

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

A copy of this preliminary short form base shelf prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form base shelf prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form base shelf prospectus is obtained from the securities regulatory authorities.

This short form base shelf prospectus has been filed under legislation in all provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities, except that delivery is not required where an exemption from the delivery requirements in the legislation is available.

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Canadian Banc Corp. at its head and registered office located at 200 Front Street West, Suite 2510, Toronto, Ontario, M5V 3K2, telephone: (416) 304-4443, and are also available electronically at www.sedar.com.

NEW ISSUE

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

June 16, 2021



CANADIAN BANC CORP.

\$100,000,000

Preferred Shares

Class A Shares

Canadian Banc Corp. (the “**Company**”) may from time to time offer and issue Preferred Shares (the “**Preferred Shares**”) and Class A Shares (the “**Class A Shares**”, and together with the Preferred Shares, the “**Shares**”) in an aggregate offering amount of up to \$100,000,000, at any time during the 25 month period that this short form base shelf prospectus (the “**Prospectus**”), including any amendments hereto, remains valid, including by way of transactions that are deemed to be “at-the-market distributions” as defined in National Instrument 44-102 *Shelf Distributions*. Preferred Shares and Class A Shares are issued only on a basis that an equal number of Preferred Shares and Class A Shares (together, a “**Unit**”) will be outstanding at all material times.

The Company is a mutual fund corporation incorporated under the laws of the Province of Ontario that invests in an actively managed portfolio of common shares (the “**Portfolio**”) which primarily includes shares of the following publicly traded Canadian banks (the “**Portfolio Companies**”), each of whose shares will generally represent no less than 5% and no more than 20% of the net asset value of the Company (the “**Net Asset Value**”):

Bank of Montreal

Canadian Imperial Bank of
Commerce

Royal Bank of Canada

The Bank of Nova Scotia

National Bank of Canada

The Toronto-Dominion Bank

The Preferred Shares and the Class A Shares are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbols “**BK.PR.A.**” and “**BK**”, respectively. On June 15, 2021, the closing price on the TSX of the Preferred Shares was \$10.70 and of the Class A Shares was \$12.22. As at May 31, 2021 (the last date prior to the date hereof on which the Net Asset Value was calculated), the Net Asset Value per Unit was \$23.10.

The specific terms of the Shares in respect of which this Prospectus is being delivered will be set forth in a shelf prospectus supplement (the “**Prospectus Supplement**”), including the number of Shares being offered, the offering price, and any other specific terms, provided that such offered Shares will not have any features or attributes that vary materially from the features or attributes of the Shares as described herein. All shelf information omitted from this Prospectus under applicable laws will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus, except where an exemption from the delivery requirements under applicable law is available. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Shares to which the Prospectus Supplement pertains.

The Shares may be sold through underwriters or dealers, by the Company directly pursuant to applicable statutory exemptions or through agents designated by the Company from time to time. See “*Plan of Distribution*”. Each Prospectus Supplement will identify each underwriter, dealer or agent engaged in connection with the offering and sale of those Shares, and will also set forth the terms of the offering of such Shares including the net proceeds to the Company and, to the extent applicable, any fees payable to the underwriters, dealers or agents. The offerings are subject to approval of certain legal matters on behalf of the Company.

An investment in the Preferred Shares or the Class A Shares involves a degree of risk. It is important for prospective purchasers to consider the risk factors under “*Additional Information - Risk Factors*” in the Current AIF (as defined herein).

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FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions to the extent they relate to the Company (as defined herein) or Quadravest (as defined herein). Forward-looking statements are not historical facts but reflect the current expectations of the Company and Quadravest regarding future results or events. Such forward-looking statements reflect the Company’s and Quadravest’s current beliefs and are based on information currently available to them. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results or events to differ materially from current expectations. Some of these risks, uncertainties and other factors are described in the Current AIF (as defined herein) under “*Additional Information – Risk Factors*”. Although the forward-looking statements contained in this Prospectus are based upon assumptions that the Company and Quadravest believe to be reasonable, neither the Company nor Quadravest can assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein were prepared for the purpose of providing investors with information about the Company and may not be appropriate for other purposes. Neither the Company nor Quadravest assumes any obligation to update or revise them to reflect new events or circumstances, except as required by law.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference into this Prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of documents incorporated herein by reference may be obtained upon request without charge from Quadravest Capital Management Inc., the manager of the Company, at 200 Front Street West, Suite 2510, Toronto, Ontario, M5V 3K2, and are also available electronically at www.sedar.com. You may call Quadravest Capital Management Inc. to request such documents at (416) 304-4443. For the purpose of the Province of Québec, this Prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the manager at the above-mentioned address and telephone number. Copies of documents incorporated by reference may also be obtained by accessing www.sedar.com.

The following documents, filed with the securities commission or similar authority in each of the provinces of Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the Company's annual information form dated February 23, 2021 for the financial year ended November 30, 2020 (the "**Current AIF**");
- (b) the Company's audited annual financial statements, together with the accompanying report of the auditor, for the financial year ended November 30, 2020; and
- (c) the Company's annual management report of fund performance in respect of its financial year ended November 30, 2020.

All documents of the type referred to above, as well as any other documents of the type described in Item 11.1 of Form 44-101F1 to National Instrument 44-101 – *Short Form Prospectus Distributions*, filed by the Company with the securities regulatory authorities after the date of this Prospectus and during the term of this Prospectus shall be deemed to be incorporated by reference into and form an integral part of this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Upon a new annual information form, semi-annual or annual financial statements and management report of fund performance being filed with and, where required, accepted by the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, semi-annual or annual financial statements and management report of fund performance and all material change reports filed prior to the commencement of the then current financial year will be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Shares.

A Prospectus Supplement containing the specific terms of an offering of Shares will be delivered to purchasers of such Shares together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of such Prospectus Supplement but only for purposes of the offering of Shares covered by that Prospectus Supplement.

THE COMPANY

Canadian Banc Corp. (the “**Company**”) is a mutual fund corporation incorporated under the laws of the Province of Ontario by articles of incorporation (the “**Articles**”) dated May 25, 2005, as amended June 28, 2005, April 23, 2009, December 22, 2011, January 17, 2012 and January 20, 2012. Quadravest Capital Management Inc. (“**Quadravest**”) is the manager and investment manager for the Company. The Company was initially incorporated under the name “Prime Rate Plus Corp.” On April 23, 2009 the Company changed its name to “Canadian Banc Recovery Corp.” and on January 20, 2012 the Company adopted its current name. The principal office address of the Company is 200 Front Street West, Suite 2510, Toronto, Ontario, M5V 3K2.

