changed without the approval of the holders of the Preferred Shares and Class A Shares by Extraordinary Resolution at a meeting called for such purpose voting separately as a class. See "Shareholder Matters – Matters Requiring Shareholder Approval". The Company's investment restrictions provide that the Company may not:

- (a) except for securities of its own issue in connection with the retraction of Shares, purchase or hold equity securities other than the Portfolio Shares and the securities acquired pursuant to the Exchange Option;
- (b) borrow money or employ any other forms of leverage other than for working capital purposes;
- (c) use derivative instruments except as specifically permitted under NI 81-102 or the appropriate regulatory exemptions;
- (d) write a covered call option in respect of any security unless such security is actually held by the Company at the time the option is written;
- (e) write a cash covered put option in respect of any security unless (i) the Company is permitted to invest in such security, and (ii) so long as the options are exercisable, the Company continues to hold cash equivalents sufficient to acquire the security underlying the options at the aggregate strike price of such options;
- (f) dispose of a security that is subject to a call option written by the Company unless such option has either terminated or expired;
- (g) engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act;

- (h) invest in any securities of an entity that would be a “foreign affiliate” of the Company within the meaning of the Tax Act;
- (i) invest for the purposes of exercising control over management of any issuer in the Portfolio;
- (j) invest in or hold (i) a share of, an interest in, or a debt of a non-resident entity, an interest in or a right or option to acquire such a share, interest or debt or an interest in a partnership which holds such a share, option or right, interest or debt that would cause the Company (or partnership) to include amounts in income under section 94.1 of the Tax Act, (ii) securities of a non-resident trust other than an “exempt foreign trust” as defined in subsection 94(1) of the Tax Act, or (iii) an interest in a trust (or an interest in a partnership which holds such an interest) that would require the Company to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act;
- (k) invest in any security that is a tax shelter investment within the meaning of the Tax Act;
- (l) act as an underwriter except to the extent that the Company may be deemed to be an underwriter in connection with the sale of securities in its Portfolio;
- (m) make any investment or conduct any activity that would result in the Company failing to qualify as a “mutual fund corporation” within the meaning of the Tax Act; or
- (n) invest in or hold any “taxable Canadian property” as defined in subsection 248(1) of the Tax Act, read without reference to paragraph (b) of such definition, if the fair market value of all such property would exceed 10% of the fair market value of all property of the Company.

FEES AND EXPENSES

Initial Expenses

The expenses of the Offering (including the costs of creating and organizing the Company, the costs of printing and preparing this prospectus, legal expenses of the Company, marketing expenses and legal and other out-of-pocket expenses incurred by the Agents and certain other expenses) will, together with the Agents’ fees, be paid by the Company from the gross proceeds of the Offering. The initial expenses of the Offering are estimated to be \$490,000. Such expenses, together with the Agents’ fee, will be paid out of the proceeds of the Offering, provided however that the expenses of the Offering to be borne by the Company shall not exceed 1.5% of the gross proceeds of the Offering. Any such excess expenses shall be paid for by the Manager. As a result of the priority of the Preferred Shares, the expenses of the Offering and any reduction in the value of the securities accepted pursuant to the Exchange Option between the date upon which their value is determined for such purposes and Closing will effectively be borne by holders of the Class A Shares (for so long as the NAV per Unit exceeds the Offering price per Preferred Share plus accrued and unpaid distributions thereon) and the NAV per Class A Share will reflect the expenses of the Offering of both the Preferred Shares and Class A Shares.

Management Fee

The Manager will receive an annual management fee equal to 0.75% of the NAV of the Company plus applicable taxes (including HST) (the “**Management Fee**”). The Management Fee will be calculated and payable monthly in arrears based on the average NAV of the Company calculated at each Valuation Time during that month. The Management Fee payable to the Manager in respect of the month in which Closing occurs shall be pro-rated based on the fraction that the number of days from and including the Closing Date to and including the last day of the month is of the number of days of such month.

Operating Expenses

The Company will pay for all expenses incurred in connection with the operation and management of the Company. These expenses include, without limitation: (a) financial reporting costs, mailing and printing expenses for

periodic reports to Shareholders and other Shareholder communications; (b) any taxes payable by the Company; (c) fees payable to the Custodian; (d) fees payable to the registrar and transfer agent for the Shares of the Company and for performing certain financial, record-keeping, Shareholder reporting and general administrative services; (e) costs and fees payable to any agent, legal counsel, valuation agent, technical consultant, accountant and auditor of the Company; (f) ongoing regulatory filing fees, stock exchange fees, listing fees and other fees; (g) any expenses incurred by the Company in connection with any legal proceedings in which the Manager participates on behalf of the Company or any other acts of the Manager in connection with the protection of the Company or of any investment included in the Portfolio; (h) fees and expenses of the independent directors of the Company and members of the Independent Review Committee (“**IRC**”), which fees and expenses will be paid on a pro rata basis by the Company and other applicable investment funds managed by the Manager and, in the case of the IRC, of which the same individuals form the independent review committee; (i) expenses related to compliance with NI 81-107 – *Independent Review Committee for Investment Funds*; (j) premiums for insurance coverage for the officers and directors of the Company and members of the IRC; (k) any expenditures which may be incurred upon the termination of the Company; (l) consulting fees including website maintenance costs and expenses associated with the preparation of tax filings; (m) other administrative expenses, including the expenses of Purpose in its capacity as portfolio manager of the Company; and (n) the costs of complying with any new governmental or regulatory requirement introduced after the Company was established and any extraordinary expenses which the Company may incur from time to time, including any costs associated with the printing and distribution of any documents that the securities regulatory authorities require be sent or delivered to investors in the Company. The aggregate annual amount of these fees and expenses is estimated to be \$150,000. The Company is also responsible for all commissions and other costs of securities transactions, debt service and costs relating to borrowings by the Company, including under any credit facility.

RISK FACTORS

Certain risk factors relating to the Company, the Class A Shares and the Preferred Shares are described below. Additional risks and uncertainties not currently known to the Manager, or that are currently considered immaterial, may also impair the operations of the Company. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Company and the ability of the Company to make distributions on the Shares, could be materially adversely affected.

No Assurances on Achieving Investment Objectives

There is no assurance that the Company will be able to achieve its investment objectives or will return to investors an amount equal to or in excess of the original issue price of the Class A Shares or the Preferred Shares. There is no assurance that the Company will be able to pay monthly distributions on the Preferred Shares or monthly distributions on the Class A Shares. The funds available for distributions to Shareholders will vary according to, among other things, the dividends and distributions paid on all of the securities in the Portfolio, the level of Option Premiums received and the value of the securities comprising the Portfolio. As the dividends and distributions received by the Company may not be sufficient to meet the Company’s objectives in respect of the payment of distributions, the Company may depend on the receipt of Option Premiums and the realization of capital gains to meet those objectives. Although many investors and financial market professionals price options based on the Black-Scholes Model, in practice actual Option Premiums are determined in the marketplace and there is no assurance that the premiums predicted by such pricing model can be attained.

Industry Concentration Risk

In seeking to achieve its investment objectives, the Company will invest in securities of the Portfolio Banks and accordingly, its Portfolio holdings will be limited to securities of six issuers within the same sector. As a result, the Company will face more risks than if its Portfolio holdings were diversified broadly over numerous industries or sectors and the NAV per Unit may be more volatile than that of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative impact on the value of the Class A Shares and the Preferred Shares.

Banking Sector Risk

The NAV of the Company will fluctuate with interest rate changes and the corresponding changes in the value of the Portfolio Shares in the Portfolio. The value of securities of banking issuers is also affected by such factors as general economic conditions and the customers of such banking issuers' creditworthiness. Losses resulting from financial difficulties of borrowers can negatively impact banking issuers. Customers of banking issuers may default on their obligations to pay interest and/or principal amounts. The extensive governmental regulation to which banking issuers are subject may also affect their profitability.

Risks Related to Investments

Because the Company's investment objective is to invest in the issuers, the Portfolio will not be actively managed by traditional methods and, accordingly, will not be repositioned to attempt to take defensive positions in declining markets. The adverse financial condition of an issuer will not necessarily result in the removal of its securities from the Portfolio.

Performance of the Portfolio Issuers and Other Considerations

The NAV per Unit varies as the value of the securities in the Portfolio changes. The Company has no control over the factors that affect the value of the Portfolio Shares. Factors unique to each issuer included in the Portfolio, such as changes in its management, strategic direction, achievement of goals, mergers, acquisitions and divestitures, changes in distribution policies and other events, may affect the value of the Portfolio Shares. A substantial drop in equities markets could have a negative effect on the Company and could lead to a significant decline in the value of the Portfolio and the value of the Class A Shares and the Preferred Shares.

Shares of the Company may trade in the market at a discount to their NAV and there can be no assurance that the Shares will trade at a price equal to their NAV. The NAV will vary in accordance with the value of the securities acquired by the Company. The value of the securities acquired by the Company will be affected by business factors and risks that are beyond the control of the Manager, including:

- (a) operational risks related to specific business activities of the respective issuers;
- (b) quality of underlying assets;
- (c) financial performance of the respective issuers and their competitors;
- (d) product liability risks;
- (e) political risks;
- (f) fluctuations in exchange rates;
- (g) fluctuations in interest rates; and
- (h) changes in government regulations.

Volatile Markets and Recent and Future Global Financial and Economic Developments

The market price of investments held by the Company will go up or down. Such market prices, and how rapidly those prices change, will be impacted by general economic and market conditions. Investment markets can be volatile and the price of investments can change substantially due to a number of factors, including, but not limited to: interest rates; changing supply and demand relationships; trade, fiscal, monetary and exchange control programs; governmental policies; as well as national and international political and economic events. In addition, unexpected and unpredictable events such as war and occupation, a widespread health crisis or global pandemic, terrorism and related geopolitical risks, may lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. For example, the recent global coronavirus (COVID-19) pandemic (the "**COVID-19 Pandemic**") has caused volatility in the global financial markets and disrupted the global economy and normal commercial activities. The impact of the COVID-19 Pandemic (which may be short term or may last for an extended period), as well as other epidemics and pandemics that may arise in the future, could negatively affect the worldwide economy, as well as the economies of individual countries, individual companies and the market in general in significant and unforeseen ways. The impact of the COVID-19 Pandemic, as well as other unexpected disruptive events contemplated above, may cause market volatility and could adversely affect the value of the Portfolio Shares and in turn, the Net Asset Value of the Shares.

Sensitivity to Interest Rates

The market prices of the Preferred Shares and Class A Shares may be affected by the level of interest rates prevailing from time to time. A rise in interest rates may have a negative impact on the market prices of the Class A Shares and Preferred Shares and increase the cost of borrowing to the Company, if any. Shareholders who wish to redeem or sell their Class A Shares or Preferred Shares prior to the Maturity Date will therefore be exposed to the risk that the market prices of the Class A Shares and Preferred Shares may be negatively affected by interest rate fluctuations. In addition, the distribution rate on Preferred Shares may be changed at the time of an extension of the Maturity Date, which may also affect the market price of such Shares.

Greater Volatility of the Class A Shares

An investment in the Class A Shares represents a leveraged investment by virtue of the fact that the Preferred Shares are entitled to a fixed amount upon the termination or winding-up of the Company. This leverage amplifies the potential return to investors of Class A Shares in so far as returns in excess of the amounts payable to holders of Preferred Shares accrue to the benefit of the holders of Class A Shares. Conversely, any losses incurred by the Portfolio first accrue to the detriment of the holders of the Class A Shares since the Preferred Shares rank prior to the Class A Shares in respect of distributions and proceeds upon the winding-up of the Company.

Preferred Shares will not be Rated

The Preferred Shares will not be rated by any rating organization. Security ratings by rating organizations are forward-looking opinions about credit risk that are meant to reflect the creditworthiness of an entity or security. While a security rating is not a recommendation to buy, sell or hold securities, investors in the Preferred Shares will not have the benefit of any forward-looking opinions in respect of creditworthiness issued by rating organizations.

Reliance on the Manager

The Manager, as the manager and the portfolio manager, is responsible for providing, or managing for the provision of, management and administrative services including investment and portfolio management services required by the Company. Investors who are not willing to rely on the Manager should not invest in the Shares.

The Manager will manage the Portfolio in a manner consistent with the Company's investment objectives, investment strategies and investment restrictions. The employees of the Manager who will primarily be responsible for the management of the Portfolio have extensive experience in managing investment portfolios including writing covered call options and cash covered put options. There is no certainty that the employees of the Manager who will be primarily responsible for the management of the Portfolio will continue to be employees of the Manager.

Use of Options and Other Derivative Instruments

The Company is subject to the full risk of its investment position in the securities comprising the Portfolio, including those securities that are subject to outstanding call options and put options written by the Company, should the market price of such securities decline. In addition, the Company will not participate in any gain on the securities that are subject to outstanding call options above the strike price of the options.

There is no assurance that a liquid exchange or over-the-counter market will exist to permit the Company to write covered call options or cash covered put options on desired terms or to close out option positions should the Manager desire to do so. The ability of the Company to close out its positions may also be affected by exchange imposed daily trading limits on options or the lack of a liquid over-the-counter market. If the Company is unable to repurchase a call option which is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires.

In writing call options or put options, the Company is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations.

