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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

March 31, 2021

# SUSTAINABLE POWER & INFRASTRUCTURE SPLIT CORP.

**[\$] (Maximum)**

**Up to [●] Preferred Shares and [●] Class A Shares**

Sustainable Power & Infrastructure Split Corp. (the “Company”) is a mutual fund corporation established 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”). An equal number of Preferred Shares and Class A Shares will be issued pursuant to the Offering.

The investment objectives for the Preferred Shares are to provide their holders with fixed cumulative preferential quarterly cash distributions and to return the original issue price of \$10.00 to holders on May 29, 2026 (the “Maturity Date”), subject to extension for successive terms of up to five years as determined by the board of directors of the Company. See “Investment Objectives”. The quarterly cash distribution will be \$0.1250 per Preferred Share (\$0.50 per annum or 5.0% per annum) on the issue price of \$10.00 per Preferred Share until May 29, 2026. See “Distribution Policy”.

The investment objectives for the Class A Shares are to provide their holders with regular monthly non-cumulative cash distributions and to provide holders with the opportunity for capital appreciation through exposure to the Portfolio (as defined herein). See “Investment Objectives”. The monthly cash distribution is targeted to be \$0.06667 per Class A Share representing a yield on the Class A Share offering price of 8.0% per annum. See “Distribution Policy”.

The Company will invest in a globally diversified and actively managed portfolio (the “Portfolio”) consisting primarily of dividend-paying securities of power and infrastructure companies, whose assets, products and services the Manager (as defined herein) believes are facilitating the multi-decade transition toward decarbonization and environmental sustainability. The Portfolio will include investments in companies operating in the areas of renewable power, green transportation, energy efficiency, and communications, among others. Collectively, portfolio investments in these areas and their related industries are referred to herein as “Sustainable Power and Infrastructure Companies”. The Manager uses a multi-disciplinary investment process which includes fundamental, qualitative, and technical research to select securities of issuers for inclusion in the Portfolio. In seeking to achieve its investment objectives, the Company intends to target investments in Sustainable Power and Infrastructure Companies that have positive and/or improving environmental, social and governance (“ESG”) characteristics as identified by the Manager. See “Investment Strategies.”

The Preferred Shares have been provisionally rated Pfd-3 by DBRS Limited. See “Description of the Securities – Rating of the Preferred Shares”.

Brompton Funds Limited (the “Manager”) will act as the manager and the portfolio manager of the Company. The Manager is a member of the Brompton Group, a provider of investment management and portfolio advisory services to TSX-listed closed-end funds and exchange-traded funds since 2002 with total assets under management of approximately \$2.0 billion as of March 25, 2021. The Manager will be responsible for the management and administration of the Company and, as portfolio manager, will also implement the Company’s investment strategies. See “Organization and Management Details of the Manager”.

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

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	Price to the Public <sup>(1)</sup>	Agents' Fee	Net Proceeds to the Company <sup>(2)</sup>
Per Preferred Share	\$10.00	\$0.30	\$9.70
Minimum Total Offering <sup>(3)(4)</sup>	\$10,000,000	\$300,000	\$9,700,000
Maximum Total Offering <sup>(4)</sup>	\$[●]	\$[●]	\$[●]
Per Class A Share	\$10.00	\$0.45	\$9.55
Minimum Total Offering <sup>(3)(4)</sup>	\$10,000,000	\$450,000	\$9,550,000
Maximum Total Offering <sup>(4)</sup>	\$[●]	\$[●]	\$[●]

**Notes:**

- (1) The terms of the Offering were established through negotiation between the Agents (as defined herein) and the Manager on behalf of the Company.
- (2) Before deducting the expenses of the Offering, which are estimated to be \$530,000. The Manager or an affiliate of the Manager will pay 1.0% of the gross proceeds of the Offering towards the Agents' fee and/or expenses of the Offering to allow for a higher opening net asset value of the Company. Remaining expenses of the Offering, 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. As a result of the priority of the Preferred Shares, the net expenses of the Offering after those paid by the Manager or an affiliate of the Manager, will effectively be borne by holders of the Class A Shares and the net asset value per Class A Share will reflect such net 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 million Preferred Shares and 1,000,000 million 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 an 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 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 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".

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 Issuers") by no later than 5:00 p.m. (Toronto time) on [●], 2021 through CDS Clearing and Depository Services Inc. 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 securities of Exchange Eligible Issuers. **The Exchange Option does not constitute, and is not to be construed as, a take-over bid for any Exchange Eligible Issuer.** See "Income Tax Considerations" and "Purchases of Securities".

**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 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". An investment in Preferred Shares or Class A Shares involves a degree of risk. It is important for prospective purchasers to consider the risk factors described in this prospectus. 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 is appropriate only for investors who have the capacity to absorb investment losses. Prospective investors should read carefully the risk factors described in this prospectus. See "Risk Factors" for a discussion of certain factors that should be considered by prospective purchasers of Preferred Shares and Class A Shares.**

RBC Dominion Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., TD Securities Inc., Hampton Securities Limited, Canaccord Genuity Corp., Raymond James Ltd., Richardson Wealth Limited, Echelon Wealth Partners Inc., iA Private Wealth Inc., Manulife Securities Incorporated and Mackie Research Capital Corporation (collectively, the “Agents”), as agents, conditionally offer the Preferred Shares and the Class A Shares for sale, on a best efforts basis, if, as and when issued by the Company and accepted by the Agents 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 Osler, Hoskin & Harcourt LLP and on behalf of the Agents by Stikeman Elliott LLP. Subject to applicable laws, in connection with the distribution of the Preferred Shares and the Class A Shares, 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 [●], 2021, 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:** Sustainable Power & Infrastructure Split Corp. (the “Company”) is a mutual fund corporation established under the laws of the Province of Ontario on [●], 2021. Brompton Funds Limited (the “Manager”) is the manager and the investment manager of the Company. See “Overview of the Company”.
- Offering:** The Company is offering preferred shares (“Preferred Shares”) and class A shares (“Class A Shares”) of the Company. An equal number of each class of shares will be issued pursuant to this offering.
- 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
- Investment Objectives:** The investment objectives for the Preferred Shares are to provide holders with fixed cumulative preferential quarterly cash distributions and to return the original issue price of \$10.00 to holders on May 29, 2026 (the “Maturity Date”), subject to extension for successive terms of up to five years as determined by the board of directors of the Company (the “Board of Directors”).  
The investment objectives for the Class A Shares are to provide holders with regular monthly non-cumulative cash distributions and to provide holders with the opportunity for capital appreciation through exposure to the Portfolio.  
See “Investment Objectives”.
- Investment Strategies:** To achieve its investment objectives, the Company will invest in a globally diversified and actively managed portfolio consisting primarily of dividend-paying securities of power and infrastructure companies, whose assets, products and services the Manager believes are facilitating the multi-decade transition toward decarbonization and environmental sustainability. The Portfolio will include investments in companies operating in the areas of renewable power, green transportation, energy efficiency, and communications, among others. Collectively, portfolio investments in these areas and their related industries are referred to herein as “Sustainable Power and Infrastructure Companies”. The Manager uses a multi-disciplinary investment process which includes fundamental, qualitative, and technical research to select securities of issuers for inclusion in the Portfolio.  
In seeking to achieve its investment objectives, the Company intends to target investments in Sustainable Power and Infrastructure Companies that have positive and/or improving environmental, social and governance (“ESG”) characteristics as identified by the Manager. The Manager will integrate ESG considerations to complement fundamental analysis in its security selection process. The qualitative ESG policies and practices considered may include, but are not limited to, a company’s environmental sustainability, diversity of employees, and corporate governance. The Manager reviews ESG ratings from third party data providers such as Bloomberg, MSCI, S&P Global, Sustainalytics, Refinitiv, ISS, and others that provide independent and

objective ratings as an input to the overall investment analysis and risk assessment of a company.