Although the Company is considered to be a mutual fund under applicable securities legislation, it has been exempted from certain requirements of National Instrument 81-102 *Investment Funds* (“**NI 81-102**”) and National Instrument 81-106 *Investment Fund Continuous Disclosure*, each a policy statement or rule of the Canadian securities regulatory authorities governing public investment funds.

Investment Objectives and Strategy

The Company’s investment objectives are (i) to provide holders of Preferred Shares with cumulative preferential floating rate monthly cash dividends at a rate per annum equal to the prevailing prime rate in Canada (the “**Prime Rate**”) plus 1.5%, with a minimum annual rate of 5.0% and a maximum annual rate of 8.0%; (ii) to provide holders of Class A Shares with regular monthly cash distributions; and (iii) to return the original issue price of \$10.00 and \$15.00 to holders of Preferred Shares and Class A Shares, respectively, at the time of the redemption of such Shares on December 1, 2023 or such other date as the Company may terminate (the “**Termination Date**”). The Company’s current distribution policy with respect to the Class A Shares is to pay monthly distributions targeted to be at an annualized rate of 10% based upon the volume-weighted average trading price of the Class A Shares on the TSX for the last three trading days of the preceding month.

The assets of the Company are invested in an actively managed portfolio of common shares (the “**Portfolio**”) which primarily includes shares of the following publicly traded Canadian banks (the “**Portfolio Companies**”), each of whose shares will generally represent no less than 5% and no more than 20% of the net asset value of the Company (the “**Net Asset Value**”):

Bank of Montreal	Canadian Imperial Bank of Commerce	Royal Bank of Canada
The Bank of Nova Scotia	National Bank of Canada	The Toronto-Dominion Bank

Up to 20% of the Net Asset Value may be invested in equity securities of Canadian or foreign financial services corporations, other than the Portfolio Companies. The Company may, from time to time, based on Quadravest’s assessment of market conditions, liquidity considerations, maintenance of the rating on the Preferred Shares and other considerations, hold short term debt instruments issued by the government of Canada or a province or short term commercial paper issued by Canadian corporations with a rating of at least R-1 (mid) by DBRS Limited (“**DBRS**”) or the equivalent from another rating organization selected by Quadravest.

To supplement the dividends earned on the Portfolio and to reduce risk, the Company will from time to time write covered call options in respect of all or part of the Portfolio. The individual securities within the Portfolio which are subject to call options and the terms of such options will vary from time to time based on Quadravest’s assessment of the market. The Company may also write cash covered put options or purchase call options with the effect of closing out existing call options written by the Company and may also purchase

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

In addition to the restrictions and limitations on the Company's investing activities discussed under "*Investment Restrictions*" in the Current AIF, the Company will not invest in or hold (i) a share of, an interest in, or a debt of a non-resident entity, an interest in or a right or option to acquire such a share, interest or debt or an interest in a partnership which holds such a share, option or right, interest or debt that would cause the 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 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.

Termination Date

The Termination Date of the Company was initially scheduled to be December 1, 2012. On November 3, 2011, the holders of Shares (the "**Shareholders**"), voted at a special meeting to extend the Termination Date initially to December 1, 2018, and thereafter the Board of Directors may extend the Termination Date for further terms of five years each. On December 22, 2011, articles of amendment were filed to effect this change. On September 26, 2018, the Company announced that the Board of Directors had extended the termination date to December 1, 2023. As set out above, further extensions for additional terms of five years thereafter may be made in the discretion of the Board of Directors. In connection with such extension, Shareholders were provided with a Recurring Special Retraction Right (as defined herein).

In connection with the extension of the Termination Date to December 1, 2023, the Company also (a) amended the dividend entitlement of the Preferred Shares effective December 1, 2018 to pay a cumulative preferential floating rate monthly cash dividend at an annual rate equivalent to the Prime Rate plus 1.5%, with a minimum annual rate of 5.0% and a maximum annual rate of 8.0%; and (b) implemented a Recurring Special Retraction Right which allowed shareholders to tender one or both classes of Shares and receive a retraction price based on the November 30, 2018 Net Asset Value per Unit.

Fees and Expenses

The following table sets out the fees and expenses payable by the Company. The fees and expenses payable by the Company will reduce the value of an investment in the Company.

<u>Type of Fee</u>	<u>Amount and Description</u>
Administration Fee and Service Fee:	Pursuant to a management agreement between the Company and Quadrainvest Inc. dated June 28, 2005 and assigned to Quadrainvest effective June 1, 2010 (the " Management Agreement "), Quadrainvest is entitled to an administration fee (the " Administration Fee ") payable monthly in arrears at an annual rate equal to 0.20% of the Net Asset Value calculated as at the last date the Net Asset Value is calculated in each month (a " Valuation Date "), plus an amount equal to the service fee (the " Service Fee ") described below. The Company will also pay any goods and services taxes or harmonized sales taxes applicable to the Administration Fee. The Administration Fee is used by Quadrainvest to provide or arrange for the provision of all administrative services required by the Company, which

includes all operational services, financial accounting, shareholder reporting and regulatory reporting.

Quadravest will pay the Service Fee to each dealer whose clients hold Class A Shares. The Service Fee will be calculated and paid at the end of each calendar quarter and will be equal to 0.50% annually of the value of the Class A Shares held by clients of the dealer. For these purposes, the value of a Class A Share at any time is the Net Asset Value per Unit at such time less \$10.00. No Service Fee will be paid in any calendar quarter if regular dividends are not paid to holders of Class A Shares in respect of each month of such calendar quarter.

Management Fees:

Pursuant to an investment management agreement between the Company and Quadravest dated June 28, 2005 (the “**Investment Management Agreement**”), Quadravest is entitled to a management fee (the “**Management Fee**”) at an annual rate equal to 0.65% of the Net Asset Value calculated as at the last Valuation Date in each month. The Management Fee is paid to Quadravest to provide investment analysis for the Company, make investment decisions, and make brokerage arrangements for the purchase and sale of securities including in respect of the Company’s covered call writing program.