Sensitivity to Volatility Levels

The Company intends to write call options in respect of some or all of the securities held in the Portfolio. Such call options may be either exchange traded options or over-the-counter options. By writing call options, the Company will receive Option Premiums. The amount of Option Premium depends upon, among other factors, the implied volatility of the price of the underlying security as, generally, the higher the implied volatility, the higher the Option Premium. The level of implied volatility is subject to market forces and is beyond the control of the Manager or the Company.

Conflicts of Interest

The Manager and its directors and officers and its respective affiliates and associates may engage in the promotion, management or investment management of any other fund or trust with similar investment objectives and/or similar investment strategies to those of the Company. Although none of the directors or officers of the Manager devotes his or her full time to the business and affairs of the Company, each devotes 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 Company and the Manager, as applicable.

Taxation

If the Company fails to qualify or ceases to qualify as a mutual fund corporation under the Tax Act, the income tax considerations described under “Income Tax Considerations” would be materially and adversely different in certain respects. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund corporations will not be changed in a manner which adversely affects the Shareholders.

In determining its income for tax purposes, the Company will treat gains and losses on dispositions of Portfolio Shares as capital gains and losses. The Company will treat option premiums received on the writing of covered call options and cash covered put options and any gains and losses sustained on closing out options as capital gains and losses in accordance with CRA’s published administrative policies. The CRA’s practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. If some or all of the transactions undertaken by the Company were treated on income rather than capital account, after-tax returns to Shareholders could be reduced, the Company may be subject to non-refundable income tax in respect of income from such transactions, and the Company may be subject to penalty taxes in respect of excessive Capital Gains Dividend elections.

The Tax Act contains rules (the “**DFA Rules**”) that target financial arrangements (referred to as “derivative forward agreements”) that seek to deliver a return based on an “underlying interest” (other than certain excluded underlying interests). The DFA Rules are broad in scope and could apply to other agreements or transactions (including certain options). If the DFA Rules were to apply in respect of derivatives utilized by the Company, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains. However, provided a covered call option or a cash covered put option is written by the Company in the manner described in “Investment Strategies – Covered Option Writing”, the writing of such options will not generally be subject to the DFA Rules.

To the extent that the Company earns net income (other than taxable dividends from taxable Canadian corporations and taxable capital gains) such as interest or dividends from corporations other than taxable Canadian corporations, the Company will be subject to income tax on such income and no refund will be available in respect thereof. The Manager has advised counsel that, based on the investment strategies and investment restrictions of the Company, it does not expect that the Company will be subject to material non-refundable taxes prior to the initial Maturity Date.

Significant Retractions

If a significant number of Preferred Shares or Class A Shares are retracted, the trading liquidity of the Preferred Shares and Class A Shares could be significantly reduced. In addition, the expenses of the Company would be spread among fewer Preferred Shares and Class A Shares resulting in a potentially lower NAV per Unit.

Securities Lending

The Company may engage in securities lending. Although it will receive collateral for the loans and such collateral will be marked to market, the Company will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral be insufficient to reconstitute the portfolio of loaned securities.

Loss of Investment

An investment in the Company is appropriate only for investors who have the capacity to absorb investment losses.

Non-concurrent Retraction

Holders of Class A Shares and Preferred Shares will be offered a non-concurrent retraction right on a Maturity Date. To the extent that there are unmatched numbers of Class A Shares and Preferred Shares tendered for retraction, the Class A Shares or the Preferred Shares, as the case may be, may be called by the Company for redemption on a *pro rata* basis in order to maintain the same number of Class A Shares and Preferred Shares outstanding for a redemption price equal to the price that would have been payable on a retraction of such shares by the holder. The number of retractions by holders of Class A Shares and Preferred Shares may be influenced by the performance of the Company, the management expense ratio, and the trading discount to their NAV, as applicable, among other things.

Distributions Subject to Change

The Board of Directors will be entitled to determine the distributions in respect of the Preferred Shares and Class A Shares for each successive three-year period beyond the date that is three years from the date of Closing of the Offering, and as such the distributions in respect of the Preferred Shares and Class A Shares are subject to change.

Changes in Legislation and Regulatory Risk

There can be no assurance that certain laws applicable to the Company, including securities legislation, will not be changed in a manner which adversely affects the Company or Shareholders. If such laws change, then such changes could have a negative effect upon the value of the Company, the Class A Shares, the Preferred Shares and investment opportunities available to the Company.

Cyber Security Risk

Cyber security risk is the risk of harm, loss and liability resulting from a failure or breach of information technology systems. Failures or breaches of the information technology systems (“**Cyber Security Incidents**”) can result from deliberate attacks or unintentional events and may arise from external or internal sources. Deliberate cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, equipment or systems, or causing operational disruption. Deliberate cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

The primary risks to the Company from the occurrence of a Cyber Security Incident include disruption in operations, reputational damage, disclosure of confidential information, the incurrence of regulatory penalties, additional compliance costs associated with corrective measures, and/or financial loss. Cyber Security Incidents of

the Company's third party service providers or issuers that the Company invests in can also subject the Company to many of the same risks associated with direct Cyber Security Incidents.

The Manager has established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed. Furthermore, the Company cannot control the cyber security plans and systems put in place by its service providers or any other third party whose operations may affect the Company or its Shareholders. The Company and its Shareholders could be negatively impacted as a result.

Lack of Operating History

The Company is a newly organized investment fund with no previous operating history. There is currently no public market for the Preferred Shares and Class A Shares and there can be no assurance that an active public market in respect of the shares will develop or be sustained after completion of the Offering.

DISTRIBUTION POLICY

Holders of record of Preferred Shares on the last Business Day of each month will be entitled to receive fixed, cumulative preferential monthly cash distributions equal to \$0.05 per Preferred Share. On an annualized basis, this would represent a yield on the Preferred Share offering price of 6.0%. Such monthly distributions are expected to be paid by the Company before the 15th day of the month following the period in respect of which the distribution is declared payable. The first distribution will be pro-rated to reflect the period from the Closing Date to ●, 2020.

The policy of the Board of Directors of the Company will initially be to pay monthly non-cumulative distributions to the holders of Class A Shares in the amount of \$0.067 per Class A Share. Such distributions will be paid on or before the 15th day of the month following the month in respect of which the distribution is declared payable. No distributions will be paid on the Class A Shares if (i) the distributions payable on the Preferred Shares are in arrears, or (ii) if after paying a cash distribution the NAV per Unit would be less than \$15.00. The first distribution will be pro-rated to reflect the period from the Closing Date to ●, 2020. The amount of any distributions on the Class A Shares in any month or months will otherwise be in the discretion of the Board of Directors.

Assuming that the gross proceeds of the Offering are \$50 million and fees and expenses are as described in this prospectus, in order to achieve the Company's targeted annual distributions for the Class A Shares and the Preferred Shares while maintaining a stable NAV per Unit, the Company will be required to generate an average annual total return (comprised of net realized capital gains, Option Premiums and dividends) on the Portfolio of approximately 8.66%. The Portfolio currently generates dividend income of 6.31% per annum and would be required to generate an additional 2.35% per annum from other sources, including from the Company's covered call and cash covered put options strategy, to return and distribute such amounts. Such distributions may consist of Ordinary Dividends, Capital Gains Dividends or returns of capital. There can be no assurance that the Company will be able to pay distributions to the holders of Preferred Shares or Class A Shares.

In the event that the Company realizes capital gains, the Company may, at its option, pay a special year-end Capital Gains Dividend in certain circumstances, including where the Company has net realized capital gains in excess of its Capital Gains Dividends previously paid during the year. The Company may also pay Ordinary Dividends to recover any refundable taxes otherwise payable by the Company in that year in the discretion of the Board of Directors of the Company. Such Capital Gains Dividends and/or Ordinary Dividends may be paid in the form of Class A Shares and/or cash. Immediately following payment of such a distribution in Class A Shares, the number of Class A Shares outstanding will be automatically consolidated such that the number of Class A Shares outstanding after such distribution will be equal to the number of Class A Shares outstanding immediately prior to such distribution.

In connection with any extension, the distribution rates on the Preferred Shares and distribution target on the Class A Shares for the new term will be announced by the Company at least 60 days prior to the extension of the term by way of a press release.

PURCHASES OF SECURITIES

Method to Purchase Shares

Prospective purchasers may purchase: (i) Preferred Shares or Class A Shares by a cash payment; or (ii) Units or Class A Shares by an exchange (the “**Exchange Option**”) of freely-tradable listed securities of any eligible issuers (the “**Exchange Eligible Securities**”) by no later than 5:00 p.m. (Toronto time) on June 12, 2020 through CDS. Under the Exchange Option, prospective purchasers will receive for the Exchange Eligible Securities tendered to the Company that number of Units or Class A Shares, as the case may be, determined in the manner described below and \$0.01 in cash per Class A Share purchased. A prospective purchaser’s book-entry deposits must be made by a participant in CDS (a “**CDS Participant**”), who may have an earlier deadline for depositing Exchange Eligible Securities. **The Exchange Option does not constitute, and is not to be construed as, a take-over bid for any Exchange Eligible Securities.** The maximum number of Exchange Eligible Securities of any one issuer which the Company may acquire under the Offering pursuant to the Exchange Option is that number of securities which constitutes 19.9% of the outstanding securities of that class of such Exchange Eligible Securities (such number being referred to as the “**Maximum Ownership Level**”).

The Company reserves the right to accept, in its sole discretion, and for any reason, the securities of additional issuers under the Exchange Option and to reject, in its sole discretion, in whole or in part, any Exchange Eligible Securities deposited pursuant to the Exchange Option.

Procedure

A prospective purchaser’s book-entry deposits must be made by a CDS Participant, who may have an earlier deadline for depositing Exchange Eligible Securities.

A prospective purchaser of Units or Class A Shares who elects to pay for such Units or Class A Shares by using the Exchange Option (the “**Exchange Option Election**”) must do so by means of a book-entry deposit of Exchange Eligible Securities through CDS. Prospective purchasers who utilize the Exchange Option must deposit their Exchange Eligible Securities with the Exchange Agent through CDS prior to 5:00 p.m. (Toronto time) on June 12, 2020. Such book-entry deposits must be made by a CDS Participant, who may have an earlier deadline for receiving instructions from the participant’s clients to deposit Exchange Eligible Securities under the Exchange Option. Once submitted to the Exchange Agent through CDS, a deposit of Exchange Eligible Securities (including the transfers authorized thereby) is, subject to the completion of the Offering, irrevocable unless withdrawn as described below under the heading “Withdrawal of Exchange Option Elections”. By authorizing a deposit of Exchange Eligible Securities through CDS, a prospective purchaser has authorized the transfer to the Company of each of the Exchange Eligible Securities so deposited and represents and warrants that the prospective purchaser has full right and authority to transfer the securities of the Exchange Eligible Securities covered thereby and is the beneficial owner of such securities, that such securities have not previously been conveyed, that the transfer of such securities is not prohibited by laws applicable to the prospective purchaser and that such securities are free and clear of all liens, encumbrances and adverse claims. Such representations and warranties will survive the issuance of Units or Class A Shares in exchange for such Exchange Eligible Securities. The Company’s interpretation of the terms and conditions of the Exchange Option will be final and binding. The Company reserves the right to reject any Exchange Eligible Securities tendered under the Exchange Option or to waive any conditions of the Exchange Option and any irregularities in the Exchange Eligible Securities pursuant to the Exchange Option in its sole discretion. None of the Company, the Manager nor the Agents shall be under any duty to notify a prospective purchaser of irregularities related to its deposit of Exchange Eligible Securities under the Exchange Option and will not incur any liability for failure to give such notification. If for any reason Exchange Eligible Securities deposited pursuant to the Exchange Option are not acquired by the Company, the holders of such securities will be notified of such fact as soon as practicable following the closing or the termination of the Offering, as the case may be, and such securities will be re-credited to their accounts through CDS.

Determination of Exchange Ratio

The number of Units or Class A Shares issuable for each Exchange Eligible Security (the “**Exchange Ratio**”) will be determined by dividing the volume weighted average trading price of the Exchange Eligible Securities on the

principal stock exchange on which such Exchange Eligible Securities are listed during the Pricing Period, as adjusted to reflect dividends declared or distributions declared in respect of such Exchange Eligible Securities that will not be received by the Company, by \$10.00. The Exchange Ratio will be adjusted to reflect the \$0.01 per Class A Share to be received by prospective purchasers who tender Exchange Eligible Securities to the Company for Class A Shares only. Holders of Exchange Eligible Securities who deposited such securities pursuant to the Exchange Option will continue to be holders of record up to the Closing Date and will be entitled to receive distributions in respect of such Exchange Eligible Securities up to but not including the Closing Date. The Company will not issue fractional shares pursuant to the Exchange Option. Entitlement to fractional shares will be determined on the basis of the aggregate number of Exchange Eligible Securities acquired pursuant to the Exchange Option and the Company will issue to CDS cash in lieu thereof. Allocation by CDS of cash in lieu of fractional shares to CDS Participants will be at the discretion of CDS and the allocation of cash in lieu of fractional shares to purchasers who have authorized the deposit of Exchange Option Elections through CDS will be at the discretion of the CDS Participants.

Delivery of Final Prospectus

Each prospective purchaser who properly authorized the deposit of Exchange Eligible Securities through CDS will be furnished with a copy of the final prospectus relating to this Offering.