The Company will only invest in issuers with a market capitalization of at least \$2 billion and the Manager expects that at least 15 Sustainable Power and Infrastructure Companies will comprise the Portfolio. In addition, up to 25% of the Portfolio may be invested indirectly through exchange-traded funds, including funds managed by the Manager, for the purposes of enhanced diversification and return potential, at the discretion of the Manager.

The Company may selectively write covered call options from time to time in respect of all or a portion of the securities in the Portfolio in order to generate additional income above the distributions earned on the Portfolio securities and to mitigate the overall volatility of the Portfolio. Based on the Manager's experience using its tactical covered call writing strategy, it expects there will be periods of time when the securities in the Portfolio will be subject to covered call options as well as periods when few or no covered call options will be written on the securities in the Portfolio.

See "Investment Strategies".

**Currency Hedging:**

The Company will hedge substantially all of its foreign currency exposure back to the Canadian dollar.

See "Investment Strategies – Currency Hedging".

**Credit Facility:**

The Company may establish a credit facility which may be used by the Company for working capital purposes. The Company expects that the maximum amount it borrows thereunder will be limited to 5% of NAV. 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 of March, June, September and December will be entitled to receive fixed cumulative preferential quarterly cash distributions equal to \$0.1250 per Preferred Share until May 29, 2026. On an annualized basis, this would represent a yield on the Preferred Share offering price of approximately 5.0%. Such quarterly distributions are expected to be paid by the Company on or before the tenth Business Day of the month following the period in respect of which the distribution was payable. The first distribution will be pro-rated to reflect the period from the Closing Date to June 30, 2021. Based on the expected Closing Date (defined herein), the initial distribution will be \$[●] per Preferred Share and is expected to be payable to the holders of Preferred Shares of record on June 30, 2021.

The policy of the Board of Directors will be to pay monthly non-cumulative distributions to the holders of Class A Shares of record on the last Business Day of each month. The monthly cash distribution is targeted to be \$0.06667 per Class A Share representing a yield on the Class A Share offering price of 8.0% per annum. Such distributions will be paid on or before the tenth Business Day of the month following the month in respect of which the distribution becomes payable. The first distribution will be made in respect of June 2021. Based on the expected Closing Date, the initial distribution will be \$0.06667 per Class A Share and is expected to be payable to holders of Class A Shares of record on June 30, 2021. No distributions will be paid on the Class A Shares if (i) the distributions payable on the Preferred Shares are in arrears, or (ii) following cash distributions by the Company, the NAV per Unit would be less than \$15.00.

Assuming that the gross proceeds of the Offering are \$75 million and fees and expenses are as presented 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 8.0%. The Portfolio currently generates dividend income of 3.1% per annum net of withholding taxes and would be required to generate an additional 4.9% per annum from other sources 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.

See “Distribution Policy” and “Risk Factors”.

**Exchange Option:**

Prospective purchasers may purchase, at their election: (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 Issuers”). Under the Exchange Option prospective purchasers will receive for the securities of Exchange Eligible Issuers tendered to the Company, that number of Units or Class A Shares, as the case may be, determined in the manner described below plus where prospective purchasers tender securities of Exchange Eligible Issuers for Class A Shares, \$0.01 in cash per Class A Share purchased.

The number of Units or Class A Shares issuable for each security of an Exchange Eligible Issuer (the “Exchange Ratio”) will be determined by dividing the weighted average trading price of the securities of such Exchange Eligible Issuer on the principal stock exchange on which such Exchange Eligible Issuer’s securities are listed, during the five consecutive trading days ending on May 6, 2021 (the “Pricing Period”), calculated based on the daily average exchange rate (as reported by the Bank of Canada) on such date and as adjusted to reflect dividends declared or distributions pending by any Exchange Eligible Issuer that trades on an ex-dividend basis until the Closing Date by the sum of offering prices of a Preferred Share and Class A Share being \$20.00, in the case of a subscription for Units or \$10.00 in the case of a subscription for Class A Shares. The Exchange Ratio will be adjusted to reflect the \$0.01 per Class A Share to be received by prospective purchasers who tender securities of Exchange Eligible Issuers to the Company for Class A Shares.

A prospective purchaser 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) securities of Exchange Eligible Issuers through CDS Clearing and Depository Services Inc. prior to 5:00 p.m. (Toronto time) on April 22, 2021. A prospective purchaser’s CDS Participant (as defined herein) may have an earlier deadline for depositing securities of Exchange Eligible Issuers. Each prospective purchaser who has authorized the deposit of securities of an Exchange Eligible Issuer through CDS has the right to withdraw such deposit of securities at any time 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 below is issued. The Manager may, in its discretion, accept or reject any purchase of Units or Class A Shares using freely-tradable securities of the Exchange Eligible Issuers.

The Company will issue a press release as soon as practicable after the close of business on May 6, 2021 announcing for each of the Exchange Eligible Issuers, the name of the Exchange Eligible Issuer, the ticker symbol, the CUSIP number, the ISIN, the volume weighted average trading price of the securities during the Pricing Period and the Exchange Ratio.

A purchaser who is resident in Canada, who holds securities of an Exchange Eligible Issuer as capital property and who exchanges such securities for Units or Class A Shares under the Exchange Option will be considered to have

disposed of such securities for proceeds of disposition equal to the sum of (i) any cash received by such purchaser, and (ii) the fair market value, as at the time of acquisition, of Units or Class A Shares, as the case may be, acquired by such purchaser on the exchange. As a result, the purchaser generally will realize a capital gain (or capital loss) to the extent that such proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base to the purchaser of the securities of the Exchange Eligible Issuer(s) and any reasonable costs of disposition.

The purchase of Units or Class A Shares by the exchange of securities of an Exchange Eligible Issuer pursuant to the Exchange Option will be a taxable event for the purchaser.

See “Purchases of Securities” and “Income Tax Considerations”.

**Redemptions:**

The Preferred Shares will be redeemed by the Company on the Maturity Date. The redemption price payable by the Company for a Preferred Share on that 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 that date divided by the total number of Preferred Shares then outstanding.

The Class A Shares will be redeemed by the Company on the Maturity Date. The redemption price payable by the Company for a Class A Share on that date will be equal to the greater of (i) the NAV per Unit on that 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 [●] (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 tenth Business Day of the following month (the “Retraction Payment 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 96% of the lesser of (i) 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. For this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share, and commission 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. 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.

*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 May of each year, other than in a year when the last Business Day of May is a Maturity Date or any subsequent maturity date, commencing in 2023 (the “Annual Retraction Date”) at a retraction price equal to the NAV per Unit on that 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 tenth Business Day of the following month.

*Non-Concurrent Retraction Right:* On the Maturity Date and upon any subsequent maturity date as determined by the Board of Directors, a holder of Preferred Shares may retract such Preferred Shares. The Company will provide at least 60 days' notice to holders of Preferred Shares of such right. 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 that 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 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.

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 96% of the difference between (i) 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. For this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Preferred Share. 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 2023 at a retraction price equal to the NAV per Unit on that 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 tenth Business Day of the following month.

*Non-Concurrent Retraction Right:* On the Maturity Date and upon any subsequent maturity date as determined by the Board of Directors, 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. 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 that date minus \$10.00 plus any accrued and unpaid distributions on the Preferred Share, and (ii) nil.

For the purpose of calculating the NAV per Unit, the value of the Portfolio (as defined herein) will be equal to the weighted average trading price of the constituent securities over the last three Business Days of the month, as described under "Calculation of Net Asset Value – Valuation of Portfolio Securities".

See "Redemption and Retractions – Retraction Privileges – Class A Shares".

**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 (as defined herein)) 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 risk factors, including: (i) risks relating to the performance of the securities in the Portfolio; (ii) risks relating to the power and infrastructure sectors; (iii) risks relating to equity investments; (iv) risks relating to the novel coronavirus known as COVID-19; (v) risks relating to market disruptions; (vi) concentration risk; (vii) risks associated with achieving investment objectives; (viii) sensitivity to interest rates; (ix) risks relating to the volatility of the Class A Shares; (x) changes in credit rating; (xi) reliance on the Manager; (xii) conflicts of interest; (xiii) risks associated with the use of options and other derivative instruments; (xiv) sensitivity to volatility levels; (xv) risks associated with securities lending; (xvi) tax risks; (xvii) loss of investment; (xviii) significant retractions; (xix) risks associated with non-concurrent retraction; (xx) changes in legislation and regulatory risk; (xxi) risks relating to accrued gains; (xxii) risks relating to currency exposure; (xxiii) risks relating to foreign market exposure; (xxiv) lack of operating history; and (xxv) cybersecurity risk. 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.