The Company will also pay any goods and services taxes or harmonized sales taxes applicable to the Management Fee.

Performance Fees:

Quadravest is also entitled to a performance fee (the “**Performance Fee**”) equal to 20% of the total return per Unit of the Company for a financial year (which includes all cash distributions per Unit made during the year and any increase in the Net Asset Value per Unit from the beginning of the year after the deduction on a per Unit basis of all fees, other expenses and distributions) that exceeds 112% of the Bonus Threshold.

The “**Bonus Threshold**”, for any financial year immediately following a year for which a Performance Fee is payable, is equal to the Net Asset Value per Unit at the beginning of that financial year.

The “**Bonus Threshold**”, for any financial year immediately following a year for which a Performance Fee is not payable, is equal to the greater of (i) the Net Asset Value per Unit at the end of the immediately prior financial year; and (ii) the Bonus Threshold for the prior year, minus the Adjustment Amount. The “**Adjustment Amount**” for any financial year is the amount, if any, by which the Net Asset Value per Unit at the end of the immediately prior financial year plus dividends paid in that prior year exceeds the Bonus Threshold for that prior year.

No Performance Fee may be paid in any year if, at the end of such year, (i) the Net Asset Value per Unit is less than \$25.00; (ii) the rating on the Preferred Shares as rated by DBRS is less than Pfd-2 (or, if DBRS has not then rated the Preferred Shares, then the equivalent rating of another rating agency that has rated the Preferred Shares shall apply); or (iii) the Company has not earned a total annual return of at least the Base Return on a cumulative basis since inception. The “**Base Return**” in any year is the

greater of 5% and the annual total return for such year as measured by the Scotia Capital 91-day T-Bill Index.

The Performance Fee, if payable, will be deducted from the amount otherwise attributable to the holders of the Class A Shares. The Company will also pay any goods and services taxes or harmonized sales taxes applicable to the Performance Fee.

Operating Expenses of the Company:

In addition to the Administration Fee, Service Fee and Management Fee referred to above, the Company will pay for all other expenses incurred in connection with the operation and administration of the Company, estimated to be approximately \$250,000 per annum. These expenses are expected to include, without limitation, mailing and printing expenses for periodic reports to Shareholders; fees payable to the Company's custodian for acting as custodian of the assets of the Company and performing certain administrative services under the Custodian Agreement (as defined herein); fees payable to the Company's registrar and transfer agent with respect to the Preferred Shares and Class A Shares; fees payable to the independent directors of the Company and the Company's independent review committee; fees payable to the auditor and legal advisors of the Company; regulatory filing and stock exchange fees (including any such fees payable by QuadraVest in respect of the services it provides to the Company); and expenditures incurred upon the dissolution of the Company. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which QuadraVest is entitled to indemnity by the Company. The Company will also be responsible for all commissions and other costs of Portfolio transactions.

USE OF PROCEEDS

Unless otherwise specified in the Prospectus Supplement, the Company intends to use the net proceeds of the sale of Shares for investment purposes as described under "*The Company – Investment Objectives and Strategy*" above.

DESCRIPTION OF THE SHARES OF THE COMPANY

Certain Provisions of the Preferred Shares

Dividends

The Company will pay, as and when declared by the Board of Directors, a cumulative preferential floating rate monthly dividend at an annual rate equivalent to interest at the Prime Rate plus 1.5% from time to time to holders of Preferred Shares of record on the last day of each month (each a "**Dividend Record Date**"). Such rate will be reset each month based on the Prime Rate on the 15th day of each month or, if such day is not a business day, the next following business day (the "**Reset Date**"). Regardless of the Prime Rate, however, the minimum rate per annum at which dividends will be paid on the Preferred Shares is 5.0% and the maximum rate is 8.0%. Based on market conditions and the composition of the Portfolio, it is anticipated that such dividends will consist solely of Ordinary Dividends (as defined herein).

From and after December 1, 2023, assuming the Termination Date of the Company is then extended beyond December 1, 2023, and in respect of each five year extension, if any, thereafter, the Company shall determine the rate of cumulative preferential monthly dividends to be paid on the Preferred Shares for the

ensuing five year period. Such determination shall be made no later than September 30 (or the first business day thereafter, if September 30 is not a business day) of the year in which the otherwise scheduled Termination Date is extended (the “**Extension Year**”); failing which the then-applicable dividend rate shall continue to apply. The dividend rate will be announced by press release (which press release will also set out a Shareholder’s entitlement to the Recurring Special Retraction Right in connection with the extension of the term of the Company).

Dividends that are declared by the Board of Directors will be payable to holders of Preferred Shares of record at 5:00 p.m. (local time in Toronto, Ontario) on the applicable Dividend Record Date with payment being made within 15 days thereafter.

Regular monthly dividends were paid to holders of Preferred Shares each month during the Company’s last financial year ended November 30, 2020.

Rating

The Preferred Shares have been rated Pfd-3 by DBRS as at August 11, 2020. Each of the rating categories used by DBRS for preferred shares is denoted by the subcategories “high” and “low”. The absence of either a “high” or “low” designation indicates the rating is in the middle of the category. According to DBRS, preferred shares rated Pfd-3 are of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. Pfd-3 ratings generally correspond with companies whose senior bonds are rated in the higher end of the BBB category. The DBRS rating of Pfd-3 is the second of three sub-categories within the third highest rating out of the five standard categories of ratings utilized by DBRS in respect of preferred shares. Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by DBRS. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be withdrawn or revised entirely by a rating agency at any time if in its judgment circumstances so warrant. Customary fee payments were made, and may reasonably be made, by the Company to DBRS in connection with the rating assigned to the Preferred Shares, including the confirmation of such rating as at August 11, 2020. The Company did not make any payments to DBRS in respect of any other service provided to the Company by DBRS during the last two years.

Retraction Privileges

Preferred Shares may be surrendered at any time for retraction to Computershare Investor Services Inc. (“**Computershare**”), the Company’s registrar and transfer agent, but will be retracted only as of the last business day of each month (a “**Retraction Date**”). Preferred Shares surrendered for retraction by a holder of Preferred Shares at least 20 business days prior to a Retraction Date will be retracted and the holder will receive payment on or before the 15th business day following such Retraction Date (the “**Retraction Payment Date**”). If a holder of Preferred Shares makes such surrender after 5:00 p.m. (local time in Toronto, Ontario) on the 20th business day immediately preceding a Retraction Date, the Preferred Shares will be retracted on the Retraction Date in the following month and the holder will receive payment for the retracted Preferred Shares as of the Retraction Payment Date in respect of the Retraction Date in the following month.