The Company will issue a press release as soon as practicable after the close of business on June 12, 2020 announcing for each of the Exchange Eligible Securities, the name, the CUSIP number and the Exchange Ratio in respect of each eligible issuer under the Exchange Option.

Withdrawal of Exchange Option Elections

Each prospective purchaser who deposited Exchange Eligible Securities through CDS has the right to withdraw such deposit of securities by notifying in writing such prospective purchaser's investment advisor or other nominee who effected the deposit. To be effective, a written notice of withdrawal must be received by the CDS Participant who effected such deposit on or before midnight on the second Business Day after the later of: (i) receipt or deemed receipt of the final prospectus relating to the Offering and any amendment thereto, and (ii) the date on which the press release referred to above is issued. Any such notice of withdrawal must specify the Exchange Eligible Securities to be so withdrawn and the name of the prospective purchaser, and notification thereof must be received by the Exchange Agent through CDS prior to the specified time. Each such notice must be signed by the person who authorized the deposit under the Exchange Option.

Maximum Offering

The maximum offering (prior to the exercise of the Over-Allotment Option), comprised of the aggregate cash subscriptions and securities of the Exchange Eligible Securities (based on the applicable Exchange Ratio and excluding that number of Exchange Eligible Securities deposited and not acquired as a result of such securities causing the Company to hold more than the Maximum Ownership Level of the outstanding securities of an eligible issuer), shall not be more than \$●. If the maximum offering (prior to the exercise of the Over-Allotment Option) is exceeded, the Company will accept cash subscriptions first and will then accept Exchange Eligible Securities on a pro rata basis or on such other reasonable basis that it may determine appropriate until the maximum offering size of \$● is achieved, subject to the conditions set forth above under the heading "Method to Purchase Shares".

Exchange Eligible Securities

The table below sets out the Exchange Eligible Securities which will be accepted by the Company pursuant to the Exchange Option as well as their TSX ticker symbol and CUSIP number.

Exchange Eligible Securities	Ticker Symbol	CUSIP Number
Bank of Montreal	BMO	063671101
Canadian Imperial Bank of Commerce	CM	136069101

National Bank of Canada	NA	633067103
Royal Bank of Canada	RY	780087102
The Bank of Nova Scotia	BNS	064149107
The Toronto-Dominion Bank	TD	891160509
Canadian Western Bank	CWB	13677F101
Vanguard FTSE Canada All Cap Index ETF	VCN	92205P104
iShares S&P/TSX Canadian Dividend Aristocrats Index ETF	CDZ	46433F106
iShares Canadian Select Dividend Index ETF	XDV	46430W102
iShares S&P/TSX Capped Financials Index ETF	XFN	46431B107
iShares Core S&P/TSX Capped Composite Index ETF	XIC	46430J101
iShares S&P/TSX 60 Index ETF	XIU	46428D108
BMO S&P/TSX Capped Composite Index ETF	ZCN	05574G109
BMO Equal Weight Banks Index ETF	ZEB	055685101
BMO Covered Call Canadian Banks ETF	ZWB	05560U104
BMO Low Volatility CAD Equity ETF	ZLB	05573T102
BMO Laddered Preferred Share Index ETF	ZPR	05581T102
iShares S&P/TSX Canadian Preferred Share Index ETF	CPD	46431G205
RBC Canadian Preferred Share ETF	RPF	74934A103
Dynamic Active Preferred Shares ETF	DXP	26800U100
iShares S&P/TSX North American Preferred Stock Index ETF CAD-Hedged	XPF	46431J100

REDEMPTION AND RETRACTIONS

Redemptions

Preferred Shares

The Preferred Shares will be redeemed by the Company on the Maturity Date provided that the term of the Shares may be extended beyond the initial Maturity Date for successive periods of 3 years as determined by the Company's Board of Directors. The redemption price payable by the Company for a Preferred Share on the Maturity Date will be equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions thereon, and (ii) the Net Asset Value of the Company on the Maturity Date divided by the total number of Preferred Shares then outstanding.

Class A Shares

The Class A Shares will be redeemed by the Company on the Maturity Date provided that the term of the Shares may be extended beyond the initial Maturity Date for successive periods of 3 years as determined by the Company's Board of Directors. The redemption price payable by the Company for a Class A Share on the Maturity

Date will be equal to the greater of (i) the Net Asset Value per Unit on the Maturity Date minus the sum of \$10.00 plus any accrued and unpaid distributions on a Preferred Share, and (ii) nil.

Retraction Privileges

Preferred Shares

Monthly

Preferred Shares may be surrendered at any time to the Registrar and Transfer Agent for retraction but will be retracted only on the applicable Retraction Date. Preferred Shares surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the Retraction Date will be retracted on such Retraction Date and the holder will be paid on or before the 15th day following the Retraction Payment Date. If a Shareholder surrenders its Preferred Shares after 5:00 p.m. (Toronto time) on the tenth Business Day immediately preceding a Retraction Date, the Preferred Shares will be retracted on the Retraction Date in the following month and the Shareholder will receive payment for the retracted Preferred Shares on the Retraction Payment Date in respect of such Retraction Date.

Holders of Preferred Shares whose Preferred Shares are surrendered for retraction will be entitled to receive a retraction price per Preferred Share equal to the lesser of (i) 95% of the Net Asset Value per Unit determined as of such Retraction Date, less the cost to the Company of the purchase of a Class A Share for cancellation; and (ii) \$10.00 (the “**Preferred Share Retraction Price**”). For this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share, and commissions and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A Share and the payment of the Preferred Share Retraction Price. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Preferred Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date. With respect to any monthly retraction of Preferred Shares, the Company will purchase for cancellation such number of Class A Shares in the market so that there will be an equal number of Preferred Shares and Class A Shares outstanding at all material times.

Annual Concurrent Retraction

Commencing in November 2021, a holder of a Preferred Share may concurrently retract an equal number of Preferred Shares and Class A Shares on the Annual Retraction Date at a retraction price equal to the Net Asset Value per Unit on the Annual Retraction Date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. The Preferred Shares and Class A Shares must both be surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the Annual Retraction Date. Payment of the proceeds of retraction will be made on or before the 15th day following the applicable Annual Retraction Date.

Non-Concurrent Retraction Right

On a Maturity Date, a holder of Preferred Shares may retract such Preferred Shares. The Company will provide at least 60 days’ notice by way of a press release to holders of Preferred Shares of such right. The Preferred Shares must be surrendered for retraction by 5:00 p.m. (Toronto time) on the last Business Day of the month prior to the Maturity Date or subsequent maturity date, as applicable. The redemption price payable by the Company for a Preferred Share pursuant to the non-concurrent retraction right will be equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions thereon, and (ii) the Net Asset Value of the Company on the Maturity Date divided by the total number of Preferred Shares then outstanding.

If more Class A Shares than Preferred Shares have been redeemed pursuant to the non-concurrent retraction right, the Company will be authorized to redeem Preferred Shares on a pro rata basis in a number to be determined by the Company reflecting the extent to which the number of Preferred Shares outstanding following the non-concurrent retraction exceeds the number of Class A Shares outstanding following the non-concurrent retraction. Conversely, if more Preferred Shares than Class A Shares have been redeemed pursuant to the non-concurrent retraction right, the

Company may issue Preferred Shares to the extent that the number of Class A Shares outstanding following the non-concurrent retraction exceeds the number of Preferred Shares outstanding following the non-concurrent retraction.

In connection with any extension, the distribution rates on the Preferred Shares and distribution target on the Class A Shares for the new term will be announced at least 60 days prior to the extension of the term. The new distribution rate for the Preferred Shares will be determined based on then-current market yields for preferred shares with similar terms.

General

Any and all Preferred Shares which have been surrendered to the Company for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Date, unless the retraction price is not paid on the Retraction Payment Date, in which event such Preferred Shares will remain outstanding.

The retraction right must be exercised by causing written notice to be given within the notice periods prescribed herein and in the manner described. Such surrender will be irrevocable upon the delivery of a notice to CDS through a CDS Participant, except with respect to those Preferred Shares which are not retracted by the Company on the relevant Retraction Payment Date. The Company may, in its discretion, permit the withdrawal of any Preferred Share retraction request at any time prior to the Retraction Payment Date.

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 Shareholder's instructions will not give rise to any obligations or liability on the part of the Company or the Manager to the CDS Participant or the Shareholder.

Class A Shares

Monthly Retraction

Class A Shares may be surrendered at any time for retraction to the Registrar and Transfer Agent, but will be retracted only on the applicable monthly Retraction Date. Class A Shares surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the monthly Retraction Date will be retracted on such Retraction Date and the Shareholder will be paid on or before the Retraction Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the tenth Business Day immediately preceding a Retraction Date, the Class A Shares will be retracted on the Retraction Date in the following month and the Shareholder will receive payment for the retracted Class A Shares on the Retraction Payment Date in respect of such Retraction Date.

Holders of Class A Shares whose Class A Shares are surrendered for retraction will be entitled to receive a retraction price per Class A Share equal to the difference between (i) 95% of the Net Asset Value per Unit determined as of such Retraction Date, and (ii) the cost to the Company of the purchase of a Preferred Share for cancellation (the "**Class A Share Retraction Price**"). For this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, commissions and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Preferred Share and the payment of the Class A Share Retraction Price. If the Net Asset Value per Unit is less than \$10.00, plus any accrued and unpaid distributions on a Preferred Share, the retraction price of a Class A Share will be nil. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Class A Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

Annual Concurrent Retraction

A holder of a Class A Share may concurrently retract an equal number of Class A Shares and Preferred Shares on the Annual Retraction Date of each year, commencing in November 2021 at a retraction price equal to the Net Asset Value per Unit on the Annual Retraction Date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund

such retraction. The Class A Shares and the Preferred Shares must both be surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the Annual Retraction Date. Payment of the proceeds of the retraction will be made on or before the 15th day following the applicable Annual Retraction Date.

Non-Concurrent Retraction Right

On a Maturity Date, a holder of Class A Shares may retract such Class A Shares. The Company will provide at least 60 days' notice to holders of Class A Shares of such right by way of a press release. The Class A Shares must be surrendered for retraction by 5:00 p.m. (Toronto time) on the last Business Day of the month prior to the Maturity Date or subsequent maturity date, as applicable. The redemption price payable by the Company for a Class A Share pursuant to the non-concurrent retraction right will be equal to the greater of (i) the Net Asset Value per Unit determined on the Maturity Date minus \$10.00 plus any accrued and unpaid distributions on a Preferred Share, and (ii) nil.

If more Preferred Shares than Class A Shares have been redeemed pursuant to the non-concurrent retraction right, the Company will be authorized to redeem Class A Shares on a pro rata basis in a number to be determined by the Company reflecting the extent to which the number of Class A Shares outstanding following the non-concurrent retraction exceeds the number of Preferred Shares outstanding following the non-concurrent retraction. Conversely, if more Class A Shares than Preferred Shares have been redeemed pursuant to the non-concurrent retraction right, the Company may issue Class A Shares to the extent the number of Preferred Shares outstanding following the non-concurrent retraction exceeds the number of Class A Shares outstanding following the non-concurrent retraction.

In connection with any extension, the distribution rates on the Preferred Shares and distribution target on the Class A Shares for the new term will be announced at least 60 days prior to the extension of the term.

General

Any and all Class A Shares that have been surrendered to the Company for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Date, unless the retraction price is not paid on the Retraction Payment Date, in which event such Class A Shares will remain outstanding.

The retraction right must be exercised by causing written notice to be given within the notice periods prescribed herein and in the manner prescribed. Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Class A Shares which are not retracted by the Company on the relevant Retraction Payment Date. The Company may, in its discretion, permit the withdrawal of any Class A Share retraction request at any time prior to the Retraction Payment Date.

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 Shareholder's instructions will not give rise to any obligations or liability on the part of the Company or the Manager to the CDS Participant or the Shareholder.

Suspension of Redemptions and Retractions

The Company or the Manager may suspend the redemption and/or retraction of Class A Shares or Preferred Shares or payment of redemption or retraction proceeds (i) during any period when normal trading in securities owned by the Company is suspended on the TSX and if those securities represent more than 50% by value, or underlying market exposure, of the total assets of the Company without allowance for liabilities and if those securities are not traded on any other exchange that represents a reasonable practical alternative for the Company, or (ii) with the prior permission of the securities regulatory authorities for any period not exceeding 120 days. The suspension may apply to all requests for retraction received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All holders of Class A Shares and Preferred Shares making such requests shall be advised by the Manager of the suspension and that the retraction will be effected at a price determined on the first Retraction Date following the termination of the suspension. All such Shareholders shall have and shall be

advised that they have the right to withdraw their requests for retraction. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Company, any declaration of suspension made by the Company or the Manager shall be conclusive.

INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Agents, the following is a summary of the principal Canadian federal income tax considerations generally relevant to investors who, for purposes of the Tax Act and at all relevant times, are resident or are deemed to be resident in Canada, hold their Preferred Shares and Class A Shares, as capital property, and deal at arm's length with and are not affiliated with the Company.

Generally, Preferred Shares and Class A Shares will be considered to be capital property to a Shareholder provided the Shareholder does not hold such Shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Shareholders who might not otherwise be considered to hold their Preferred Shares or Class A Shares as capital property may, in certain circumstances, be entitled to make an irrevocable election pursuant to subsection 39(4) of the Tax Act, the effect of which is to deem such Preferred Shares or Class A Shares and any other "Canadian security", as defined in the Tax Act, owned by such investor in the taxation year in which the election is made and in all subsequent taxation years, to be capital property.