A purchaser who is resident in Canada, who holds securities of an Exchange Eligible Issuer as capital property and who exchanges such securities for Units or Class A Shares under the Exchange Option will be considered to have disposed of such securities for proceeds of disposition equal to the sum of (i) any cash received by such purchaser, and (ii) the fair market value, as at the time of acquisition, of Units or Class A Shares, as the case may be, acquired by such purchaser on the exchange. As a result, the purchaser generally will realize a capital gain (or capital loss) to the extent that such proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base to the purchaser of the securities of the Exchange Eligible Issuer(s) and any reasonable costs of disposition.

See “Income Tax Considerations”.

**Taxation of Shareholders Resident in Canada****Distributions**

Dividends, other than Capital Gains Dividends, received by individuals on the Preferred Shares and Class A Shares (“Ordinary Dividends”) 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” (as defined in the Tax Act).

Ordinary Dividends received by corporations, other than a “specified financial institution” (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 be deductible in computing taxable income, provided that certain conditions applicable to “term preferred shares” under the Tax Act are met, such as the 10% ownership restriction.

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 38½%.

Ordinary Dividends received by certain corporations other than private corporations on the Preferred Shares will be subject to a 10% tax under Part IV.1 of the Tax Act.

Return of capital payments to a holder of Preferred Shares and Class A Shares will not be subject to tax but will reduce the adjusted cost base of the Preferred Shares and Class A Shares to the holder. To the extent that such adjusted cost base would otherwise be a negative amount, the holder will be deemed to have recognized 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.

See “Income Tax Considerations”.

**Eligibility for Investment**

Provided that the Company qualifies as a “mutual fund corporation” for the purposes of the Tax Act, is a registered investment within the meaning of the Tax Act, or if 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 will 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, registered disability savings plans (“RDSPs”), tax-free savings accounts (“TFSAs”), and registered education savings plans (“RESPs”).

Provided that a holder of a TFSA or RDSP, subscriber of a RESP, or the annuitant of a RRSP or RRIF, deals at arm’s length with and does not have a “significant interest” (within the meaning of the Tax Act) in the Company, the Preferred Shares and Class A Shares will not be a prohibited investment under the Tax Act for such TFSA, RDSP, RESP, RRSP or RRIF.

See “Eligibility for Investment”.

**Redemption of the Shares by the Company:**

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 Company may be extended after the Maturity Date for a further period of up to five years and thereafter for additional successive periods of up to five years as determined by the Board of Directors on such date.

See “Redemption of the Shares by the Company” and “Redemption and Retractions – Redemptions”.

**Distribution Reinvestment Plan:**

At any time, a holder of Class A Shares (a “Class A Shareholder”) may elect to participate in the Reinvestment Plan by giving notice of the Class A Shareholder’s decision to become a Plan Participant for the relevant record date to the CDS Participant through which the Class A Shareholder holds its Class A Shares. Under the Reinvestment Plan, cash distributions will be used to acquire additional Class A Shares in the market.

See “Distribution Policy – Distribution Reinvestment Plan”.

**Organization and Management of the Company:**

*Manager, Portfolio Manager and Promoter*

Brompton Funds Limited will be the manager and portfolio manager of the Company. The Manager is a member of the Brompton Group, a provider of investment management and portfolio advisory services to TSX-listed closed-end funds and exchange-traded funds since 2002. The Manager’s head office is located at Suite 2930, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2T3.

The Manager 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*

[●] is the custodian of the assets of the Company and is responsible for certain aspects of the day-to-day administration of the Company.

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

#### *Securities Lending Agents*

[● and ●], each at their principal offices in Toronto, Ontario, may act as the securities lending agents for the Company pursuant to respective securities lending authorization agreements.

See “Organization and Management Details of the Company – Securities Lending Agents”.

#### *Auditor*

The auditor of the Company is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2.

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

#### *Registrar and Transfer Agent*

[●] 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 – The Registrar and Transfer Agent”.

#### **Agents:**

RBC Dominion Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., TD Securities Inc., Hampton Securities Limited, Canaccord Genuity Corp., Raymond James Ltd., Richardson Wealth Limited, Echelon Wealth Partners Inc., iA Private Wealth Inc., Manulife Securities Incorporated and Mackie Research Capital Corporation (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 Osler, Hoskin & Harcourt LLP and on behalf of the Agents by Stikeman Elliott 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 \$0.45 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 the Agents an Over-Allotment Option. This prospectus qualifies the distribution of the Over-Allotment Option, and the Preferred Shares and the Class A Shares issuable on the exercise thereof. The Agents may exercise the Over-Allotment Option in whole or in part at any time on or before the close of business on the 30th day following the closing of the Offering. To the extent that the Over-Allotment Option is exercised, the additional Preferred Shares and Class A Shares will be offered at the offering

prices hereunder and the Agents will be entitled to a fee of \$0.30 per Preferred Share and \$0.45 per Class A Share purchased.

See “Plan of Distribution”.

Agents' Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	[●] Preferred Shares and [●] Class A Shares	Within 30 days following the Closing Date	\$10.00 per Preferred Share and \$10.00 per Class A Share

### 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

**Type of Fee**

**Amount and Description**

**Agents' Fees:**

\$0.30 per Preferred Share (3.0%)  
 \$0.45 per Class A Share (4.5%)

**Expenses of the Offering:**

The expenses of the offering of Preferred Shares and Class A Shares by the Company are estimated to be \$530,000. The Manager or an affiliate of the Manager will pay an amount equal to 1.0% of the gross proceeds of the Offering towards the Agents' fee or expenses of the Offering to allow for a higher opening NAV of the Company. Remaining expenses of the Offering, 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. As a result of the priority of the Preferred Shares, the net expenses of the Offering after those paid by the Manager or an affiliate of the Manager, will effectively be borne by holders of the Class A Shares and the net asset value per Class A Share will reflect such net expenses of the Offering of both the Preferred Shares and Class A Shares.

**Fee Payable to the Manager:**

The Manager will receive an annual management fee (the “Management Fee”) equal to 0.75% per annum of the NAV of the Company, calculated and payable monthly in arrears, plus any applicable taxes. 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. There will be no duplication of fees payable by the Company in connection with any investment by the Company in exchange-traded funds managed by the Manager.

**Operating Expenses:**

The Company will be responsible for various operating expenses incurred by the Company and by the Manager on behalf of the Company.

In addition to the Management Fee, and any debt servicing costs, the Company will pay all of its own expenses incurred in connection with its operation and administration, estimated to be approximately \$225,000 per annum (assuming an offering size of approximately \$75 million).

## FORWARD LOOKING STATEMENTS

Certain of the statements contained in this prospectus may be forward-looking statements. The use of words such as “may,” “will,” “should,” “could,” “anticipate,” “believe,” “expect,” “intend,” “plan,” “potential,” “continue” and similar expressions have been used to identify these forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors discussed under “Risk Factors” and in other sections of this prospectus. Although Brompton Funds Limited (the “Manager”) believes the expectations reflected in the forward-looking statements are reasonable, no assurance can be given that actual results will be consistent with these expectations and forward-looking statements. Potential subscribers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company and the Manager assume no obligation to update or revise them to reflect new events or circumstances except as may be required by applicable law.

## 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 [●], 2021 among the Company, the Manager and the Agents.

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

“**Annual Retraction Date**” means the second last Business Day of May of each year, other than in a year which contains a maturity date, commencing in 2023.

“**Board of Directors**” means the Company’s board of directors.