Except as noted below, holders of Preferred Shares whose Preferred Shares are surrendered for retraction will be entitled to receive a price per Preferred Share (the “**Preferred Share Retraction Price**”) equal to the lesser of (i) \$10.00 and (ii) 96% of the Net Asset Value per Unit determined as of the Retraction Date,

less the cost to the Company of the purchase of a Class A Share in the market for cancellation and less any other applicable costs. For this purpose, the cost of the purchase of a Class A Share includes the purchase price of the Class A Share and commissions and costs, if any (to a maximum of 1% of the Net Asset Value per Unit), 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 accrued or declared and unpaid dividends payable on or before a Retraction Date in respect of Preferred Shares tendered for retraction on such Retraction Date will also be paid on or before the Retraction Payment Date.

Shareholders also have an annual retraction right under which they may concurrently retract a Preferred Share and a Class A Share on the Retraction Date in July of each year (the “**July Retraction Date**”). The price paid by the Company for such a concurrent retraction will be equal to the Net Asset Value per Unit calculated as of that date, less any related commissions and other costs (to a maximum of 1% of the Net Asset Value per Unit) related to liquidating the Portfolio to pay such redemption amount.

As disclosed under “*Description of the Shares of the Company – Resale of Shares Tendered for Retraction*”, if a holder of Preferred Shares tendered for retraction has not withheld its consent thereto in the manner provided in the Retraction Notice (as defined herein) delivered to CDS Clearing and Depository Services Inc. (“**CDS**”) through a participant in the CDS book-based system (a “**CDS Participant**”), the Company may, but is not obligated to, require the Recirculation Agent (as defined herein) to use its best efforts to find purchasers for any Preferred Shares tendered for retraction prior to the relevant Retraction Payment Date pursuant to the Recirculation Agreement (as defined herein). Holders of Preferred Shares are free to withhold their consent to such treatment and to require the Company to retract their Preferred Shares in accordance with their terms.

Subject to the Company’s right to require the Recirculation Agent to use its best efforts to find purchasers prior to the relevant Retraction Payment Date for any Preferred Shares tendered for retraction, 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 Preferred Share 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 below under “*Description of the Shares of the Company – Book-Entry Only System*”. Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Preferred Shares which are not retracted by the Company on the relevant Retraction Payment Date.

If any Preferred Shares are tendered for retraction and are not resold in the manner described under “*Description of the Shares of the Company – Resale of Shares Tendered for Retraction*”, the Company will, prior to the Retraction Payment Date, purchase for cancellation that number of Class A Shares which equals the number of Preferred Shares so retracted. Any Class A Shares so purchased for cancellation will be purchased in the market.

Holders of Preferred Shares will also have the Recurring Special Retraction Right (as defined herein) in connection with any extension of the Termination Date of the Company beyond December 1, 2023. See “*Description of the Shares of the Company – Term and Termination of the Company*”.

Priority

The Preferred Shares rank in priority to the Class A Shares with respect to the payment of dividends (no dividends are payable on the Class B Shares (the “**Class B Shares**”)) and in priority to the Class A Shares

and the Class B Shares with respect to the repayment of capital on the dissolution, liquidation or winding-up of the Company.

Certain Provisions of the Class A Shares

Dividends and Distributions

The Class A Share conditions provide that the Company may pay dividends on the Class A Shares in such amounts as are determined by the Board of Directors in its discretion. The current policy of the Board of Directors is to provide holders of Class A Shares with regular monthly cash distributions targeted to be at an annualized rate of 10% based upon the volume-weighted average trading price of the Class A Shares on the TSX for the last three trading days of the preceding month. Such distributions may consist of Ordinary Dividends, capital gains dividends or non-taxable returns of capital. In addition, if any amounts remain available for the payment of dividends, a special year-end dividend of such amount will be payable to holders of Class A Shares of record on the last day of November in each year.

No regular monthly distributions will be paid on the Class A Shares in any month as long as any dividends on the Preferred Shares are then in arrears or so long as the Net Asset Value per Unit is equal to or less than \$15.00. Additionally, it is currently intended that no special year-end dividends will be paid if after payment of such a dividend the Net Asset Value per Unit would be less than \$25.00.

Regular monthly dividends were paid to holders of the Class A Shares each month during the Company's last financial year ended November 30, 2020, other than March, as the Net Asset Value per Unit was equal to or less than \$15.00 on the applicable dates of approval.

Distributions declared by the Board of Directors will be payable to holders of Class A Shares of record at 5:00 p.m. (local time in Toronto, Ontario) on the applicable Dividend Record Date with payment being made within 15 days thereafter.

Retraction Privileges

Class A Shares may be surrendered at any time for retraction to Computershare, but will be retracted only as of a Retraction Date. Class A Shares surrendered for retraction by a Shareholder at least 20 business days prior to a Retraction Date will be retracted and the holder will receive payment on or before the Retraction Payment Date. If a holder of Class A Shares makes such surrender after 5:00 p.m. (local time in Toronto, Ontario) on the 20th business day immediately preceding a Retraction Date, the Class A Shares will be retracted as of the Retraction Date in the following month and the holder will receive payment for the retracted Class A Shares as of the Retraction Payment Date in respect of the Retraction Date in the following month.

Except as noted below, 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 ("**Class A Share Retraction Price**") equal to 96% of the Net Asset Value per Unit determined as of the Retraction Date, less the cost to the Company of the purchase of a Preferred Share in the market for cancellation and less any other applicable costs. For this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share and commissions and costs, if any (to a maximum of 1% of the Net Asset Value per Unit), 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. Any declared and unpaid dividends 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 or before the Retraction Payment Date.

Shareholders also have an annual retraction right under which they may concurrently retract a Preferred Share and a Class A Share on the July Retraction Date in each year. The price paid by the Company for such a concurrent retraction will be equal to the Net Asset Value per Unit calculated as of that date, less any related commissions and other costs (to a maximum of 1% of the Net Asset Value per Unit) related to liquidating the Portfolio to pay such redemption amount.