This summary is based upon the facts set out in this prospectus, the current provisions of the Tax Act, and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("CRA") published in writing prior to the date hereof and relies as to certain factual matters on certificates of an officer of the Company and the Agents. This summary also takes into account all specific proposals to amend the Tax Act announced prior to the date hereof by or on behalf of the Minister of Finance (Canada) (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. No assurances can be given that the Proposed Amendments will be enacted as proposed or at all.

This summary is based on the assumptions that:

- (a) the Preferred Shares or the Class A Shares will, at all times, be listed on a designated stock exchange in Canada for purposes of the Tax Act (which currently includes the TSX);
- (b) the Company was not established and will not be maintained primarily for the benefit of non-residents of Canada; and
- (c) the Company's investment restrictions will at all relevant times be as set out under the heading "Investment Restrictions" and the Company will at all times comply with such investment restrictions.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, in particular, does not describe income tax considerations relating to the deductibility of interest on money borrowed to acquire Shares. This summary does not take into account or anticipate any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial action, other than the Proposed Amendments. This summary does not deal with foreign, provincial or territorial income tax considerations, which might differ from the federal considerations set out herein.

This summary does not apply to a Shareholder (i) that is a "financial institution" as defined in section 142.2 of the Tax Act, (ii) an interest in which is a "tax shelter investment" as defined in subsection 143.2(1) of the Tax Act, (iii) that has made a functional currency reporting election pursuant to section 261 of the Tax Act, or (iv) who has entered or will enter into a "derivative forward agreement" (a "**DFA**") as defined in subsection 248(1) of the Tax Act with respect to Preferred Shares or Class A Shares.

This summary is of a general nature only and does not constitute legal or tax advice to any particular investor. Accordingly, prospective investors are advised to consult their own tax advisors with respect to their individual circumstances.

Status of the Company

The Company intends at all relevant times to qualify as a “mutual fund corporation” as defined in the Tax Act. To qualify as a mutual fund corporation, (i) the Company must be a “Canadian corporation” that is a “public corporation” for purposes of the Tax Act; (ii) the only undertaking of the Company must be (A) the investing of its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable), (B) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or an interest in real property) or of any immovable (or real right in immovables) that is capital property to the Company, or (C) any combination of the activities described in (A) and (B); and (iii) at least 95% of the fair market value of all of the issued shares of the capital stock of the Company must be redeemable at the demand of the holders of those shares. The Company has informed counsel that it intends to file the necessary election under the Tax Act so that it will be deemed to be a “public corporation” effective from the beginning of its first taxation year and, therefore, can qualify as a mutual fund corporation throughout its first taxation year.

Taxation of the Company

As a mutual fund corporation, the Company is entitled in certain circumstances to a refund of tax paid by it in respect of its net realized capital gains. The amount of the available refund to the Company in any taxation year is determined by a formula, which is based in part on (i) the amount of the Capital Gains Dividends (described below) paid by the Company to Shareholders, and (ii) the amount of the Company’s “capital gains redemptions” (as defined in the Tax Act) for the year, which amount is determined in part by reference to the amount paid by the Company to Shareholders on the redemption of Shares. As a mutual fund corporation, the Company maintains a capital gains dividend account in respect of capital gains realized by the Company and from which it may elect to pay dividends (“**Capital Gains Dividends**”) which are treated as capital gains in the hands of Shareholders (see “Income Tax Considerations - Tax Treatment of Shareholders”). In certain circumstances where the Company has recognized a capital gain in a taxation year on which tax would be payable by the Company, it may choose not to pay Capital Gains Dividends in that taxation year in respect thereof and instead pay refundable capital gains tax, which may in the future be fully or partially refundable upon the payment of sufficient Capital Gains Dividends and/or capital gains redemptions.

The Company will be required to include in computing its income for a taxation year all dividends received in the year. In computing its taxable income, the Company will generally be entitled to deduct all taxable dividends received on shares of taxable Canadian corporations (which include the issuers of the Portfolio Shares). Dividends received by the Company on other shares will, however, be included in computing the income of the Company, and will not be deductible in computing its taxable income.

The Company will be a “financial intermediary corporation” (as defined in the Tax Act) and, as such, will not be subject to tax under Part IV.1 of the Tax Act on dividends received by the Company nor will it generally be liable to tax under Part VI.1 of the Tax Act on dividends paid by the Company on “taxable preferred shares” (as defined in the Tax Act). As a mutual fund corporation (which is not an “investment corporation” as defined in the Tax Act), the Company will generally be subject to a refundable tax of 38 1/3% under Part IV of the Tax Act on taxable dividends received during the year to the extent such dividends are deductible in computing the taxable income of the Company for the taxation year.

The Company will purchase Portfolio Shares with the objective of earning dividends thereon over the life of the Company, and intends to treat and report transactions undertaken in respect of such shares on capital account. Generally, the Company will be considered to hold such shares on capital account unless the Company is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Company has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Company has advised counsel that it will elect pursuant to subsection 39(4) of the Tax Act, in prescribed form, in the first taxation year in which it disposes of “Canadian securities” (as defined in subsection 39(6) of the Tax Act) to have each of its Canadian securities treated as capital property.

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

Premiums received on covered call options and cash covered put options written by the Company which are not exercised prior to the end of the year will constitute capital gains of the Company in the year received, unless such premiums were received by the Company as income from a business or the Company has engaged in a transaction or transactions considered to be an adventure in the nature of trade. The Company has advised counsel that it will write covered call options with the objective of increasing the yield on the Portfolio beyond the dividends received on the Portfolio Shares and will write cash covered put options to increase returns and reduce the net cost of purchasing securities on the exercise of such cash covered put options. In accordance with CRA’s published administrative practice, a transaction undertaken by the Company in respect of such options will be treated and reported for purposes of the Tax Act on capital account, unless such transaction is considered to be a DFA, as discussed in further detail below.

Where a call option is exercised, the premium received by the Company for the call option will be included in the proceeds of disposition of the securities sold pursuant to the option and such premium will not give rise to a capital gain at the time the option is written. Where a cash covered put option is exercised, the premium will be deducted in computing the adjusted cost base of the security acquired and such premium will not give rise to a capital gain at the time the option is written.

The DFA Rules target financial arrangements (referred to as “derivative forward agreements”) that seek to deliver a return based on an “underlying interest” (other than certain excluded underlying interests). The DFA Rules are broad in scope and could apply to other agreements or transactions (including certain options). If the DFA Rules were to apply in respect of derivatives utilized by the Company, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains. Provided a covered call option or cash covered put option is written by the Company in the manner described in “Investment Strategies – Covered Option Writing”, the writing of such option will not generally be subject to the DFA Rules.

Generally, the Company will include gains and deduct losses on income account in connection with investments made through derivative securities (except where such derivatives are used to hedge Portfolio Shares held on capital account and provided there is sufficient linkage), and will recognize such gains or losses for tax purposes at the time they are realized by the Company. If the Company uses derivative instruments for hedging purposes, gains or losses realized on such derivatives hedging Portfolio Shares held on capital account will be treated and reported for tax purposes on capital account (subject to the application of the DFA Rules), provided there is sufficient linkage.

To the extent that the Company earns net income (other than taxable dividends from taxable Canadian corporations and taxable capital gains) such as interest or dividends from corporations other than taxable Canadian corporations, the Company will be subject to income tax on such income and no refund will be available in respect thereof. The Manager has advised counsel that, based on the investment strategies and investment restrictions of the Company, it does not expect that the Company will be subject to material non-refundable taxes prior to the initial Maturity Date.

Tax Treatment of Shareholders

Shareholders must include in income dividends other than Capital Gains Dividends (“**Ordinary Dividends**”) received from the Company. For individual Shareholders, Ordinary Dividends will be subject to the usual gross-up and dividend tax credit rules with respect to taxable dividends paid by taxable Canadian corporations under the Tax Act. An enhanced gross-up and dividend tax credit is available on “eligible dividends” received or deemed to be received from a taxable Canadian corporation which are so designated by the corporation. Ordinary Dividends received by a corporation other than a “specified financial institution” (as defined in the Tax Act) will generally be deductible in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a

taxable dividend received by a Shareholder that is a corporation as a capital gain. Shareholders that are corporations should consult their own tax advisors having regard to their own circumstances.

In the case of a Shareholder that is a specified financial institution, Ordinary Dividends received on a particular class of Shares will be deductible in computing its taxable income only if either (a) the specified financial institution did not acquire the Shares in the ordinary course of its business; or (b) at the time of the receipt of the dividends by the specified financial institution the Shares of that class are listed on a designated stock exchange in Canada, and dividends are received by (i) the specified financial institution, or (ii) the specified financial institution and persons with whom it does not deal at arm's length (within the meaning of the Tax Act), in respect of not more than 10% of the issued and outstanding Shares of that class. For purposes of the exception in (b), a beneficiary of a trust will be deemed to receive the amount of any dividend received by the trust and designated to that beneficiary, effective at the time the dividend was received by the trust, and a member of a partnership will be considered to have received that partner's share of a dividend received by the partnership, effective at the time the dividend was received by the partnership.

Ordinary Dividends on Preferred Shares will generally be subject to a 10% tax under Part IV.1 of the Tax Act when such dividends are received by a corporation (other than a "private corporation" or a "financial intermediary corporation", as defined in the Tax Act) to the extent that such dividends are deductible in computing the corporation's taxable income. Such corporations should consult their own tax advisors with respect to whether Ordinary Dividends on the Class A Shares are subject to Part IV.1 tax when received by such corporations.

A Shareholder which is a private corporation for purposes of the Tax Act, or any other corporation controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable to pay a 38 1/3% refundable tax under Part IV of the Tax Act on Ordinary Dividends received on Class A Shares or Preferred Shares, to the extent that such dividends are deductible in computing the corporation's taxable income. Where Part IV.1 tax also applies to an Ordinary Dividend received by a particular corporation, the Part IV tax payable by such corporation on such dividend is reduced by 10% of the dividend.

The amount of any Capital Gains Dividend received by a Shareholder from the Company will be considered to be a capital gain of the Shareholder from the disposition of capital property in the taxation year of the Shareholder in which the Capital Gains Dividend is received.

Certain year-end dividends on the Class A Shares may be paid by issuing additional Class A Shares. Where a Capital Gains Dividend is paid in Class A Shares, the cost of such Class A Shares will be equal to the amount of the dividend. Where an Ordinary Dividend is paid in Class A Shares, the cost of such Class A Shares acquired by a Class A Shareholder who is an individual will be equal to the amount of such dividend. A Shareholder that is a corporation and that receives an Ordinary Dividend that is paid in Class A Shares should consult with its own tax advisor regarding the cost of such Class A Shares because such cost may be less than the amount of the dividend if such dividend is deductible by such corporation and to the extent that such dividend exceeds the "safe income" in respect of the Class A Shares held by such corporation. A consolidation of Class A Shares following a special year-end dividend paid in the form of additional Class A Shares generally will not be considered to result in a disposition of such Class A Shares. The Class A Shares resulting from the consolidation will have an aggregate adjusted cost base to the Shareholder equal to the aggregate adjusted cost base to the Shareholder of the Class A Shares held immediately before the consolidation.

The amount of any payment received by a Shareholder from the Company as a return of capital on a Preferred Share or Class A Share will not be required to be included in computing income. Instead, such amount will reduce the adjusted cost base of the relevant Share to the Shareholder. To the extent that the adjusted cost base to the Shareholder would otherwise be a negative amount, the Shareholder will be considered to have realized a capital gain at that time and the Shareholder's adjusted cost base will be increased by the amount of such deemed capital gain.

Upon the redemption, retraction or other disposition of a Share, a capital gain (or a capital loss) will be realized by the Shareholder to the extent that the proceeds of disposition of the Share exceed (or are less than) the aggregate of the adjusted cost base of the Share and any reasonable costs of disposition. If the Shareholder is a corporation, any capital loss arising on the disposition of a Share may in certain circumstances be reduced by the amount of any Ordinary Dividends received on the Share. Analogous rules apply to a partnership or trust of which a

corporation, partnership or trust is a member or beneficiary. For purposes of computing the adjusted cost base of each Share of a particular class, a Shareholder must average the cost of such Share with the adjusted cost base of any Shares of that class already held as capital property.

One-half of a capital gain is included in computing income as a taxable capital gain and one-half of a capital loss must generally be deducted against taxable capital gains to the extent and under the circumstances prescribed in the Tax Act. A Shareholder that is a Canadian-controlled private corporation will be subject to an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act), which includes an amount in respect of taxable capital gains.

Individuals (other than certain trusts) realizing net capital gains or receiving dividends may be subject to an alternative minimum tax under the Tax Act.

Taxation of Registered Plans

Registered Plans, as holders of Shares, generally will be exempt from tax on any dividend or other income derived from such Shares and on any capital gain realized upon the sale, redemption or other disposition of such Shares. If and when cash or securities are withdrawn from a Registered Plan, other than from a TFSA (or in certain circumstances from an RDSP or RESP), the holder of the Registered Plan generally will be liable to pay income tax based on the amount of cash or the fair market value of the securities withdrawn, unless the cash or securities are transferred to another Registered Plan in accordance with the Tax Act.