“**Brompton Funds**” means Brompton Corp. and its wholly owned subsidiary, Brompton Funds Limited, which acts as the manager of the Company. Brompton Corp. is in the business of managing investment funds.

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

“**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 a rating of at least R-1 (mid) by DBRS or the equivalent rating from another designated rating organization; or
- (c) other cash cover as defined in NI 81-102.

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

“**CDS Participants**” means participants in CDS.

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

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

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

“**Closing Date**” means on or about [●], 2021 or such other date as may be agreed to by the Company and the Agents, but in any event no later than 90 days after a receipt for this prospectus has been issued.

“**Company**” means Sustainable Power & Infrastructure Split Corp., a split share corporation incorporated under the laws of the Province of Ontario.

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

“**Custodian**” means [●], 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.

“**DBRS**” means DBRS Limited.

“**Exchange Agent**” means [●].

“**Exchange Eligible Issuers**” means any eligible issuers listed under “Purchases of Securities – Exchange Eligible Issuers” in this prospectus included in the Indicative Portfolio.

“**Exchange Eligible Shares**” means the freely-tradable listed securities of the Exchange Eligible Issuers.

“**Exchange Option**” means the option of prospective purchasers to elect to purchase Units or Class A Shares by an exchange of Exchange Eligible Shares.

“**Extraordinary Resolution**” means a resolution passed by the affirmative vote of at least 66⅔% of the votes cast, either in person or by proxy, at a meeting of shareholders called for the purpose of approving such resolution.

“**Investment Guidelines**” means the investment guidelines of the Company described under “Investment Strategies – Investment Guidelines” in this prospectus.

“**Investment Objectives**” means the investment objectives of the Company described under “Investment Objectives” in this prospectus.

“**Investment Restrictions**” means the investment restrictions of the Company, including without limitation, those described under “Investment Restrictions” in this prospectus.

“**Investment Strategies**” means the investment strategies of the Company described under “Investment Strategies” in this prospectus.

“**Lending Agents**” means [●] and [●], in their capacity as lending agents pursuant to the Securities Lending Agreements.

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

“**Management Agreement**” means the management agreement dated as of [●], 2021 between the Company and the Manager as it may be amended from time to time.

“**Maturity Date**” means May 29, 2026, subject to extension for successive terms of up to five years as determined by the Board of Directors. See “Redemption of the Shares by the Company”.

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

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

“**NAV per Unit**” has the meaning ascribed to it under “Calculation of Net Asset Value” in this prospectus.

“**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).

“**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.

“**Ordinary Resolution**” means a resolution passed by the affirmative vote of at least 50% of the votes cast, either in person or by proxy, at a meeting of shareholders called for the purpose of approving such resolution.

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

“**Plan Agent**” means [●].

“**Plan Participants**” means Shareholders who are participants in the Reinvestment Plan.

“**Portfolio**” means the Company’s investment portfolio.

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

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

“**Reinvestment Plan**” means the distribution reinvestment plan of the Company, as may be amended from time to time.

“**Reinvestment Plan Agency Agreement**” means the reinvestment plan agency agreement entered into among the Manager and the Plan Agent, establishing the Reinvestment Plan, as it may be amended from time to time.

“**Retraction Date**” means the second last Business Day of a month.

“**Retraction Payment Date**” means the day that is on or before the tenth Business Day of the month following the Retraction Date or Annual Retraction Date, as applicable.

“**Securities Lending Agreements**” has the meaning ascribed to it under “Organization and Management Details of the Company – Securities Lending Agents” in this prospectus.

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

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

“**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.

## OVERVIEW OF THE COMPANY

Sustainable Power & Infrastructure Split Corp. is a mutual fund corporation incorporated under the laws of the Province of Ontario on March 31, 2021. The Articles 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 Sustainable Power & Infrastructure Split Corp. (the “Company”) is Brompton Funds Limited (the “Manager”), who is responsible for investing the net proceeds of the offering to purchase securities for the Portfolio (as defined herein).

The principal office of the Company and the Manager is located at Suite 2930, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario, M5J 2T3.

### Status of the Company

While the Company is technically 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 holders with fixed cumulative preferential quarterly cash distributions and to return the original issue price of \$10.00 to holders on May 29, 2026 (the “Maturity Date”), subject to extension for successive terms of up to five years as determined by the Board of Directors.

The investment objectives for the Class A Shares are to provide holders with regular monthly non-cumulative cash distributions and to provide holders with the opportunity for capital appreciation through exposure to the Portfolio.

The Company will invest in a diversified portfolio of equity securities of sustainable power and infrastructure companies selected by the Manager and may selectively write covered call options from time to time in order to enhance the Company’s total returns and to mitigate the overall volatility of the Portfolio and will hedge substantially all of its foreign currency exposure back to the Canadian dollar.

## INVESTMENT STRATEGIES

### Investment Guidelines

To achieve its investment objectives, the Company will invest in a globally diversified and actively managed portfolio (the “Portfolio”) consisting primarily of dividend-paying securities of power and infrastructure companies, whose assets, products and services the Manager believes are facilitating the multi-decade transition toward decarbonization and environmental sustainability. The Portfolio may include investments in companies operating in the areas of renewable power, green transportation, energy efficiency, and communications, among others. Collectively portfolio investments in these areas and their related industries, are referred to as “Sustainable Power and Infrastructure Companies”.

The Manager uses a multi-disciplinary investment process which includes fundamental, qualitative, and technical research to select securities of issuers for inclusion in the Portfolio. In seeking to achieve its investment objectives, the Company intends to target investments in Sustainable Power and Infrastructure Companies that have positive and/or improving environmental, social and governance (“ESG”) characteristics as identified by the Manager. The Manager will integrate ESG considerations to complement fundamental analysis in its security selection process. The qualitative ESG policies and practices considered may include, but are not limited to, a company’s environmental sustainability, diversity of employees, and corporate governance. The Manager reviews ESG ratings from third party data providers such as Bloomberg, MSCI, S&P Global, Sustainalytics, Refinitiv, ISS, and others that provide independent and objective ratings as an input to the overall investment analysis and risk assessment of a company.

The Company will only invest in issuers with a market capitalization of at least \$2 billion and the Manager expects that at least 15 Sustainable Power and Infrastructure Companies will comprise the Portfolio. In addition, up to 25% of the Portfolio may be invested indirectly through exchange-traded funds for the purposes of enhanced diversification and return potential, at the discretion of the Manager.

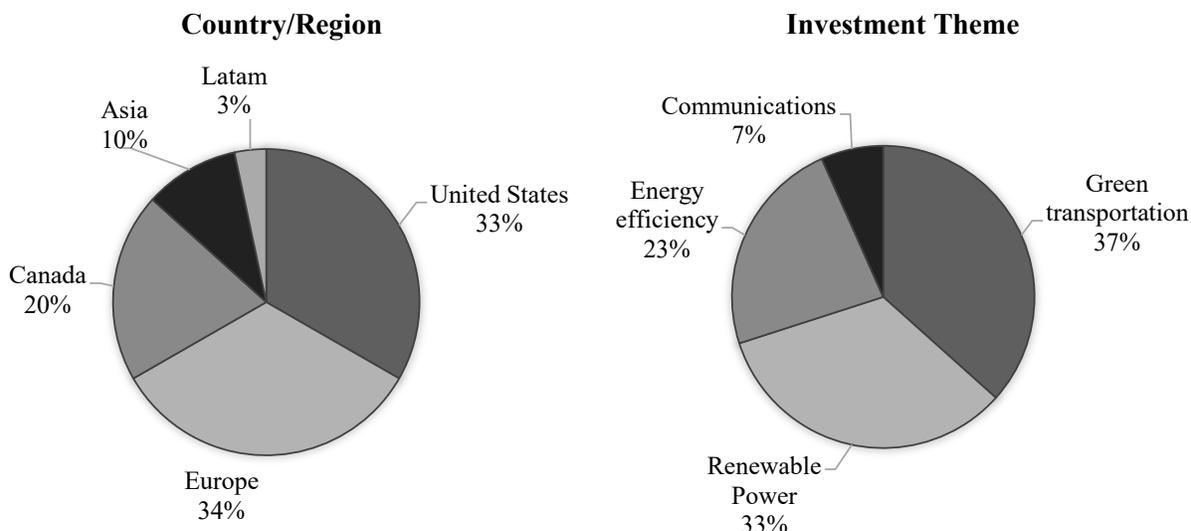
The Company may selectively write covered call options from time to time in respect of all or a portion of the securities in the Portfolio in order to generate additional income above the distributions earned on the Portfolio securities and to mitigate the overall volatility of the Portfolio. Based on the Manager’s experience using its tactical covered call writing strategy, it expects there will be periods of time when the securities in the Portfolio will be subject to covered call options as well as periods when few or no covered call options will be written on the securities in the Portfolio. The Manager currently manages approximately \$1.8 billion of assets for funds that employ covered call strategies. See “Investment Strategies – Call Option Writing”.