As disclosed under “*Description of the Shares of the Company – Resale of Shares Tendered for Retraction*”, if the holder of Class A Shares tendered for retraction has not withheld his or her consent thereto in the manner provided in the Retraction Notice delivered to CDS through a CDS Participant, the Company may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any Class A Shares tendered for retraction prior to the relevant Retraction Payment Date pursuant to the Recirculation Agreement. Holders of Class A Shares are free to withhold their consent to such treatment and to require the Company to retract their Class A Shares in accordance with their terms.

Subject to the Company’s right to require the Recirculation Agent to use its best efforts to find purchasers prior to the relevant Retraction Payment Date for any Class A Shares tendered for retraction, any and all Class A 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 Class A Share 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 described under “*Description of the Shares of the Company – Book-Entry Only System*”. Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Class A Shares which are not retracted by the Company on the relevant Retraction Date.

If any Class A Shares are tendered for retraction and are not resold in the manner described under “*Description of the Shares of the Company – Resale of Shares Tendered for Retraction*”, the Company will, prior to the Retraction Payment Date, purchase for cancellation that number of Preferred Shares which equals the number of Class A Shares so retracted. Any Preferred Shares so purchased for cancellation will be purchased in the market.

Holders of Class A Shares will also have the Recurring Special Retraction Right in connection with any extension of the Termination Date of the Company beyond December 1, 2023. See “*Description of the Shares of the Company – Term and Termination of the Company*”.

Priority

The Class A Shares rank subordinate to the Preferred Shares with respect to the payment of dividends (no dividends are payable on the Class B Shares) and subordinate to the Preferred Shares, certain provisions of which are described above, and the Class B Shares with respect to the repayment of capital on the dissolution, liquidation or winding-up of the Company. See “*Description of the Shares of the Company – Term and Termination of the Company – Payments on Termination*”.

Term and Termination of the Company

Payments on Termination

All Preferred Shares and Class A Shares outstanding on the Termination Date will be redeemed by the Company on such date. Immediately prior to the Termination Date, the Company will, to the extent

possible, convert the Portfolio to cash and will pay or make adequate provision for all of the Company's liabilities. Except in the case of an early termination following a Liquidation Event (as defined herein), the Company will, after receipt of the net cash proceeds of the liquidation of the Portfolio, as soon as practicable after the Termination Date:

- (a) distribute to the holders of the Preferred Shares an amount in respect of each Preferred Share to be redeemed equal to (i) the sum of (A) the lesser of (x) \$10.00 and (y) the Net Asset Value on the Termination Date, divided by the number of Preferred Shares then outstanding, plus (B) an amount equal to the accrued and unpaid dividends on each Preferred Share to but excluding the Termination Date, plus (ii) all declared and unpaid dividends on the Preferred Shares to but excluding the Termination Date;
- (b) return the initial investment amount of \$1,000 (\$1.00 per Class B Share) to the Voting Trust which holds such shares for the benefit of the holders of the Preferred Shares and Class A Shares upon the redemption of the Class B Shares on the Termination Date; and
- (c) thereafter distribute to holders of the Class A Shares the remaining assets of the Company, if any, as soon as practicable after the Termination Date.

Early Termination Following a Liquidation Event

Subject to any applicable law, the Preferred Shares and the Class A Shares shall be redeemed by the Company on a date determined by the directors of the Company (the "**Liquidation Date**") following a Liquidation Event. For these purposes, a "**Liquidation Event**" means the receipt by the Company of a notice from the TSX that the Preferred Shares or the Class A Shares are to be delisted by the TSX, or if the Net Asset Value shall on any date on which such Net Asset Value is calculated be less than \$5,000,000.

In the event a Liquidation Event occurs, the Company will (in addition to any obligation the Company may have under applicable law to issue an immediate press release and file a material change report in respect of such Liquidation Event), not less than 15 business days thereafter, issue an announcement (the "**Liquidation Announcement**") referencing such occurrence and stating whether the Company will exercise its discretion to elect early termination of the Company as a result of such Liquidation Event. The Company will (i) specify in the Liquidation Announcement the Liquidation Date, which shall not be less than 60 days nor more than 90 days following the date the Liquidation Announcement is made, (ii) provide notice to each person who is a registered holder of Preferred Shares or Class A Shares to be redeemed of the intention of the Company to redeem such Preferred Shares and Class A Shares on such Liquidation Date, and (iii) set out the manner and place or places within Canada at which such Preferred Shares and Class A Shares will be redeemed.

In the event the Company elects to redeem all issued and outstanding Preferred Shares and Class A Shares on a Liquidation Date, the Company shall pay:

- (a) an amount in respect of each Preferred Share to be redeemed equal to the sum of (A) the sum of (x) the Net Asset Value per Unit on the Liquidation Date multiplied by a fraction, the numerator of which is the volume weighted average trading price ("**VWAP**") of the Preferred Shares calculated over the 20 trading days ending immediately prior to the Liquidation Announcement and the denominator of which is the aggregate VWAP of the Preferred Shares and the Class A Shares calculated over the 20 trading days ending immediately prior to the Liquidation Announcement plus (y) an amount equal to the accrued and unpaid dividends on each Preferred Share to but excluding the Liquidation

Date, plus (B) all declared and unpaid dividends on a Preferred Share to be redeemed to but excluding the Liquidation Date; and

- (b) an amount in respect of each Class A Share to be redeemed equal to the sum of (A) the Net Asset Value per Unit on the Liquidation Date multiplied by a fraction, the numerator of which is the VWAP of the Class A Shares calculated over the 20 trading days ending immediately prior to the Liquidation Announcement and the denominator of which is the aggregate VWAP of the Class A Shares and the Preferred Shares calculated over the 20 trading days ending immediately prior to the Liquidation Announcement, plus (B) all declared and unpaid dividends on a Class A Share to be redeemed to but excluding the Liquidation Date.