Tax Implications of the Company’s Distribution Policy

The current policy of the Company is to pay monthly distributions on the Preferred Shares and monthly distributions on the Class A Shares. In addition, the Company may pay a special year-end dividend to holders of Class A Shares (payable in cash or in Class A Shares) in situations where the Company has net taxable capital gains upon which it would otherwise be subject to tax (other than taxable capital gains in respect of options that are outstanding at year end) or would not otherwise obtain a refund of refundable tax in respect of dividend income. Therefore, a person acquiring Shares may become taxable on distributions derived from income and capital gains of the Company that accrued before such person acquired such Shares and on realized capital gains that have not been distributed before such time.

Tax Treatment of the Exchange Option

A holder of Exchange Eligible Securities who (a) holds Exchange Eligible Securities as capital property and (b) has not entered into a DFA in respect of such Exchange Eligible Securities and who disposes of such Exchange Eligible Securities in exchange for either (i) Units or (ii) Class A Shares and \$0.01 per Class A Share issued pursuant to the Exchange Option generally will realize a capital gain (or a capital loss) in the taxation year of the holder in which the disposition of such Exchange Eligible Securities takes place to the extent that the proceeds of disposition for such Exchange Eligible Securities, net of any reasonable costs of disposition, exceed (or are less than) the holder’s adjusted cost base of such Exchange Eligible Securities. For this purpose, the proceeds of disposition to the holder will equal the sum of (i) any cash received by the holder (including in respect of any fractional Share); and (ii) the aggregate of the fair market value of the Preferred Shares and/or Class A Shares acquired on the exchange. The cost to such a holder of Preferred Shares and/or Class A Shares so acquired will be equal to the fair market value of the Exchange Eligible Securities disposed of in exchange for such Preferred Shares and/or Class A Shares at the time of disposition less any cash received in connection with the exchange.

For commentary on the taxation of capital gains and losses, see the discussion of “Income Tax Considerations – Tax Treatment of Shareholders” above.

ELIGIBILITY FOR INVESTMENT

Provided that the Company qualifies as a “mutual fund corporation” for the purposes of the Tax Act, or the Preferred Shares and Class A Shares are listed on a “designated stock exchange” within the meaning of the Tax Act,

the Preferred Shares and Class A Shares, if issued on the date hereof, would be qualified investments under the Tax Act for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), deferred profit sharing plans (“DPSPs”), registered disability savings plans (“RDSPs”), registered education savings plans (“RESPs”) and tax-free savings accounts (“TFSAs”).

Notwithstanding the foregoing, if the Preferred Shares or Class A Shares are a “prohibited investment” for the purposes of a TFSA, RRSP, RRIF, RDSP or RESP, the holder of such TFSA or RDSP, the annuitant of such RRSP or RRIF or the subscriber of such RESP, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Preferred Shares and the Class A Shares will not be a prohibited investment for a TFSA, RRSP, RRIF, RDSP or RESP provided the holder, annuitant or subscriber thereof, as the case may be, (i) deals at arm’s length with the Company for purposes of the Tax Act, and (ii) does not have a “significant interest” (as defined in the Tax Act) in the Company. Generally, a holder, annuitant or subscriber will have a significant interest in the Company if the holder, annuitant or subscriber and/or persons or partnerships not dealing at arm’s length with the holder, annuitant or subscriber own directly or indirectly 10% or more of the issued shares of any class of the capital stock of the Company or any corporation related to the Company within the meaning of the Tax Act. In addition, Preferred Shares and Class A Shares, as the case may be, will not be a “prohibited investment” if such Shares are “excluded property” (as defined in the Tax Act) for trusts governed by a TFSA, RRSP, RRIF, RDSP or RESP. Prospective purchasers who intend to hold Preferred Shares or Class A Shares in a TFSA, RRSP, RRIF, RDSP or RESP are advised to consult their personal tax advisors.

EXCHANGE OF INFORMATION

The Tax Act includes provisions which implement the Organization for Economic Co-operation and Development Common Reporting Standard and the Canada-United States Enhanced Tax Information Exchange Agreement (the “**International Information Exchange Legislation**”). Pursuant to the International Information Exchange Legislation, certain “Canadian financial institutions” (as defined in the International Information Exchange Legislation) are required to have procedures in place, in general terms, to identify accounts held by residents of foreign countries or by certain entities organized in, or the “controlling persons” of which are resident in, a foreign country (and also, in the case of the U.S., of which the holder or any such controlling person is a citizen) and to report required information to the CRA. Such information would be exchanged by the CRA on a reciprocal, bilateral basis with the countries in which the account holder or any such controlling person is resident (or of which such holder or person is a citizen, where applicable), where such countries (including the U.S.) have agreed to a bilateral information exchange with Canada to which the International Information Exchange Legislation applies. Under the International Information Exchange Legislation, Shareholders may be required to provide certain information regarding their tax status for the purpose of such information exchange unless the investment is held within a Registered Plan.

ORGANIZATION AND MANAGEMENT DETAILS OF THE COMPANY

Officers and Directors of the Company

The Board of Directors of the Company currently consists of five members. Directors are appointed to serve on the Board of Directors of the Company until such time as they retire or are removed and their successors are appointed.

The name, municipality of residence, position with the Company and principal occupation of each director and certain officers are set out below:

Name and Municipality of Residence	Position with the Company	Principal Occupation and Positions Held During the Last 5 Years
SOM SEIF Toronto, Ontario	Director, Chairman, President and Chief Executive Officer	Chief Executive Officer, Chairman of the Board of Directors, Purpose Investments Inc.

<u>Name and Municipality of Residence</u>	<u>Position with the Company</u>	<u>Principal Occupation and Positions Held During the Last 5 Years</u>
JEFF BOUGANIM Oakville, Ontario	Director and Chief Financial Officer	Chief Financial Officer, Purpose Investments Inc.; Chief Financial Officer of MCAN Mortgage Corporation
JEAN M. FRASER ⁽¹⁾ Toronto, Ontario	Director	Corporate Director; Former Managing Partner, Osler, Hoskin & Harcourt LLP
DOUGLAS G. HALL ⁽¹⁾ Halifax, Nova Scotia	Director	Corporate Director
RANDALL BARNES ⁽¹⁾ Las Vegas, Nevada	Director	Corporate Director
VLADIMIR TASEVSKI Toronto, Ontario	Vice President	Vice President, Purpose Investments Inc.
CAITLIN GOSSAGE Toronto, Ontario	Senior Legal Counsel and Corporate Secretary	Chief Compliance Officer and Senior Legal Counsel of Purpose Investments Inc.; Chief Compliance Officer, BMO Asset Management (Canada)

Note:

⁽¹⁾ Member of the audit committee.

A description of the experience and background relevant to the business of the Company of each of the directors and officers of the Company is set out below.

Som Seif

Som Seif is the Chairman, President and Chief Executive Officer of the Company, and is the founder and Chief Executive Officer of Purpose which he formed following the sale of Claymore Investments, Inc. (“**Claymore**”) to BlackRock Inc. in March 2012. Mr. Seif started Claymore in Canada in January 2005 and was the former President and Chief Executive Officer leading the implementation of the company’s business development and corporate strategies. Over the seven years of its operation, Claymore organically grew to \$8 billion in assets and established itself as a Canadian leader in bringing intelligent, low-cost exchange-traded funds to investors through its family of thirty-four exchange-traded funds across broad asset classes.

Prior to joining Claymore, Mr. Seif was an investment banker with RBC Capital Markets, where he worked since 1999. He played a key role in developing the structured products group at RBC Capital Markets in both Canada and the U.S., where he structured and raised capital for both Canadian and U.S. asset managers.

Mr. Seif is a CFA charterholder and has a Bachelor of Applied Science with an emphasis on Industrial and Systems Engineering from the University of Toronto.

Jeff Bouganim

Jeff Bouganim is a Director and the Chief Financial Officer of the Company and of Purpose. Mr. Bouganim has over 20 years’ experience in the financial services industry including most recently as Chief Financial Officer at MCAN Mortgage Corporation, an OSFI regulated deposit taking mortgage investment corporation. Mr. Bouganim was also previously Chief Financial Officer of a Schedule I Chartered Bank and Chief Financial Officer of an IIROC

Securities Dealer within one of the large Canadian Schedule I Chartered Banks. Mr. Bouganim holds a CPA, CA designation and graduated with a Bachelor of Business Administration from York University.

Jean M. Fraser

Jean M. Fraser is a lawyer and former managing partner at Osler, Hoskin & Harcourt LLP. She advises public and private companies on M&A, financing and corporate/governance matters. Her M&A experience includes public take-over bids, asset acquisitions and divestures, privatizations and corporate restructurings. Ms. Fraser's experience also includes advisory assignments providing governance advice to the boards of directors and board committees of public companies. Her financing experience includes domestic and cross-border public and private offerings of debt and equity, initial public offerings and infrastructure financings. She has written and lectured on both securities and corporate law matters in various forums and is a member of the Senior Securities Advisory Group to the Chairman of the Ontario Securities Commission and a past member of the Ontario Securities Commission Policy Advisory Committee.

Douglas G. Hall

Douglas G. Hall was a Managing Director at RBC Capital Markets covering public and private capital raising, mergers and acquisitions support and strategic advisory assignments for diversified industry groups from 1979 until his retirement in 2005. Mr. Hall is currently a director of Stanfield's Ltd., an advisor to Millar Western Forest Products Ltd., as well as a member of the Advisory Board of Southwest Properties Ltd.

Randall C. Barnes

Prior to his retirement in 1997, Mr. Barnes spent four years as Senior Vice President and Treasurer of PepsiCo, Inc., where he was employed since 1987. He was President of the Pizza Hut International division from 1991 to 1993, and prior to that time Senior Vice President, Strategic Planning and New Business Development. Mr. Barnes is a trustee of over 100 NYSE-listed closed-end funds, exchange-traded funds and open-end funds advised, administered or serviced by Guggenheim Funds in the United States.

Vladimir Tasevski

Vladimir Tasevski is the Vice President of the Company and of Purpose. He has over 10 years of experience in the investment management industry. Mr. Tasevski was a Vice President at BlackRock Asset Management Canada Limited in Toronto, which he joined following the acquisition of Claymore. At Claymore, Mr. Tasevski spent 5 years in a generalist role where he gained broad experience in the areas of product development, marketing, sales and operations. He is a CFA charterholder and has a Bachelor of Commerce degree from the University of Toronto and was a recipient of the U of T Arbor Award in 2012.

Caitlin Gossage

Caitlin Gossage is the Senior Legal Counsel and Corporate Secretary of the Company, and the Chief Compliance Officer and Senior Legal Counsel of Purpose. Prior to joining Purpose, Ms. Gossage acted as Chief Compliance Officer of BMO Global Asset Management (Canada) and worked in compliance at the Bank of Montreal supporting the asset management business. Ms. Gossage is a lawyer by training and articulated and worked as an associate at Osler, Hoskin & Harcourt LLP. She was called to the Ontario bar in 2011.

Conflicts of Interest

The directors and officers of the Company and the Manager may be directors, officers, shareholders or unitholders of one or more issuers in which the Company may acquire securities. The Manager and its affiliates may be managers or portfolio managers of one or more issuers in which the Company may acquire securities and may be managers or portfolio managers of funds that invest in the same securities as the Company. The services of the Manager are not exclusive to the Company. The Manager may in the future act as the manager or portfolio manager to other funds and companies and may in the future act as the manager or portfolio manager to other funds which

invest in securities and which are considered competitors of the Company. The Manager will refer conflict of interest matters to its Independent Review Committee (“**IRC**”) for review or approval in accordance with the IRC’s charter and NI 81-107.

Independent Review Committee

In accordance with NI 81-107, the Manager has appointed an IRC for the Company and the investment funds managed by the Manager. The IRC is composed of three individuals, each of whom is independent of the Manager, the Company and entities related to the Manager. The members of the IRC are Douglas G. Hall, Randall Barnes and Jean M. Fraser. The Manager is required to identify conflict of interest matters inherent in its management of the Company and request input from the IRC in respect of how it manages those conflicts of interest, as well as its written policies and procedures outlining its management of those conflicts of interest. The IRC has adopted a written charter that it follows when performing its functions and is subject to requirements to conduct regular assessments. The mandate and responsibilities of the IRC are to consider and make a recommendation or approval, as applicable, with respect to any conflict of interest matter referred to it by the Manager. The IRC will prepare, at least annually, a report of its activities for Shareholders. This report will be available on the Manager’s website at www.purposeinvest.com. Information contained on the Manager’s website is not part of this prospectus and is not incorporated by reference.

The members of the IRC will be indemnified by the Manager and the Company in accordance with NI 81-107. The IRC members will not be responsible for the investments made by the Company or for the performance of the Company. The members of the IRC may serve in a similar capacity in respect of other funds managed by the Manager. The Company’s pro rata share of all fees and expenses of the IRC (which is currently anticipated to be \$5,000 per annum) will be paid by the Company, and the regular fees and expenses of the IRC (based on the amounts agreed by the Manager for the first year) have been included in the Company’s estimated annual operating expenses. See “Fees and Expenses”. In future years, the IRC members will set their own compensation in accordance with NI 81-107. In addition, the IRC has the authority, pursuant to NI 81-107, to retain independent counsel or other advisors at the expense of the Company if the members deem it necessary to do so.