### Indicative Portfolio Composition

The Portfolio, if invested on March 25, 2021, would be invested in equity securities of the following Sustainable Power and Infrastructure Companies (the “Indicative Portfolio”):

Company Name	Theme	Sector	Country	Market Capitalization (\$Cdn. Billions)
Aes Corp.	Renewable Power	Utilities	United States	\$22.3
Air Products & Chemicals Inc.	Green transportation	Materials	United States	\$77.4
Algonquin Power & Utilities Corp.	Renewable Power	Utilities	Canada	\$11.9
BCE Inc.	Communications	Communication Services	Canada	\$52.0
Brookfield Infrastructure Partners L.P.	Renewable Power	Utilities	Canada	\$27.9
CK Infrastructure Holdings Limited	Renewable Power	Utilities	Hong Kong	\$19.7
E.ON SE	Renewable Power	Utilities	Germany	\$37.4
Eaton Corp Plc.	Energy efficiency	Industrials	United States	\$68.2
Emerson Electric Co.	Energy efficiency	Industrials	United States	\$67.5
Enel SPA	Renewable Power	Utilities	Italy	\$127.4
Hitachi Ltd.	Energy efficiency	Information Technology	Japan	\$59.6
Iberdrola SA	Renewable Power	Utilities	Spain	\$104.6
Keyera Corp.	Green transportation	Energy	Canada	\$5.5
Kinder Morgan Inc.	Green transportation	Energy	United States	\$46.7
Magna International Inc.	Green transportation	Consumer Discretionary	Canada	\$32.9
MTR Corp.	Green transportation	Industrials	Hong Kong	\$44.5
National Grid Plc.	Renewable Power	Utilities	Great Britain	\$53.7
Nextera Energy Inc.	Renewable Power	Utilities	United States	\$181.6
Oneok Inc.	Green transportation	Energy	United States	\$27.9
Orsted A/S	Renewable Power	Utilities	Denmark	\$82.5
Schneider Electric SE	Energy efficiency	Industrials	France	\$105.1
Siemens AG	Energy efficiency	Industrials	Germany	\$170.9
Sika AG	Energy efficiency	Materials	Switzerland	\$50.0
Sociedad Quimica y Minera de Chile SA	Green transportation	Materials	Chile	\$16.6
Telus Corp.	Communications	Communication Services	Canada	\$33.6
Union Pacific Corp.	Green transportation	Industrials	United States	\$182.6
Vestas Wind Systems A/S	Renewable Power	Industrials	Denmark	\$45.9
Volkswagen AG	Green transportation	Consumer Discretionary	Germany	\$191.8
Volvo AB	Green transportation	Industrials	Sweden	\$66.8
Williams Cos Inc.	Green transportation	Energy	United States	\$36.7
Xylem Inc.	Energy efficiency	Industrials	United States	\$23.2
<b>Average</b>				<b>\$66.9</b>

The geographic allocation and the thematic allocation of the Indicative Portfolio is as follows:



## Call Option Writing

### *Strategy*

The Company may, from time to time, sell 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. Since call options will be written only in respect of securities that are in the Portfolio and the Investment Restrictions of the Company prohibit the sale of securities subject to an outstanding option, the call options will be covered call options at all times.

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 will retain the option premium. See “Call Option Pricing”.

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. See “Call Option Pricing”.

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 during the term 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.

### *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 distributions), the primary factors that affect the option premium received by the seller of a call option are the following:

<b>Factor</b>	<b>Description</b>
<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.

### **Volatility History**

The volatility of a stock is a measure of variation in its trading price over time. The average, low and high of the historical 30-day volatility for the ten year period to February 26, 2021 and the current 30-day volatility as at March 25, 2021 (expressed in percentages on an annualized basis) for the Indicative Portfolio are set out in the chart below:

	<b>Average (%)</b>	<b>High (%)</b>	<b>Low (%)</b>	<b>Current (%)</b>
AES Corporation	27.1	126.9	11.6	40.1
Air Products & Chemicals Inc.	21.8	99.2	8.4	20.9
Algonquin Power & Utilities Corp.	20.2	108.9	8.1	21.2
BCE Inc.	13.6	90.3	5.8	14.8
Brookfield Infrastructure Partners L.P.	20.5	134.0	9.4	17.8
CK Infrastructure Holdings Limited	19.4	65.9	8.5	27.5
E.ON SE	25.5	75.8	12.5	21.8
Eaton Corp PLC	25.9	121.3	10.3	24.0
Emerson Electric Co.	24.0	126.7	11.5	24.7
Enel SpA	26.5	89.0	9.7	22.3
Hitachi Ltd.	30.8	92.6	13.2	32.6
Iberdrola SA	21.3	77.6	7.5	25.0
Keyera Corp.	25.4	176.0	10.7	31.8
Kinder Morgan Inc.	26.5	137.8	10.8	33.4
Magna International Inc.	27.9	118.3	12.5	44.7
MTR Corp.	17.5	43.0	5.4	24.0
National Grid PLC	18.6	69.4	8.3	22.7
NextEra Energy Inc.	17.6	96.6	6.8	32.5
ONEOK Inc.	32.1	230.6	10.9	40.5

Orsted A/S	24.7	64.4	12.6	39.8
Schneider Electric SE	27.8	80.7	8.7	20.4
Siemens AG	23.2	79.2	9.6	25.8
Sika AG	24.7	81.4	10.2	23.6
Sociedad Quimica y Minera de Chile SA	36.0	122.9	11.9	56.8
Telus Corp.	15.4	88.5	7.2	17.7
Union Pacific Corp.	23.9	98.0	10.3	26.0
Vestas Wind Systems A/S	42.5	104.3	15.4	50.5
Volkswagen AG	31.3	117.2	10.4	52.8
Volvo AB	28.8	69.2	13.6	33.4
Williams Cos Inc.	33.1	165.5	12.9	31.4
Xylem Inc.	24.2	95.3	10.0	22.8

The information set forth above is historical and is not intended to be, nor should it be construed as, an indication as to future volatility levels of the Portfolio securities.

### ***Income from Covered Call Option Writing***

The following table represents the percentage of the Indicative Portfolio against which at-the-money call options would need to be written at different volatility levels to pay the target distribution on the Preferred Shares of 5.0% and the target distribution on the Class A Shares of 8.0% while maintaining a stable NAV per Unit.

The percentages of the Portfolio shown below do not take into account the potential price impact on the value of the Portfolio resulting from writing covered call options. Securities on which the Company has written covered calls have the full downside risk associated with a regular security holding but are limited in upside return to the amount out of the money at which the call is written. In the case of covered calls written at-the-money, the investor forgoes any upside on the security position, but retains all of the downside risk. In exchange for forgoing the upside return, the investor receives the premium payment.