Extensions of the Termination Date

The Termination Date of the Company may be extended after December 1, 2023 for a further period of five years and thereafter for additional successive periods of five years each as determined by the Board of Directors. In the event the Board of Directors elects to so extend the Termination Date, holders of Preferred Shares and Class A Shares shall have the right to retract such Shares by exercising the Recurring Special Retraction Right. Not less than 60 days prior to a scheduled Termination Date, the Company shall provide notice to each person who is a registered holder of Preferred Shares or Class A Shares either of (i) the determination of the Board of Directors to extend the Termination Date for a further five year period, the rights of the holders of such Shares to the Recurring Special Retraction Right, and the rate at which cumulative preferential cash dividends shall be paid on the Preferred Shares for the ensuing five year period; or (ii) the determination of the Board of Directors not to extend the Termination Date for a further five year period, in which event such notice shall set out the Termination Date, and the manner and place or places within Canada in which the Preferred Shares and Class A Shares will be redeemed on that Termination Date. The Company shall also issue a press release providing the same information on the date such notice is given to the registered holder or holders of Preferred Shares and Class A Shares.

Recurring Special Retraction Right

In the event that the Termination Date is extended in any Extension Year, each holder of Preferred Shares or Class A Shares shall have the right to retract such Preferred Shares or Class A Shares effective December 1 of such Extension Year (the “**Recurring Special Retraction Right**”). The price payable per Preferred Share so retracted shall be equal to (i) the sum of (A) the lesser of (x) \$10.00 and (y) the Net Asset Value calculated on November 30 of such Extension Year, divided by the number of Preferred Shares then outstanding, plus (B) an amount equal to the accrued and unpaid dividends on each Preferred Share to but excluding November 30 of such Extension Year, plus (ii) all declared and unpaid dividends thereon to but excluding November 30 of such Extension Year. The price payable per Class A Share so retracted shall be equal to the greater of (i) the Net Asset Value per Unit calculated on November 30 of such Extension Year less \$10.00, and (ii) zero. Holders of Preferred Shares or Class A Shares wishing to take advantage of the Recurring Special Retraction Right must surrender their Preferred Shares or Class A Shares for retraction no later than the close of business on November 1 of such Extension Year (or, if November 1 of such year is not a business day, on the immediately preceding business day). Payment of the retraction price per Preferred Share or Class A Share owing in respect of the exercise of the Recurring Special Retraction Right will be made on or before December 15 of such Extension Year (or, if December 15 of such year is not a business day, on the immediately succeeding business day).

Special Redemption Right

Following any exercise of the Recurring Special Retraction Right, the Company shall have the right to redeem, on a pro rata basis, as at December 31 of the year in which the Recurring Special Retraction Right is exercised, such number of Preferred Shares (if more Class A Shares than Preferred Shares are tendered for redemption upon any exercise of the Recurring Special Retraction Right) or such number of Class A Shares (if more Preferred Shares than Class A Shares are tendered for redemption upon any exercise of the Recurring Special Retraction Right) as is required to achieve an equality in the number of outstanding Preferred Shares and Class A Shares (the “**Special Redemption Right**”) at a price per Preferred Share equal to (i) the sum of (A) the lesser of (x) \$10.00 and (y) the Net Asset Value calculated on December 31 of the year in which the Recurring Special Retraction Right is exercised, divided by the number of Preferred Shares then outstanding, plus (B) an amount equal to the accrued and unpaid dividends on each Preferred Share to but excluding December 31 of such year, plus (ii) all declared and unpaid dividends thereon to but excluding December 31 of such year; and at a price per Class A Share equal to the greater of (i) the Net Asset Value per Unit calculated on December 31 of the year in which the Recurring Special Retraction Right is exercised less \$10.00, and (ii) zero (the “**Applicable Special Redemption Price**”). In connection with any exercise of this Special Redemption Right, the Company shall, at least 15 days prior to December 31 of the year in which the Recurring Special Retraction Right is exercised, provide notice to each person who is a registered holder of Preferred Shares (in the case of a redemption of Preferred Shares) or a registered holder of Class A Shares (in the case of a redemption of Class A Shares) to be redeemed of the intention of the Company to redeem such Preferred Shares or Class A Shares, as the case may be, and of the manner and place or places within Canada at which such Preferred Shares or Class A Shares will be redeemed.

No later than 30 days after December 31 of the year in which the Special Redemption Right is exercised, the Company shall pay or cause to be paid to or to the order of the registered holders of the Preferred Shares or Class A Shares to be redeemed, as the case may be, an amount per Preferred Share or Class A Share equal to the Applicable Special Redemption Price. Payment of the Applicable Special Redemption Price shall be made by cheque(s) of the Company drawn on a Canadian chartered bank or a trust company incorporated under or governed by the laws of Canada or of a Province of Canada and payable to the holders thereof in lawful money of Canada at par at any branch in Canada of such bank or trust company or in any other manner acceptable to the Company and a registered holder of Preferred Shares or Class A Shares, as the case may be. The mailing of such a cheque to a registered holder of Preferred Shares or Class A Shares from the Company’s registered office or the principal office in Toronto of the registrar for the Preferred Shares or Class A Shares shall be deemed to be payment in accordance with the terms of the Special Redemption Right and shall satisfy and discharge all liability in respect of such Applicable Special Redemption Price to the extent of the amount represented by such cheque, unless such cheque is not paid on due presentation. From and after December 31 of such year, the holders of the Preferred Shares or Class A Shares called for redemption shall cease to be entitled to dividends or to exercise any rights as Shareholders of the Company in respect of such Shares except the right to receive the Applicable Special Redemption Price; provided that if payment of such Applicable Special Redemption Price is not made in accordance with the provisions hereof, then the rights of the holders of the Preferred Shares or Class A Shares shall remain unimpaired.

Subdivision or Consolidation of the Preferred Shares or the Class A Shares

The Company shall have the right, subject to the approval of the holder of the Class B Shares, to further amend its Articles to provide for a subdivision or consolidation of the Preferred Shares or the Class A Shares to the extent that Quadravest advises the Company that it considers such subdivision or consolidation necessary or advisable in connection with any implementation of the Recurring Special Retraction Right,

so as to ensure that after such implementation an equal number of Preferred Shares and Class A Shares remain outstanding.