Brokerage Arrangements

The primary consideration in all securities transactions for the Company will be prompt execution of orders in an efficient manner at the most favourable price. In selecting and monitoring dealers and negotiating commissions, the Manager considers the dealer’s reliability and the quality of its execution services on a continuing basis. Brokerage transactions may also be allocated to dealers affiliated with the Manager, on terms, including fees and commissions, not less favourable than would be offered to other similar clients of such affiliated dealers.

Auditors

The auditor of the Company is Ernst & Young LLP, at its principal office located in Toronto, Ontario.

Custodian

CIBC Mellon Trust Company, at its office located in Toronto, Ontario, will act as the custodian (the “**Custodian**”) of the assets of the Company pursuant to the Custodian Agreement. The Custodian will be responsible for the safekeeping of all of the investments and other assets of the Company delivered to it (but not those assets of the Company not directly controlled or held by the Custodian, as the case may be) in accordance with the terms of the Custodian Agreement. The Custodian Agreement may be terminated by either party at any time on 60 days’ written notice or immediately in the event of certain circumstances. The Custodian is entitled to receive fees from the Company and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Company.

Valuation Agent

CIBC Mellon Global Securities Services Company (the “**Valuation Agent**”), at its principal offices in Toronto, will act as the Company’s valuation agent and will calculate the NAV of the Company and the NAV per

Unit pursuant to the terms of a valuation service agreement to be entered into between the Company and the Valuation Agent. The Valuation Agent will receive a fee for the services it provides to the Company. See “Calculation of Net Asset Value”.

Promoter

The Manager has taken the initiative in organizing the Company and accordingly may be considered to be a “promoter” of the Company within the meaning of the securities legislation of certain provinces and territories of Canada by reason of its initiatives in organizing the Company.

Registrar and Transfer Agent

TSX Trust Company will be appointed the registrar, transfer agent and distribution agent for the Preferred Shares and Class A Shares. The register and transfer ledger will be kept by the Registrar and Transfer Agent at its principal offices located in Toronto, Ontario.

Securities Lending Agent

The Company will appoint Canadian Imperial Bank of Commerce, at its office in Toronto, Ontario, as the Company’s securities lending agent for purposes of engaging in securities lending as described under “Investment Strategies – Securities Lending” pursuant to the Securities Lending Agreement. In accordance with the Securities Lending Agreement, the Securities Lending Agent will value the loaned securities and the collateral daily to ensure that the collateral is worth at least 102% of the value of the securities. Pursuant to the terms of the Securities Lending Agreement, CIBC Mellon Global Securities Services Company, CIBC Mellon Trust Company, Canadian Imperial Bank of Commerce and The Bank of New York Mellon will indemnify and hold harmless the Manager, on behalf of the Company, from all losses, damages, liabilities, costs or expenses (including reasonable counsel fees and expenses but excluding consequential damages) suffered by the Manager or the Company arising from (a) the failure of the Securities Lending Agent to perform any obligations under the Securities Lending Agreement or (b) any inaccuracy of any representation or warranty made by the Securities Lending Agent in the Securities Lending Agreement. Any party may terminate the Securities Lending Agreement by giving the other parties 30 days’ notice. The Securities Lending Agent is independent of the Manager.

ORGANIZATION AND MANAGEMENT DETAILS OF THE MANAGER

The Manager

Purpose, a corporation amalgamated under the laws of the Province of Ontario on March 31, 2018, is the manager and portfolio manager of the Company. The equity securities of the Manager are owned by Purpose LP and Purpose GP Inc. The municipal address of the Manager where it principally provides services to the Company is 130 Adelaide Street West, Suite 3100, P.O. Box 109, Toronto, Ontario, M5H 3P5, 1-877-789-1517, info@purposeinvest.com and www.purposeinvest.com. The Manager manages the Company pursuant to the terms of the Management Agreement.

Greg Taylor is the Chief Investment Officer of the Manager and will be principally responsible for the day to-day management of the Portfolio and implementing the Company’s investment strategies. He spent more than 15 years managing pension and mutual fund assets at Aurion Capital Management. He also held the role of senior portfolio manager at Front Street Capital and LOGiQ Asset Management before joining the Manager. Mr. Taylor is a CFA Charterholder and has a BBA in Finance from Bishop’s University.

Duties and Services to be Provided by the Manager

Pursuant to the Management Agreement, the Manager is the manager of the Company and is responsible for all investment decisions of the Company in accordance with its investment objectives, strategies and restrictions and for arranging for the execution of all Portfolio transactions including writing covered call options and cash covered put options and for managing and administering the day-to-day business and affairs of the Company. The Manager

may delegate certain of its powers to third parties, where, in the discretion of the Manager, it would be in the best interests of the Company to do so. The Manager's duties include, without limitation: authorizing the payment of operating expenses incurred on behalf of the Company; preparing financial statements and financial and accounting information as required by the Company; ensuring that Shareholders are provided with financial statements (including semi-annual and annual financial statements) and other reports as are required by applicable law from time to time; ensuring that the Company complies with regulatory requirements and applicable stock exchange listing requirements; preparing or causing to be prepared the reports of the Company to Shareholders and the Canadian securities regulatory authorities; as applicable, determining the timing and amount of distributions to be made by the Company; and negotiating contractual agreements with third party providers of services, including registrars, transfer agents, auditors and printers.

Pursuant to the Management Agreement, the Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Company and to exercise the care, diligence and skill of a reasonably prudent person in comparable circumstances. The Management Agreement provides that the Manager will not be liable in any way for any default, failure or defect in the Portfolio held by the Company 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, disregard of the Manager's standard of care or by any material breach or default by it of its obligations under the Management Agreement.

Unless the Manager resigns or is removed as described below, the Manager will continue as manager of the Company until the redemption of the outstanding shares of the Company. The Manager may resign if the Company is in material breach or default of the provisions of the Management Agreement and if capable of being cured, any such breach or default has not been cured within 30 days' notice of such material breach or default to the Company. The Manager shall be deemed to have resigned if the Manager: (i) becomes bankrupt or insolvent; or (ii) no longer holds the licenses, registrations or other authorizations necessary to carry out its obligations and is unable to obtain them within a reasonable period after their loss. The Manager may resign as manager of the Company upon 60 days' notice to the Shareholders. The Manager may not be removed other than by a meeting of the Shareholders, as described under the heading "Shareholder Matters" and only if the Manager is in material breach or default of the provisions of the Management Agreement and, if capable of being cured, any such breach or default has not been cured within 30 days' notice of such breach or default to the Manager. The Company shall give notice thereof to the Shareholders and the Shareholders may direct the Company to remove the Manager and appoint a successor manager of the Company.

The Manager will be reimbursed by the Company for all reasonable costs and expenses incurred by the Manager on behalf of the Company as described under "Fees and Expenses". In addition, the Manager and each of its directors, officers and employees will be indemnified by the Company for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made against the Manager, or any of its directors, officers or employees, in the exercise of its duties as Manager, except those resulting from the Manager's wilful misconduct, bad faith, negligence, disregard of the Manager's standard of care or material breach or default by the Manager of its obligations under the Management Agreement.

Directors and Officers of the Manager

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

<u>Name and Municipality of Residence</u>	<u>Office</u>	<u>Principal Occupation</u>
SOM SEIF Toronto, Ontario	Chief Executive Officer, Chairman of the Board of Directors, Ultimate Designated Person and Director	Chief Executive Officer, Chairman of the Board of Directors, Purpose Investments Inc.
JEFF BOUGANIM Oakville, Ontario	Chief Financial Officer and Director	Chief Financial Officer, Purpose Investments Inc.; Chief Financial Officer of MCAN Mortgage Corporation

<u>Name and Municipality of Residence</u>	<u>Office</u>	<u>Principal Occupation</u>
CAITLIN GOSSAGE Toronto, Ontario	Chief Compliance Officer, Senior Legal Counsel and Corporate Secretary	Chief Compliance Officer and Senior Legal Counsel of Purpose Investments Inc.; Chief Compliance Officer, BMO Asset Management (Canada)
VLADIMIR TASEVSKI Toronto, Ontario	Vice President and Director	Vice President, Purpose Investments Inc.

A description of the experience and background relevant to the business of the Company of each of the directors and officers of the Manager is set out under “Organization and Management Details of the Company – Officers and Directors of the Company”.

CALCULATION OF NET ASSET VALUE

For reporting purposes other than financial statements, the NAV of the Company on a particular date will be equal to (i) the aggregate value of the assets of the Company, less (ii) the aggregate value of the liabilities of the Company (the Preferred Shares will not be treated as liabilities for these purposes), including any distributions declared and not paid that are payable to Shareholders on or before such date.

The NAV per Unit on any day (the “NAV Valuation Date”) will be obtained by dividing the NAV of the Company on such day by the number of Units then outstanding. In general, the NAV per Unit will be calculated as of 4:00 p.m. (Toronto time) each day. If a NAV Valuation Date is not a Business Day, then the securities comprising the Company’s property will be valued as if such NAV Valuation Date were the preceding Business Day.

Generally, the NAV per Preferred Share is equal to the lesser of (i) the NAV per Unit and (ii) \$10.00 plus accrued and unpaid distributions thereon and the NAV per Class A Share is equal to the NAV per Unit minus the NAV per Preferred Share. The NAV, NAV per Unit, NAV per Preferred Share and NAV per Class A Share will be calculated in Canadian dollars.

Reporting of Net Asset Value

The NAV, NAV per Unit, NAV per Class A Share and NAV per Preferred Share will be calculated on each Business Day based on valuations as of 4:00 p.m. (Toronto time). The calculated NAV per Unit, NAV per Class A Share and NAV per Preferred Share will be made available on the Manager’s website at www.purposeinvest.com.

Valuation of Portfolio Shares

In determining the NAV of the Company at any time:

- (a) the value of any cash on hand, on deposit or on call, demand notes, accounts receivable, prepaid expenses, cash dividends or distributions received (or to be received and declared to Shareholders of record on a date before the date as of which the net asset value is being determined), and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Manager determines that any such asset is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Manager determines to be the fair value thereof;
- (b) any security that is listed or dealt in on a stock exchange shall be valued at the sale price applicable to a board lot last reported at the Valuation Time on the principal stock exchange on which such security is traded, or if no sale price is available at that time, the last closing price quoted for the security, but if bid and ask quotes are available, at the average of the latest bid and ask price rather than the last quoted closing price;
- (c) the value of any security, the resale of which is restricted or limited by reason of a representation, undertaking or agreement by the Company or by the predecessor in title of the Company shall be

the lesser of (i) the value based on reported quotation in common use and (ii) that percentage of the market value of securities of the same class, the resale of which is not restricted or limited by reasons of any representation, undertaking or agreement, equal to the percentage that the acquisition cost of the Company was of the market value of such securities at the time of acquisition, provided that a gradual taking into account of the actual value of the securities may be made when the date on which the restrictions will be lifted is known;

- (d) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, shall be treated as a liability of the Company;
- (e) any security sold but not delivered, pending receipt of the proceeds, shall be valued at the net sale price;
- (f) if any date on which the NAV is determined is not a Business Day, then the securities comprising the Portfolio and other property of the Company will be valued as if such date were the preceding Business Day;
- (g) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Manager shall make such valuation as it considers fair and reasonable; and
- (h) the estimated operating expenses of the Company shall be accrued to the date as of which the NAV is being determined.

The NAV is calculated in Canadian dollars in accordance with the rules and principles of the Canadian regulators, or in accordance with any exemptions therefrom that the Company may obtain.

The Manager may suspend the calculation of the NAV when the right to redeem a Class A Share or a Preferred Share is suspended. See "Redemption and Retractions – Suspension of Redemptions and Retractions". During any period of suspension, there will be no calculation of the NAV and the Company will not be permitted to issue or redeem securities.

DESCRIPTION OF THE SECURITIES

The Securities

The Company is authorized to issue an unlimited number of Preferred Shares and Class A Shares and Class J Shares which will not rank in priority to the Preferred Shares.

The Preferred Shares will not be rated by any rating organization.

Based on the initial expected NAV per Unit after taking into account offering expenses, the asset coverage ratio based on the the Preferred Share original issue price \$10.00 is 190% and the Downside Protection is 47.5%.

Principal Shareholder

All of the issued and outstanding Class J Shares of the Company are owned by Big Banc Split Trust, a trust established for the benefit of the holders of Class A Shares and Preferred Shares from time to time. Until all the Class A Shares and Preferred Shares have been retracted, redeemed, or purchased for cancellation, no additional Class J Shares shall be issued.

Priority

Preferred Shares

The Preferred Shares rank in priority to the Class A Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Company.

Class A Shares

The Class A Shares rank subsequent to the Preferred Shares with respect to the payment of distributions and the repayment of capital out of the portfolio on the dissolution, liquidation or winding up of the Company. The Company may sub-divide the Class A Shares into a greater number of Class A Shares in its discretion from time to time.

Class J Shares

The holders of Class J Shares are not entitled to receive dividends. The holders of the Class J Shares are entitled to one vote per Class J Share. The Class J Shares are retractable at a price of \$1.00 per share and have a nominal liquidation entitlement of \$1.00 per share. The Class J Shares rank subsequent to the Preferred Shares and prior to the Class A Shares with respect to distributions on the dissolution, liquidation or winding-up of the Company. There are 100 Class J Shares issued and outstanding.