### **Cash Flow from Option Premiums**

		Volatility (%)					
		10%	20%	29.7% <sup>(1)</sup>	30%	40%	50%
Call Option Write Level (% of Portfolio)	10%	1.2%	2.6%	3.9%	4.0%	5.3%	6.7%
	12.5% <sup>(2)</sup>	1.5%	3.2%	4.9%	5.0%	6.7%	8.4%
	15%	1.8%	3.9%	5.9%	6.0%	8.0%	10.1%
	20%	2.4%	5.2%	7.9%	7.9%	10.7%	13.5%
	25%	3.0%	6.5%	9.8%	9.9%	13.4%	16.8%
	30%	3.7%	7.8%	11.8%	11.9%	16.0%	20.2%
	35%	4.3%	9.1%	13.8%	13.9%	18.7%	23.5%
	40%	4.9%	10.4%	15.7%	15.9%	21.4%	26.9%
	45%	5.5%	11.7%	17.7%	17.9%	24.1%	30.3%
	50%	6.1%	13.0%	19.7%	19.9%	26.7%	33.6%

**Notes:**

(1) Current volatility of the Indicative Portfolio as at March 25, 2021.

(2) Call option write level that would be needed to generate the additional return required to cover distributions of the Class A and Preferred Shares.

**Cash Flow Available for Distribution from Option Premiums and Dividends  
(Net of Withholding Tax and Expenses)**

		Volatility (%)					
		10%	20%	29.7% <sup>(1)</sup>	30%	40%	50%
Call Option Write Level (% of Portfolio)	10%	3.1%	4.4%	5.8%	5.8%	7.2%	8.6%
	12.5% <sup>(2)</sup>	3.4%	5.1%	6.8%	6.8%	8.5%	10.3%
	15%	3.7%	5.7%	7.7%	7.8%	9.9%	11.9%
	20%	4.3%	7.0%	9.7%	9.8%	12.5%	15.3%
	25%	4.9%	8.3%	11.7%	11.8%	15.2%	18.7%
	30%	5.5%	9.6%	13.6%	13.8%	17.9%	22.0%
	35%	6.1%	10.9%	15.6%	15.8%	20.6%	25.4%
	40%	6.7%	12.2%	17.6%	17.7%	23.2%	28.8%
	45%	7.3%	13.5%	19.5%	19.7%	25.9%	32.1%
	50%	7.9%	14.8%	21.5%	21.7%	28.6%	35.5%

**Notes:**

(1) Current volatility of the Indicative Portfolio as at March 25, 2021.

(2) Call option write level that would be needed to generate the additional return required to cover distributions of the Class A and Preferred Shares.

The tables above were generated using a modified Black-Scholes model and assume that call options will be written at-the-money which is within the range generally expected to be utilized by the Manager in writing call options and is based on the following assumptions as at March 25, 2021:

- (a) the gross proceeds of the Offering are \$75 million and the net proceeds are fully invested in the securities of the Indicative Portfolio;
- (b) call options are written for a term of 30 days;
- (c) the range of volatility shown in the table approximates the range of the historical average volatility of Portfolio securities;
- (d) all call options are exercisable only at maturity and are written at-the-money;
- (e) the Portfolio generates a return from dividends and distributions equal to 3.4% (3.1% net of withholding tax);
- (f) the risk-free or benchmark interest rate is the U.S. one-month Treasury Bill rate which equals 0.02% per annum;
- (g) there are no realized capital gains or losses on the Portfolio securities for the period during which the call options are outstanding and there are no price changes in the securities that make up the Portfolio; and
- (h) fees and expenses of the Company are as described under “Fees and Expenses”.

**Voting Rights in the Portfolio Securities**

Shareholders will have no voting rights in respect of securities held by the Company. The Company has delegated to the Manager the responsibility for voting on matters for which the Company receives, in its capacity as a securityholder, proxy materials for a meeting of securityholders of an issuer included in the Portfolio.

The policies of the third party service provider adopted by the Manager set forth guidelines for voting on routine matters including appointment of auditors and the election of directors and on non-routine matters such as shareholder rights plans, mergers and corporate restructurings and share based compensation plans. The Manager will review voting positions taken by the service provider to ascertain whether proxies are voted in compliance with the established policies and procedures. The Manager will maintain annual proxy voting records for the Company for record keeping purposes.

## **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 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 premium. 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 premium.

## **Use of Other Derivative Instruments**

In addition to writing covered call options and cash covered put options, to the extent permitted by Canadian securities regulators from time to time, the Company may also purchase call options and put options with the effect of closing out existing call options and put options written by the Company. 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. The Company may enter into trades to close out positions in such permitted derivatives.

## **Currency Hedging**

The Company will hedge substantially all of its foreign currency exposure back to the Canadian dollar.

## **Securities Lending**

The Company may enter into securities lending transactions, repurchase and reverse purchase transactions in compliance with NI 81-102 to earn additional income for the Company.

Under the Securities Lending Agreements, the collateral posted by a securities borrower to the Company will be required to have an aggregate value of not less than 102% of the market value of the loaned securities. In addition to the collateral held by the Company, the Company will also benefit from a borrower default indemnity provided by the Lending Agents. The Lending Agents' indemnity will provide for the replacement of a number of securities equal to the number of unreturned loaned securities, or will provide credit to the Company in the amount of the market value of such unreturned loaned securities as determined at the close of business on the date on which such securities were required to be returned.

## **Credit Facility**

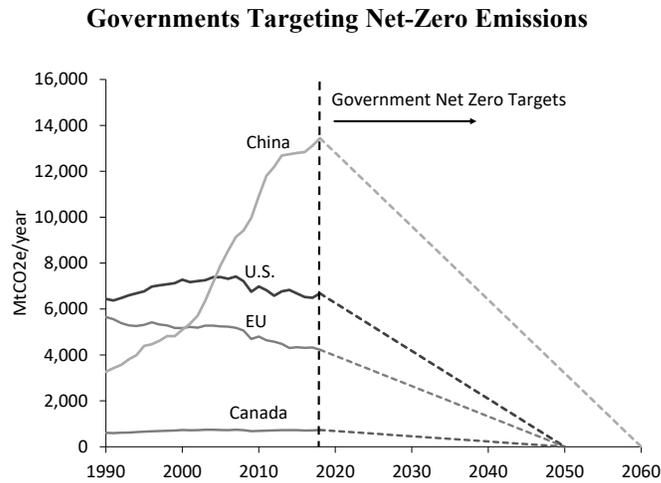
The Company may establish a credit facility which may be used by the Company for working capital purposes. The Company expects that the maximum amount it borrows thereunder will be limited to 5% of NAV. The Company may pledge Portfolio shares as collateral for amounts borrowed thereunder. Accordingly, at the time such leverage is incurred, the maximum amount of leverage that the Company could obtain is 1.05:1.

## **INVESTMENT OVERVIEW**

The Company will invest in a globally diversified and actively managed portfolio consisting primarily of dividend-paying securities of power and infrastructure companies, whose assets, products and services the Manager believes are facilitating the multi-decade transition toward decarbonization and environmental sustainability.

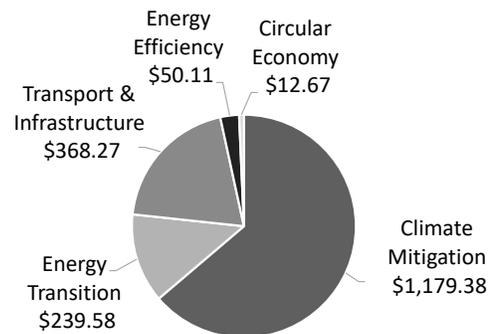
The Manager believes demand for sustainable power and infrastructure is set to accelerate on a global scale, creating attractive investment opportunities with long-term growth potential, as outlined below:

- Governments worldwide are seeking to mitigate climate change through regulations and funding to reduce fossil fuel emissions, including the adoption of net-zero emissions targets, as illustrated in the chart below (left);
- The Manager believes fiscal stimulus focused on green power and infrastructure is accelerating the global transition to sustainable development. In the wake of COVID-19, governments have announced significant stimulus programs totaling more than US\$1.8 trillion that feature investments in sustainable infrastructure, as shown in the chart below (right);
- In addition, on March 31, 2021, U.S. President Joe Biden announced a US\$2.25 trillion, eight-year Infrastructure proposal which, if passed into law, will be strongly supportive of Sustainable Power and Infrastructure Companies<sup>1</sup>;