Resale of Shares Tendered for Retraction

The Company entered into an agreement dated June 28, 2005 (the “**Recirculation Agreement**”) with CIBC World Markets Inc. (the “**Recirculation Agent**”) and Computershare whereby the Recirculation Agent has agreed to use its best efforts to find purchasers for any Preferred Shares or Class A Shares tendered for retraction prior to the relevant Retraction Payment Date, provided that the holder of the shares so tendered has not withheld consent thereto. The Company is not obligated to require the Recirculation Agent to seek such purchasers but may elect to do so. In the event that a purchaser for such shares is found in this manner, the Retraction Notice will be deemed to have been withdrawn prior to the relevant Retraction Date and the shares shall remain outstanding. The amount to be paid to the holder of such shares on the relevant Retraction Payment Date will be an amount equal to the proceeds of the sale of such shares less any applicable commission. Such amount will not be less than the applicable Preferred Share Retraction Price or the Class A Share Retraction Price, as the case may be. Accordingly, the proceeds of the sale of the tendered securities by the Recirculation Agent must be equal to or exceed the applicable Preferred Share Retraction Price or the Class A Share Retraction Price.

Suspension of Retractions or Redemptions

The Company may suspend the retraction or redemption of Preferred Shares and Class A Shares or payment of retraction or redemption proceeds during any period when normal trading is suspended on one or more stock exchanges on which more than 50% of the equity securities held by the Company are listed or, with the prior permission of the Ontario Securities Commission, for any period not exceeding 120 days during which the Company determines that conditions exist which render impractical the sale of assets of the Company or which impair the ability of the Company to determine the value of the assets of the Company. 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 Shareholders making such requests shall be advised by the Company of the suspension and that the retraction will be effected at a price determined on the first Valuation 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 shall be conclusive.

Book-Entry Only System

Registration of interests in and transfers of the Preferred Shares and Class A Shares will be made only through a book-entry only system administered by CDS (the “**book-entry only system**”). Preferred Shares and Class A Shares must be purchased, transferred and surrendered for retraction or redemption through a CDS Participant. All rights of a beneficial owner of Preferred Shares or Class A Shares must be exercised through, and all payments or other property to which such beneficial owner is entitled will be made or delivered by, CDS or the CDS Participant through which the beneficial owner holds such Preferred Shares or Class A Shares. Upon purchase of any Preferred Shares or Class A Shares, the beneficial owner will receive only the customary confirmation. References in this Prospectus to a holder of Shares means, unless the context otherwise requires, the beneficial owner of the beneficial interest in such Shares.

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

A beneficial owner of Preferred Shares or Class A Shares who desires to exercise its retraction privileges thereunder must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto) on behalf of the beneficial owner a written notice of the beneficial owner's intention to retract Shares, no later than 5:00 p.m. (local time in Toronto, Ontario) on the relevant notice date. A beneficial owner who desires to retract Preferred Shares or Class A Shares should ensure that the CDS Participant is provided with notice (the "**Retraction Notice**") of its intention to exercise its retraction privilege sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver notice to CDS by the required time. The Retraction Notice will be available from a CDS Participant or Computershare, the Company's transfer agent and registrar. Any expense associated with the preparation and delivery of a Retraction Notice will be for the account of the beneficial owner exercising the retraction privilege.

By causing a CDS Participant to deliver to CDS a notice of the beneficial owner's intention to retract Shares, a beneficial owner shall be deemed to have irrevocably surrendered its Shares for retraction and appointed such CDS Participant to act as its exclusive settlement agent with respect to the exercise of the retraction privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any Retraction Notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect, and the retraction 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 retraction privileges or to give effect to the settlement thereof in accordance with the beneficial owner's instructions will not give rise to any obligations or liability on the part of the Company to the CDS Participant or the beneficial owner.

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

Meetings of Shareholders and Acts Requiring Shareholder Approval

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.

The following matters require the approval of the Shareholders by a two-thirds majority vote (other than matters referred to in paragraphs (c), (l) and (m), which require approval of a simple majority vote) at a meeting called and held for such purpose: (a) a change in the fundamental investment objectives and strategy of the Company as described under "*Investment Objectives*" in the Current AIF; (b) a change in the investment restrictions of the Company as described under "*Investment Restrictions*" in the Current AIF; (c) the entering into by the Company of transactions involving derivatives, other than as described in the Current AIF and other than the use of derivatives as permitted under NI 81-102; (d) any change in the basis of calculating fees or other expenses that are charged to the Company which could result in an increase in charges to the Company other than a fee or expense charged by a person or company that is at arm's length to the Company and in respect of which Shareholders are sent a written notice at least 60 days before the effective date of such change (for purposes of this provision, QuadraVest shall be deemed to not be at arm's length to the Company); (e) the introduction of a fee or expense to be charged to the Company or directly to Shareholders by the Company or QuadraVest in connection with the holding of securities of the Company that could result in an increase in charges to the Company or its Shareholders; (f) the approval of

the appointment of a successor to Quadravest as manager of the Company following its resignation of as manager unless an affiliate of Quadravest is appointed; (g) the removal of Quadravest as manager and the appointment of a successor in the event Quadravest is insolvent, or is in breach or default of its obligations under the Management Agreement and such breach or default is not cured within 30 days of notice of such breach or default being given to Quadravest; (h) the approval of any other change of manager of the Company unless an affiliate of Quadravest becomes the manager; (i) the approval of the assignment of the Investment Management Agreement by Quadravest, except to an affiliate; (j) the confirmation of the appointment of a successor to Quadravest as investment manager in the event the Company terminates the Investment Management Agreement unless an affiliate is appointed; (k) the approval of the termination of the Investment Management Agreement by Quadravest, unless the reason for such termination is (i) a material breach or default by the Company of its obligations under the Investment Management Agreement where notice of such breach or default has been provided by Quadravest to the Company and it remains uncured for 30 days, or (ii) there has been a material change to the fundamental investment objectives, strategies or criteria of the Company; (l) a decrease in the frequency of calculating the Net Asset Value; (m) a change of the auditor of the Company, unless such change does not require Shareholder approval under applicable securities legislation; (n) any merger of the Company for which Shareholder approval under NI 81-102 would be required; (o) an amendment, modification or variation in the rights, privileges, restrictions or conditions attaching to the Preferred Shares, Class A Shares or Class B Shares; and (p) any other change for which the approval of the holders of the Preferred Shares and the Class A Shares is required under the provisions of the *Business Corporations Act* (Ontario).

Each Preferred Share and Class A Share will have one vote at such a meeting and will not vote separately as a class in respect of any vote taken (except for a vote in respect of the matters referred to in paragraphs (a), (b) and (o) above and any other matters referred to above if a class is affected by the matter in a manner different from the other classes of shares of the Company or if the *Business Corporations Act* (Ontario) or NI 81-102 otherwise requires). Ten per cent of the outstanding Preferred Shares and Class A Shares, respectively, represented in person or by proxy at the meeting will constitute a quorum. If no quorum is present, the Shareholders then present will constitute a quorum at an adjourned meeting.