Book-Entry-Only and Book-Based Systems

Registrations of interests in, and transfers of, the Preferred Shares and the Class A Shares will be made only through the book-entry-only system or the book-based system of CDS. Preferred Shares and Class A Shares may be purchased, transferred or surrendered for redemption only through a CDS Participant. All rights of an owner of Preferred Shares and/or Class A Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Preferred Shares and/or Class A Shares. Upon purchase of any Preferred Shares or Class A Shares, the owner will receive only the customary confirmation. References in this prospectus to a holder of Preferred Shares or Class A Shares means, unless the context otherwise requires, the owner of the beneficial interest in such shares.

The Company, the Manager or the Agents will not have any liability for (i) the records maintained by CDS or CDS Participants relating to the beneficial interests in the Preferred Shares and the Class A Shares or the book-entry or book-based accounts maintained by CDS in respect thereof; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS or CDS Participants, including with respect to the rules and regulations of CDS or any action taken by CDS, its participants or at the direction of those participants.

The ability of a beneficial owner of Preferred Shares and/or Class A Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Company has the option to terminate registration of the Preferred Shares and the Class A Shares through the book-entry-only or book-based systems in which case certificates in fully-registered form for the Preferred Shares and the Class A Shares, as the case may be, will be issued to beneficial owners of such Preferred Shares and Class A Shares or to their nominees.

Purchase for Cancellation

Subject to applicable law, the Company may at any time or times purchase Preferred Shares and Class A Shares for cancellation at prices per Unit not exceeding the NAV per Unit on the Business Day immediately prior to such purchase up to a maximum in any twelve month period of 10% of the outstanding public float of Preferred Shares and Class A Shares.

SHAREHOLDER MATTERS

Meetings of Shareholders

Except as required by law or set out below, holders of Preferred Shares and Class A Shares will not be entitled to receive notice of, to attend or to vote at any meeting of Shareholders of the Company.

Matters Requiring Shareholder Approval

The Company is required to obtain Shareholder approval for certain matters as set out in Part 5 of NI 81-102 that are applicable to an investment fund. In addition, the following matters require approval of the holders of Preferred Shares and Class A Shares, each voting separately as a class, by an Extraordinary Resolution:

- (a) a change of the manager of the Company, other than to an affiliate of the Manager;
- (b) a redemption of the outstanding shares of the Company, other than as described under “Redemption of the Shares by the Company”;
- (c) a change in the investment objectives or investment restrictions of the Company as described above, unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- (d) any change in the basis of calculating fees or other expenses that are charged to the Company that could result in an increase in charges to the Company; and
- (e) any amendment, modification or variation in the provisions or rights attaching to the Preferred Shares or Class A Shares, as applicable.

Each Preferred Share and each Class A Share will have one vote at such a meeting.

The auditor of the Company may be changed without the prior approval of the Shareholders of the Company provided that the IRC approves the change and Shareholders are sent written notice at least 60 days before the effective date of the change.

Notwithstanding the foregoing, in certain circumstances, the Company’s reorganization with, or transfer of assets to, another mutual fund may be carried out without the prior approval of Shareholders provided that the reorganization or transfer complies with certain requirements of NI 81-102 and NI 81-107, as applicable, including that although approval of Shareholders may not be obtained, Shareholders will be sent written notice at least 60 days before the effective date of the reorganization or transfer.

Reporting to Shareholders

The Company will deliver to Shareholders annual and interim financial statements of the Company as required by applicable law. Each Shareholder will be mailed annually, no later than February 28, information necessary to enable such Shareholder to complete an income tax return with respect to amounts paid or payable by the Company in respect of the preceding calendar year.

REDEMPTION OF THE SHARES BY THE COMPANY

The outstanding Preferred Shares and the Class A Shares will be redeemed by the Company on the Maturity Date provided that the term of the Shares may be extended beyond the initial Maturity Date for successive periods of three years as determined by the Company’s Board of Directors.

USE OF PROCEEDS

The Company will use the proceeds from the sale of Preferred Shares and Class A Shares as follows:

	<u>Maximum Offering</u>	<u>Minimum Offering</u>
Class A Shares and Preferred Shares		
Gross proceeds to the Company	\$●	\$20,000,000

Agents' fees.....	\$●	\$800,000
Expenses of issue.....	\$●	\$300,000
Total Net Proceeds	\$●	\$18,900,000

The net proceeds from the issue of Preferred Shares and Class A Shares offered hereby assuming the maximum offering of Preferred Shares and Class A Shares (after payment of the Agents' fees and expenses of the issue) are estimated to be \$● and will be used to purchase the Portfolio Shares following the Closing Date. As a result of the priority of the Preferred Shares, the expenses of the Offering and any reduction in the value of the securities accepted pursuant to the Exchange Option between the date upon which their value is determined for such purposes and Closing will effectively be borne by holders of the Class A Shares (for so long as the NAV per Unit exceeds the Offering price per Preferred Share plus accrued and unpaid distributions thereon) and the NAV per Class A Share will reflect the expenses of the Offering of both the Preferred Shares and Class A Shares.

The net proceeds of the Offering (including the proceeds from the exercise, if any, by the Agents of the Over-Allotment Option) will be used to purchase securities for the Portfolio following the Closing Date.

To the extent that securities of exchange traded funds are among the Exchange Eligible Securities acquired pursuant to the Exchange Option, the Manager will sell such securities as soon as practicable following the Closing in a manner that will seek to maximize value for the Company. To the extent that the Exchange Eligible Securities are acquired pursuant to the Exchange Option, the Company will consider such securities in light of the Company's investment objectives, strategy and restrictions and the Manager's outlook for the issuers of such securities. In the event the Manager determines to sell any such securities based on the foregoing considerations, the timing and manner of any such sales will be made having regard to maximizing value for the Company. The Company will bear all commissions and expenses incurred in connection with the disposition of Exchange Eligible Securities that it accepts under the Exchange Option but does not retain. The Manager will ensure that the holdings of such securities comply with the investment restrictions of the Company.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents have agreed to offer the Preferred Shares and the Class A Shares for sale, as agents of the Company, on a best efforts basis, if, as and when issued by the Company. The offering prices for the Preferred Shares and the Class A Shares were established by negotiation between the Company and the Agents. The Agents will receive a fee equal to \$0.30 (3.0%) for each Preferred Share sold and \$0.50 (5.0%) for each Class A Share sold, and will be reimbursed for out of pocket expenses incurred. The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Preferred Shares and the Class A Shares offered under this prospectus, the Agents will not be obligated to purchase Preferred Shares or Class A Shares which are not sold.

The Company has granted to the Agents the Over-Allotment Option, which is exercisable for a period of 30 days from the closing to purchase up to 15% of the aggregate number of Preferred Shares and Class A Shares issued on the date of closing on the same terms as set out above. To the extent the Over-Allotment Option is exercised, the additional Preferred Shares and Class A Shares will be sold at \$10.00 per Preferred Share and \$10.00 per Class A Share and the Agents will be paid a fee of \$0.30 per Preferred Share sold and \$0.50 per Class A Share sold. If the Over-Allotment Option is exercised in full, the total price to the public under the Offering will be \$●, the Agents' fee will be \$● and the net proceeds to the Company, before expenses of the Offering, will be \$●. This prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Preferred Shares and Class A Shares issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Preferred Shares or Class A Shares forming part of the Agents' over-allocation position acquires such shares under this prospectus, regardless of whether the Agents' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

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.

Subscriptions for Preferred Shares and Class A Shares 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 is expected to occur on ●, 2020, but in any event no later than 90 days after a receipt for the final prospectus has been issued (the “**Closing Date**”).

The Agents may not, throughout the period of distribution, bid for or purchase the Preferred Shares or the Class A Shares. The foregoing restriction is subject to certain exemptions, as long as 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 Preferred Shares or the Class A Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable stock exchanges relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. In connection with the Offering, the Agents may over-allot or effect transactions in connection with their over-allotted position. Such transactions, if commenced, may be discontinued at any time.

The Preferred Shares and the Class A Shares have not been and will not be registered under the 1933 Act or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons. The Agents have agreed that they will not offer for sale or sell or deliver the Preferred Shares or the Class A Shares within the United States or to U.S. persons.

PROXY VOTING POLICY

Policies and Procedures

The Manager votes proxies with respect to the Portfolio Shares in accordance with its established policies and procedures with respect to the voting of proxies (the “Proxy Voting Guidelines”) received from issuers of securities held in an investment fund’s portfolio. The Proxy Voting Guidelines provide that the Manager will vote (or refrain from voting) proxies for the Portfolio Shares in the best economic interests of the Company. The Proxy Voting Guidelines are not exhaustive and due to the variety of proxy voting issues that the Manager may be required to consider, are intended only to provide guidance and are not intended to dictate how proxies are to be voted in each instance. The Manager may depart from the Proxy Voting Guidelines in order to avoid voting decisions that may be contrary to the best interests of the Company.

The proxies associated with securities held by the Company will be voted in accordance with the best interests of the Company determined at the time the vote is cast. The Manager maintains policies and procedures that are designed to be guidelines for the voting of proxies; however, each vote is ultimately cast on a case-by-case basis taking into consideration the relevant facts and circumstances at the time of the vote.

The Manager’s proxy voting policies and procedures set out various considerations that the Manager will address when voting, or refraining from voting, proxies, including that:

- (a) the Manager will generally vote with management on routine matters such as electing corporate directors, appointing external auditors and adopting or amending management compensation plans unless it is determined that supporting management’s position would not be in the best interests of Shareholders;
- (b) the Manager will address on a case-by-case basis, non-routine matters, including those business issues specific to the issuer or those raised by shareholders of the issuer with a focus on the potential impact of the vote on the Company’s NAV; and
- (c) the Manager has the discretion whether or not to vote on routine or non-routine matters. In cases where the Manager determines that it is not in the best interests of Shareholders to vote, the Manager will not be required to vote.

The Company’s proxy voting record for each calendar year will be available at no cost to any Shareholder upon request and at www.purposeinvest.com at any time after August 31 of the following calendar year. The Manager will post the proxy voting record of the Company annually at www.purposeinvest.com. The Company will send the most recent proxy voting record, without charge, to any Shareholder upon a request made by the Shareholder.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Preferred Shares and Class A Shares:

- (a) the Company's articles of incorporation dated May 15, 2020, as described under "Overview of the Company";
- (b) the Management Agreement described under "The Manager – Management Agreement";
- (c) the Agency Agreement described under "Plan of Distribution"; and
- (d) the Custodian Agreement described under "Organization and Management Details of the Company – Custodian".

Copies of the agreements referred to above after the execution thereof may be inspected during business hours at the principal office of the Company during the course of distribution of the Preferred Shares and Class A Shares offered hereby. Any of the foregoing contracts that are not executed prior to the filing of this prospectus will be filed with the securities regulatory authorities forthwith following their execution.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

There are no outstanding legal or administrative proceedings to which the Company is a party, nor are any such proceedings known to be contemplated

EXPERTS

The matters referred to under "Income Tax Considerations" and certain other legal matters relating to the securities offered hereby will be passed upon by Blake, Cassels & Graydon LLP, on behalf of the Company, and Osler, Hoskin & Harcourt LLP, on behalf of the Agents.

The auditor of the Company is Ernst & Young LLP. Ernst & Young LLP has advised that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities 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, revisions of the price or damages if a prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price 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 the 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 advisor.

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and the Board of Directors of Big Banc Split Corp. (the "Company")

Opinion

We have audited the financial statement of the Company, which comprises the Statement of Financial Position as at ●, 2020 and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Company as at ●, 2020 in accordance with those requirements of International Financial Reporting Standards (IFRS) relevant to preparing such financial statement.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with those requirements of IFRSs relevant to preparing such financial statement, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[•]

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
●, 2020

BIG BANC SPLIT CORP.
STATEMENT OF FINANCIAL POSITION

●, 2020

Assets

Cash \$100

Total..... \$100

SHAREHOLDER’S EQUITY (Note 3)

Shareholder’s equity (100 redeemable Class J shares) \$100

Approved on behalf of Big Banc Split Corp. by Purpose Investments Inc., as manager

●
Director

●
Director

BIG BANC SPLIT CORP.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

As at ●, 2020

1. ORGANIZATION OF THE COMPANY

Big Banc Split Corp. (the “**Company**”) is a mutual fund corporation incorporated under the laws of the Province of Ontario on May 15, 2020. The Company has been inactive between the date of incorporation and the date of the statement of financial position, other than the issuance of 100 Class J shares of the Company (“**Class J Shares**”) for cash. The address of the Company’s registered office is 130 Adelaide St. West, Suite 3100 P.O. Box 109, Toronto, ON M5H 3P5.

The investment objectives for the preferred shares (“**Preferred Shares**”) are to provide their holders with fixed cumulative preferential monthly cash distributions in the amount of \$0.05 per Preferred Share (\$0.60 per annum or 6.0% per annum on the issue price of \$10.00 per Preferred Share) until November 30, 2023 (the “**Maturity Date**”) and to return the original issue price of \$10.00 to holders on the Maturity Date.

The investment objectives for the class A shares (“**Class A Shares**”) are to provide their holders with regular monthly non-cumulative cash distributions initially in the amount of \$0.067 per Class A Share representing a yield on the issue price of the Class A Shares of 8.0% per annum and to provide holders with the opportunity for growth in the net asset value per Class A Share.

The statement of financial position was authorized for issuance by Purpose Investments Inc. (the “**Manager**”) on ●, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

This financial statement has been prepared in compliance with those requirements of International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) relevant to preparing such a statement of financial position. In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Company in the preparation of its financial statement.