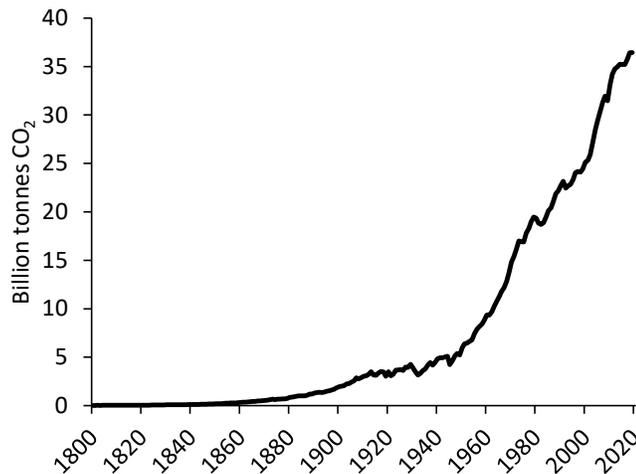
Source: Climate Action Tracker, Energy & Climate Intelligence Unit, Brompton; historical data as of December 31, 2018. MTCO2e is metric tons of carbon dioxide equivalent, a standard emissions measure.

### Total Green Stimulus by Theme (US\$bn)



Source: Credit Suisse, September 1, 2020.

### Rapid Increase in Global Carbon Dioxide (CO2) Emissions



Source: Our World in Data, <https://ourworldindata.org/co2-emissions>.

- Corporations globally are increasingly adopting clean energy due to improving economics for clean energy and pressure from customers, investors, and employees to reduce their carbon footprint.<sup>2</sup> 1,565 companies with a combined revenue of US\$12.5 trillion have made net-zero commitments or signed onto initiatives

<sup>1</sup> <https://www.bloomberg.com/news/articles/2021-03-31/what-s-in-biden-s-2-25-trillion-infrastructure-and-tax-proposal?sref=JhtShCSG>

<sup>2</sup> <https://home.kpmg/xx/en/home/insights/2018/04/new-drivers-of-the-renewable-energy-transition.html>

aiming for net-zero targets through the world's largest climate action reporting platforms, according to an October 2020 report published by the New Climate Institute and the Data-Driven Envirolab<sup>3</sup>;

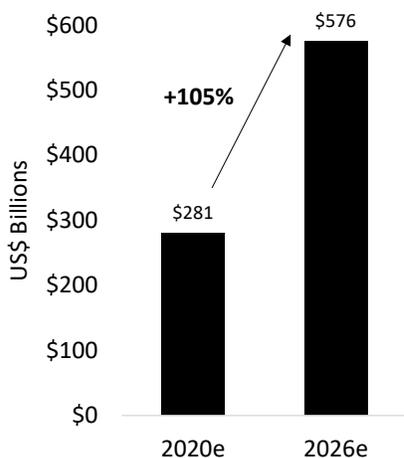
- The Manager believes the transition to renewable power, along with population growth and urbanization, are driving the need for additional and more efficient infrastructure;
- It is estimated that the world will have to invest US\$6 trillion per year in infrastructure through 2030, according to The New Climate Economy<sup>4</sup>; and
- The Manager believes infrastructure investments offer attractive income with historically lower volatility relative to the broad equity market and low correlation with major asset classes.

The Manager will seek to invest in companies in the following sectors:

### Renewable Power: Wind, Solar, Hydroelectric

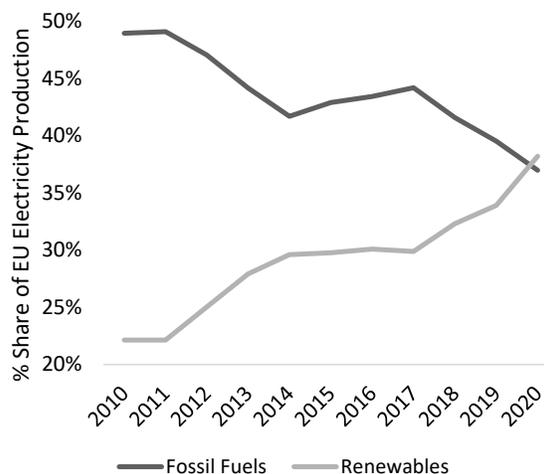
- The transition to renewable power is well underway – renewables are the fastest growing source of new power generation and are set to account for 95% of the net increase in global power capacity from 2020 to 2025<sup>5</sup>;
- Renewable power generation is expected to increase 50% from 2020 to 2025 and become the largest source of electricity generation worldwide according to the International Energy Agency<sup>6</sup>;
- Renewable electricity costs have fallen sharply over the last decade. Renewables are now the cheapest form of new electricity across most of the world today, as shown in the chart below<sup>7</sup>;
- Wind and solar are expected to supply 56% of electricity globally by 2050, up from 9% in 2020 (BloombergNEF)<sup>8</sup>;
- The transition to renewable power is expected to create a US\$16 trillion investment opportunity through 2030 as spending shifts to new infrastructure according to Goldman Sachs<sup>9</sup>;

**Renewable Power Investment Set to Surge**



Source: IEA, June 17, 2020, Global renewable power investment in 2020e, and annual average investment in the Sustainable Development Scenario, IEA, Paris

**Renewables Overtake Fossil Fuels**



Source: Ember, Agora Energiewende, January 25, 2021.

<sup>3</sup> [http://datadrivenlab.org/wp-content/uploads/2020/10/NCI\\_NetZeroReport\\_longVersion\\_201021\\_complete\\_interactive.pdf](http://datadrivenlab.org/wp-content/uploads/2020/10/NCI_NetZeroReport_longVersion_201021_complete_interactive.pdf)

<sup>4</sup> <http://newclimateeconomy.report/2016/>

<sup>5</sup> <https://www.iea.org/reports/renewables-2020>

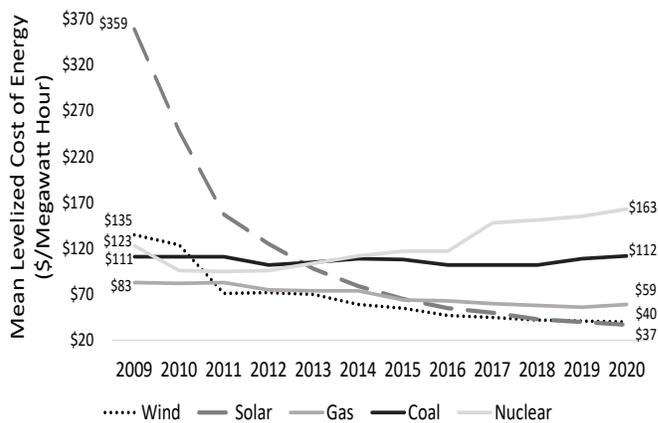
<sup>6</sup> <https://www.iea.org/reports/renewables-2020>

<sup>7</sup> <https://www.lazard.com/media/451419/lazards-levelized-cost-of-energy-version-140.pdf>

<sup>8</sup> <https://www.bloomberg.com/graphics/2020-renewable-energy-supermajors/?sref=zIRSA6uX>

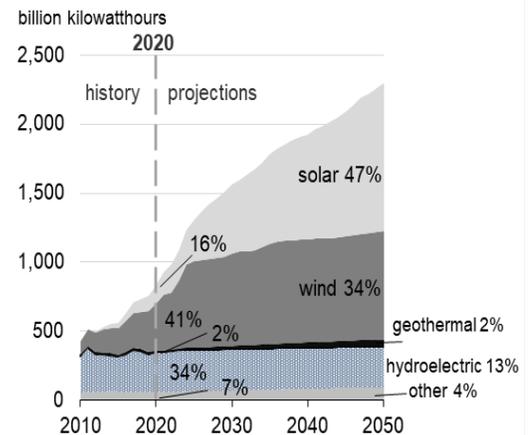
<sup>9</sup> <https://www.bloomberg.com/news/articles/2020-06-17/goldman-sees-16-trillion-opening-as-renewables-pass-oil-and-gas>

## Renewables Have Become the Low-Cost Source of Electricity



Source: Lazard, October 2020. <https://www.lazard.com/media/451419/lazards-levelized-cost-of-energy-version-140.pdf>.