Reporting to Shareholders

The Company will deliver (or, if permitted by law, make available) to each Shareholder annual and interim financial statements of the Company, annual and interim management reports of fund performance and such additional or other statements or reports as may be required by 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.

EARNINGS COVERAGE RATIOS

Earnings coverage ratios will be provided as required in the Prospectus Supplement with respect to the issuance of Shares pursuant to such Prospectus Supplement.

PRIOR SALES

Prior sales will be provided as required in a Prospectus Supplement with respect to the issuance of Shares pursuant to such Prospectus Supplement.

TRADING PRICES AND VOLUMES

Trading prices and volume of the Company's Shares will be provided for all of the Company's issued and outstanding Preferred Shares and Class A Shares in each Prospectus Supplement to this Prospectus.

PLAN OF DISTRIBUTION

The Company may sell the Shares (i) through underwriters or dealers, (ii) directly to one or more purchasers pursuant to applicable statutory exemptions, or (iii) through agents. The Shares may be sold at fixed prices or non-fixed prices, such as prices determined by reference to the prevailing price of the Shares in a specified market, at market prices prevailing at the time of sale, or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of the Shares. The Prospectus Supplement for any of the Shares being offered thereby will set forth the terms of the offering of such Shares, including the type of Shares being offered, the name or names of any underwriters, the purchase price of such Shares, the proceeds to the Company from such sale, any underwriting discounts and other items constituting underwriters' compensation, any public offering price and any discounts or concessions allowed or re-allowed or paid to dealers. Only underwriters so named in the Prospectus Supplement are deemed to be underwriters in connection with the Shares offered thereby.

If underwriters are used in the sale, the Shares will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale, at market prices prevailing at the time of sale or at prices related to such prevailing market prices. The obligations of the underwriters to purchase such Shares will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the Shares offered by the Prospectus Supplement if any of such Shares are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid to underwriters may be changed from time to time.

The Shares may also be sold directly by the Company at such prices and upon such terms as agreed to by the Company and the purchaser or through agents designated by the Company from time to time. Any agent involved in the offering and sale of the Shares in respect of which this Prospectus is delivered will be named, and any commissions payable by the Company to such agent will be set forth, in the Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any agent is acting on a best efforts basis for the period of its appointment.

The Company may agree to pay the underwriters a commission for various services relating to the issue and sale of any Shares offered hereby. Any such commission will be paid out of the general corporate funds of the Company. Underwriters, dealers and agents who participate in the distribution of the Shares may be entitled under agreements to be entered into with the Company to indemnification by the Company against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof.

In connection with any offering of the Shares (unless otherwise specified in a Prospectus Supplement), the underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Shares offered at a higher level than that which might exist in the open market. These transactions may be commenced, interrupted or discontinued at any time.

RISK FACTORS

In addition to the risks described in this Prospectus, the Current AIF contains a detailed discussion of risks and other considerations relating to an investment in Preferred Shares and Class A Shares which Shareholders should be aware of (reference should be made to pages 32 through 35 of the Current AIF). You can obtain a copy of the Current AIF by contacting Quadravest, or you can download or view it on www.canadianbanc.com or on the internet at www.sedar.com. The contents of the Current AIF are specifically incorporated by reference herein. See "*Documents Incorporated by Reference*". Information contained on Quadravest's website is not part of this Prospectus and is not incorporated herein by reference.

Additional risks and uncertainties not currently known to the Company or QuadraVest, 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 could be materially adversely affected.

INTEREST OF EXPERTS

Unless otherwise specified in the Prospectus Supplement, certain legal matters in connection with the Shares offered by a Prospectus Supplement will be passed upon on behalf of the Company by Blake, Cassels & Graydon LLP. As of the date of this Prospectus, the partners and associates of Blake, Cassels & Graydon LLP as a group beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company.

TRANSFER AGENT AND REGISTRAR, CUSTODIAN AND AUDITOR

Pursuant to a transfer agent, registrar and dividend disbursing agent agreement dated June 28, 2005 between the Company and Computershare, Computershare, at its principal office in Toronto, has been appointed the registrar and transfer agent for the Preferred Shares and the Class A Shares and is responsible for assisting the Company in disbursing dividends and other distributions to holders of the Preferred Shares and the Class A Shares.

Pursuant to an agreement (the “**Custodian Agreement**”) dated July 4, 2005, The Royal Trust Company was appointed as the custodian of the assets of the Company. Such agreement was assigned to RBC Investor Services Trust (“**RBC Trust**”) effective January 1, 2006. RBC Trust is, in addition to acting as custodian, also responsible for certain aspects of the day-to-day administration of the Company, including processing retractions, calculating Net Asset Value and maintaining the fund valuation books and records of the Company. The address of RBC Trust is 155 Wellington Street West, 2nd Floor, Toronto, Ontario M5V 3L3. RBC Trust will not have any responsibility or liability for any assets of the Company which it does not directly hold or have control over (including through its sub-custodians), including, without limitation, any assets of the Company pledged to a counterparty pursuant to derivatives transactions entered into by the Company, if any. RBC Trust is entitled to receive fees from the Company and to be reimbursed for all expenses and liabilities which are properly incurred by RBC Trust in connection with the activities of the Company.

The auditor of the Company is PricewaterhouseCoopers LLP, PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario M5J 0B2.

PURCHASERS’ STATUTORY RIGHTS

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

CERTIFICATE OF THE COMPANY AND MANAGER

Dated: June 16, 2021

This short form prospectus, together with the documents incorporated by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

(Signed) S. Wayne Finch
President and Chief Executive Officer

(Signed) Silvia Gomes
Chief Financial Officer

On behalf of the Board of Directors of Canadian Banc Corp.

(Signed) Laura L. Johnson
Director

(Signed) Peter F. Cruickshank
Director

QUADRAVEST CAPITAL MANAGEMENT INC.

As Manager

(Signed) S. Wayne Finch
President and Chief Executive Officer

(Signed) Silvia Gomes
Chief Financial Officer

On behalf of the Board of Directors

(Signed) Laura L. Johnson
Director

(Signed) Peter F. Cruickshank
Director