Cash: Cash is comprised of deposits with financial institutions.

Valuation for Transaction Purposes: NAV per Unit on any day is obtained by dividing the NAV of the Company by the number of Units then outstanding.

Functional and Presentation Currency: The Canadian dollar is the functional and presentation currency for the Company.

Classifications of Redeemable Shares: Under IFRS, IAS 32 Financial Instruments – Presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as a financial liability unless certain criteria are met. The Class A Shares contain multiple redemption features and the Preferred Shares are not the most subordinate class of shares. As a result, the Company’s shares are presented as financial liabilities as they do not meet the criteria for classification as equity.

3. REDEEMABLE SHARES

The Company is authorized to issue an unlimited number of Class J Shares, Preferred Shares and Class A Shares. On May 15, 2020, the Company issued 100 Class J Shares for cash consideration of \$100.00 to Big Banc Split Trust.

Class J Shares

The Class J Shares are retractable at a price of \$1.00 per share and have a nominal liquidation entitlement of \$1.00 per share. The Class J Shares rank subsequent to the Preferred Shares and prior to the Class A Shares with respect to such distributions on the dissolution, liquidation or winding-up of the Company. There are 100 Class J Shares issued and outstanding.

Preferred Shares

Monthly: Preferred Shares may be surrendered at any time for retraction to TSX Trust Company (the “**Registrar and Transfer Agent**”), the Company’s registrar and transfer agent, but will be retracted only on the second last Business Day of a month (the “**Retraction Date**”). Preferred Shares surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the Retraction Date will be retracted on such Retraction Date and the holder will be paid on or before the 15th day following the applicable Retraction Date (the “**Retraction Payment Date**”). If a Shareholder surrenders its Preferred Shares after 5:00 p.m. (Toronto time) on the tenth Business Day immediately preceding a Retraction Date, the Preferred Shares will be retracted on the Retraction Date in the following month and the Shareholder will receive payment for the retracted Preferred Shares on the Retraction Payment Date in respect of such Retraction Date.

Holders of Preferred Shares whose Preferred Shares are surrendered for retraction will be entitled to receive a retraction price per Preferred Share equal to the lesser of (i) 95% of the NAV per Unit determined as of such Retraction Date, less the cost to the Company of the purchase of a Class A Share for cancellation; and (ii) \$10.00 (the “**Preferred Share Retraction Price**”). For this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share, and commissions and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A Share and the payment of the Preferred Share Retraction Price. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Preferred Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date. With respect to any monthly retraction of Preferred Shares, the Company will purchase for cancellation such number of Class A Shares in the market so that there will be an equal number of Preferred Shares and Class A Shares outstanding at all material times.

Annual Concurrent Retraction: A holder of a Preferred Share may concurrently retract an equal number of Preferred Shares and Class A Shares on the second last Business Day of November of each year, other than in a year when the last Business Day of November is a Maturity Date, commencing in 2021 (the “**Annual Retraction Date**”) at a retraction price equal to the NAV per Unit on the Annual Retraction Date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. The Preferred Shares and Class A Shares must both be surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the Annual Retraction Date. Payment of the proceeds of retraction will be made on or before the 15th day following the applicable Annual Retraction Date.

Non-Concurrent Retraction Right: On a Maturity Date, a holder of Preferred Shares may retract such Preferred Shares. The Company will provide at least 60 days’ notice by way of a press release to holders of Preferred Shares of such right, the manner in which the Preferred Shares may be retracted on such date and any new dividend rate on the Preferred Shares for the period until the next Maturity Date, if applicable. The redemption price payable by the Company for a Preferred Share pursuant to the non-concurrent retraction right will be equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions thereon, and (ii) the NAV of the Company on the applicable Maturity Date divided by the total number of Preferred Shares then outstanding.

If more Class A Shares than Preferred Shares have been redeemed pursuant to the non-concurrent retraction right, the Company will be authorized to redeem Preferred Shares on a pro rata basis in a number to be determined by the Company reflecting the extent to which the number of Preferred Shares outstanding following the non-concurrent retraction exceeds the number of Class A Shares outstanding following the non-concurrent retraction. Conversely, if more Preferred Shares than Class A Shares have been redeemed pursuant to the non-concurrent retraction right, the Company may issue Preferred Shares to the extent that the number of Class A Shares outstanding following the non-concurrent retraction exceeds the number of Preferred Shares outstanding following the non-concurrent retraction.

Class A Shares

Monthly: Class A Shares may be surrendered at any time for retraction to the Registrar and Transfer Agent, but will be retracted only on the applicable Retraction Date. Class A Shares surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the Retraction Date will be retracted on such Retraction Date and the Shareholder will be paid on or before the Retraction Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the tenth Business Day immediately preceding a Retraction Date, the Class A Shares will be retracted on the Retraction Date in the following month and the Shareholder will receive payment for the retracted Class A Shares on the Retraction Payment Date in respect of such Retraction Date.

Holders of Class A Shares whose Class A Shares are surrendered for retraction will be entitled to receive a retraction price per Class A Share equal to the difference between (i) 95% of the NAV per Unit determined as of such Retraction Date, and (ii) the cost to the Company of the purchase of a Preferred Share for cancellation (the “**Class A Share Retraction Price**”). For this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, commissions and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Preferred Share and the payment of the Class A Share Retraction Price. If the NAV per Unit is less than \$10.00, plus any accrued and unpaid distributions on a Preferred Share, the retraction price of a Class A Share will be nil. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Class A Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

Annual Concurrent Retraction: A holder of a Class A Share may concurrently retract an equal number of Class A Shares and Preferred Shares on the Annual Retraction Date of each year, commencing in 2021 at a retraction price equal to the NAV per Unit on the Annual Retraction Date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. The Class A Shares and the Preferred Shares must both be surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the Annual Retraction Date. Payment of the proceeds of retraction will be made on or before the 15th day following the applicable Annual Retraction Date.

Non-Concurrent Retraction Right: On a Maturity Date, a holder of Class A Shares may retract such Class A Shares. The Company will provide at least 60 days’ notice by way of a press release to holders of Class A Shares of such right and the manner in which the Class A Shares may be retracted on such date. The redemption price payable by the Company for a Class A Share pursuant to the non-concurrent retraction right will be equal to the greater of (i) the NAV per Unit determined on the applicable Maturity Date minus \$10.00 plus any accrued and unpaid distributions on a Preferred Share, and (ii) nil.

If more Preferred Shares than Class A Shares have been redeemed pursuant to the non-concurrent retraction right, the Company will be authorized to redeem Class A Shares on a pro rata basis in a number to be determined by the Company reflecting the extent to which the number of Class A Shares outstanding following the non-concurrent retraction exceeds the number of Preferred Shares outstanding following the non-concurrent retraction. Conversely, if more Class A Shares than Preferred Shares have been redeemed pursuant to the non-concurrent retraction right, the Company may issue Class A Shares to the extent the number of Preferred Shares outstanding following the non-concurrent retraction exceeds the number of Class A Shares outstanding following the non-concurrent retraction.

4. MANAGEMENT FEE AND OTHER EXPENSES

The Manager will receive an annual management fee equal to 0.75% of the NAV of the Company plus applicable taxes (including HST) (the “**Management Fee**”). The Management Fee will be calculated and payable monthly in arrears based on the average NAV of the Company calculated at each valuation time during that month. The Management Fee payable to the Manager in respect of the month in which closing of the offering occurs shall be pro-rated based on the fraction that the number of days from and including the closing date to and including the last day of the month is of the number of days of such month.

The Company will pay for all expenses incurred in connection with the operation and management of the Company. These expenses include, without limitation: (a) financial reporting costs, and mailing and printing expenses for periodic reports to Shareholders and other Shareholder communications; (b) any taxes payable by the Company; (c) fees payable to the Custodian; (d) fees payable to the registrar and transfer agent for the Shares of the Company and for performing certain financial, record-keeping, Shareholder reporting and general administrative services; (e) costs and fees payable to any agent, legal counsel, valuation agent, technical consultant, accountant and auditor of the Company; (f) ongoing regulatory filing fees, stock exchange fees, listing fees and other fees; (g) any expenses incurred by the Company in connection with any legal proceedings in which the Manager participates on behalf of the Company or any other acts of the Manager in connection with the protection of the Company or of any investment included in the Portfolio; (h) fees and expenses of the independent directors of the Company and members of the Independent Review Committee (“**IRC**”), which fees and expenses will be paid on a pro rata basis by the Company and other applicable investment funds managed by the Manager and, in the case of the IRC, of which the same individuals form the independent review committee; (i) expenses related to compliance with NI 81-107 – *Independent Review Committee for Investment Funds*; (j) premiums for insurance coverage for the officers and directors of the Company and members of the IRC; (k) any expenditures which may be incurred upon the termination of the Company; (l) consulting fees including website maintenance costs and expenses associated with the preparation of tax filings; (m) other administrative expenses, including the expenses of Purpose in its capacity as portfolio manager of the Company; and (n) the costs of complying with any new governmental or regulatory requirement introduced after the Company was established and any extraordinary expenses which the Company may incur from time to time, including any costs associated with the printing and distribution of any documents that the securities regulatory authorities require be sent or delivered to investors in the Company. The aggregate annual amount of these fees and expenses is estimated to be \$150,000. The Company is also responsible for all commissions and other costs of securities transactions, debt service and costs relating to borrowings by the Company, including under any credit facility.

The expenses of the offering (including the costs of creating and organizing the Company, the costs of printing and preparing this prospectus, legal expenses of the Company, marketing expenses and legal and other out-of-pocket expenses incurred by the Agents (as defined below) and certain other expenses) will, together with the Agents’ fees, be paid by the Company from the gross proceeds of the offering. The initial expenses will be paid out of the proceeds of the offering, provided however that the expenses of the offering to be borne by the Company shall not exceed 1.5% of the gross proceeds of the offering. Any such excess expenses shall be paid for by the Manager. As a result of the priority of the Preferred Shares, the expenses of the offering will effectively be borne by holders of the Class A Shares (for so long as the NAV per Unit exceeds the offering price per Preferred Share plus accrued and unpaid distributions thereon) and the NAV per Class A Share will reflect the expenses of the offering of both the Preferred Shares and Class A Shares.

5. INITIAL OFFERING

The Company and the Manager have entered into an agency agreement with National Bank Financial Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., RBC Dominion Securities Inc., Richardson GMP Limited, Scotia Capital Inc., TD Securities Inc., Industrial Alliance Securities Inc., Echelon Wealth Partners Inc., Raymond James Ltd., Desjardins Securities Inc., Hampton Securities Limited, Haywood Securities Inc., Mackie Research Capital Corporation, Manulife Securities Incorporated and PI Financial Corp. (collectively, the “**Agents**”) dated as of ●, 2020 pursuant to which the Company has agreed to create, issue and sell, and the Agents have agreed to offer for sale to the public a minimum of one million Preferred Shares at \$10.00 per share and one million Class A Shares at \$10.00 per share. In consideration for

their services in connection with the Offering, the Agents are entitled to be paid a fee of \$0.30 per Preferred Share and \$0.50 per Class A Share out of the proceeds of the Offering.

CERTIFICATE OF THE COMPANY AND THE MANAGER

Dated: May 20, 2020

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

Big Banc Split Corp.

(signed) SOM SEIF
Chief Executive Officer

(signed) JEFF BOUGANIM
Chief Financial Officer

On behalf of the Board of Directors

(signed) JEAN M. FRASER
Director

(signed) DOUGLAS G. HALL
Director

**Purpose Investments Inc.
(as Manager)**

(signed) SOM SEIF
Chief Executive Officer

(signed) JEFF BOUGANIM
Chief Financial Officer

On behalf of the Board of Directors

(signed) SOM SEIF
Director

(signed) JEFF BOUGANIM
Director

(signed) VLADIMIR TASEVSKI
Director

CERTIFICATE OF THE AGENTS

Dated: May 20, 2020

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

NATIONAL BANK FINANCIAL INC.

CIBC WORLD MARKETS INC.

(signed) GAVIN BRANCATO

(signed) VALERIE TAN

**BMO NESBITT BURNS
INC.**

**CANACCORD GENUITY
CORP.**

**RBC DOMINION SECURITIES
INC.**

**RICHARDSON GMP
LIMITED**

SCOTIA CAPITAL INC.

TD SECURITIES INC.

(signed) ROBIN TESSIER (signed) MICHAEL SARDO (signed) CHRISTOPHER BEAN (signed) ANDREW MARSH (signed) ROBERT HALL (signed) ADAM LUCHINI

INDUSTRIAL ALLIANCE SECURITIES INC.

(signed) RICHARD KASSABIAN

ECHELON WEALTH PARTNERS INC.

RAYMOND JAMES LTD.

(signed) BETH SHAW

(signed) MATTHEW COWIE

**DESIARDINS SECURITIES
INC.**

**HAMPTON SECURITIES
LIMITED**

**HAYWOOD SECURITIES
INC.**

**MACKIE RESEARCH
CAPITAL CORPORATION**

**MANULIFE SECURITIES
INCORPORATED**

PI FINANCIAL CORP.

(signed) NAGLAA PACHECO (signed) MIKE LIGETI (signed) CAMPBELL BECHER (signed) DAVID KEATING (signed) WILLIAM PORTER (signed) TRINA WANG