## Strong Growth for U.S. Renewable Energy



Source: U.S. Energy Information Administration, Annual Energy Outlook 2021.

## Green Transportation: Electric Vehicles, Energy Transportation & Storage, Railroads

- The Manager believes technological advances and economic incentives will make electric vehicles more cost competitive, which will lead to increasing demand for electric vehicles and charging infrastructure;
- By 2035, 62% of vehicles sold globally will be electric, up from just 12% in 2020, as shown in the chart below. This will result in electric vehicle car sales growing from 8 million units in 2020 to 63 million by 2030;
- Electric vehicle battery costs have declined significantly over the last decade, as shown in the chart below, and it is expected that electric vehicle battery costs, as a percentage of vehicle cost, will be lower than the cost of internal combustion engines by 2030<sup>10</sup>;
- Today, 65-80% of auto life-cycle emissions are from tailpipe emissions and from indirect emissions from fuel supply.<sup>11</sup> Electric vehicles produce zero direct emissions such as smog-forming pollutants<sup>12</sup> and greenhouse gases, as well as fewer indirect life cycle emissions related to their production and distribution process than traditional gasoline vehicles;<sup>13</sup>
- Hydrogen has the potential to decarbonize several high-emission sectors, including transportation, and act as a storage mechanism for renewable electricity;
- Hydrogen is expected to become an important low-carbon energy source with a potential market size of \$700 billion by 2050<sup>14</sup>; and
- Rails and pipelines have a significantly lower contribution to global carbon dioxide emissions compared to other forms of transportation with rail travel and freight contributing only 1% of global transport emissions and pipeline transport contributing only 2.2%, as shown in the chart below.<sup>15</sup>

<sup>10</sup> EV uptake accelerating, Goldman Sachs, March 18, 2021

<sup>11</sup> <https://www.energy.gov/eere/electricvehicles/reducing-pollution-electric-vehicles>

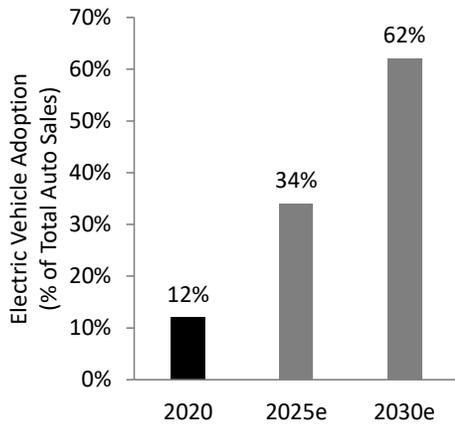
<sup>12</sup> [https://www.se.com/ca/en/download/document/998-2095-10-03-17AR0\\_EN/](https://www.se.com/ca/en/download/document/998-2095-10-03-17AR0_EN/)

<sup>13</sup> <https://www.mckinsey.com/business-functions/sustainability/our-insights/the-zero-carbon-car-abating-material-emissions-is-next-on-the-agenda#>

<sup>14</sup> <https://www.bloomberg.com/news/articles/2021-03-07/saudi-arabia-s-plan-to-rule-700-billion-hydrogen-market?sref=BoK3vqiG>

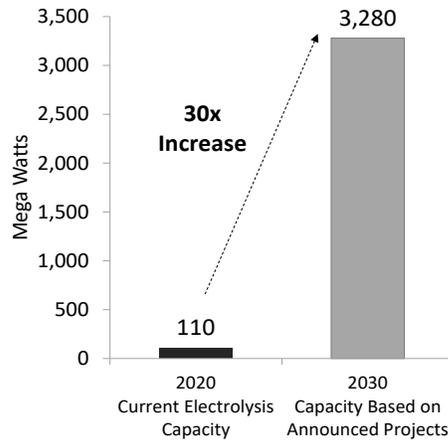
<sup>15</sup> <https://ourworldindata.org/co2-emissions-from-transport>

### Electric Vehicle Adoption Accelerating



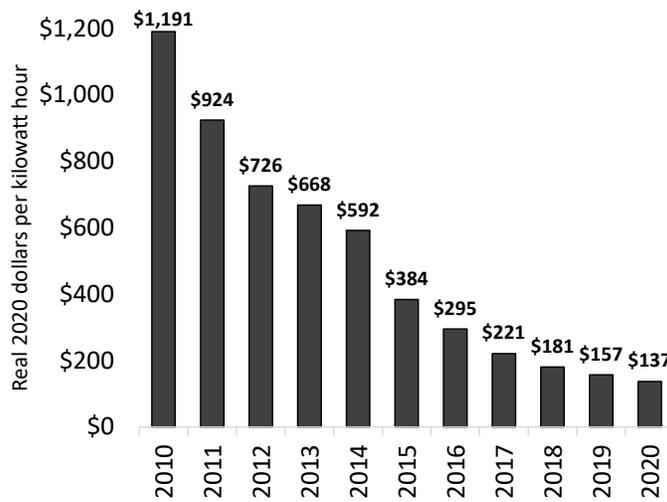
Source: Automotive Semis: Powering the EV megatrend, Credit Suisse, March 22, 2021. Represents battery-electric and hybrid-electric vehicles sales as percentage of total global auto units sold.

### Increasing Hydrogen Production Capacity



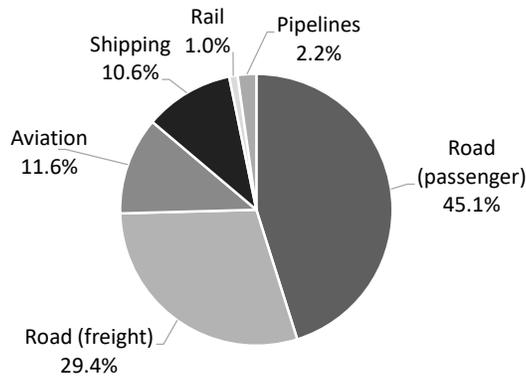
Source: Green Hydrogen: The next transformational driver of the Utilities industry, Goldman Sachs, September 22, 2020..

### Declining Electric Vehicle Battery Costs



Source: BloombergNEF. Price of a lithium-ion battery pack, volume weighted.

## Global CO<sub>2</sub> Emissions from Transport

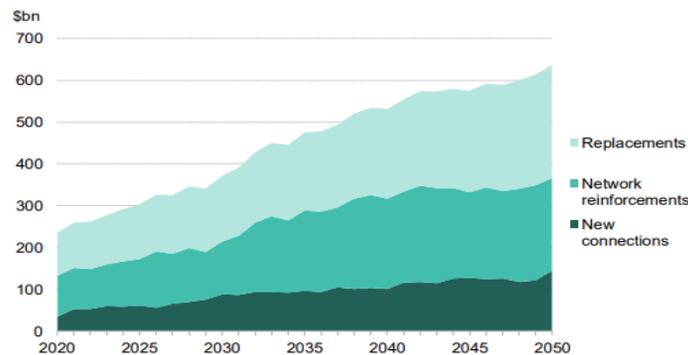


Source: OurWorldinData.org. Based on global transport emissions in 2018, which totaled 8 billion tons CO<sub>2</sub>.

## Energy Efficiency: Smart Grids, Smart Meters, Resource Management

- Global electricity demand is expected to double by 2050 and it is estimated that at least US\$14 trillion needs to be invested in the power grid worldwide by 2050<sup>16</sup>;
- Electricity distribution grids will be upgraded to conserve energy loss and equipped to integrate more sources of renewable energy through technologies like smart grids and storage;
- Annual electricity network losses range from 2% to 10% in the European Union, depending on the country and these losses represent EUR5 billion of annual waste in distribution grids<sup>17</sup>;
- Buildings currently consume about 53% of the world's available electricity and it is expected that by 2040, energy consumption from buildings will increase to 80% of total electricity.<sup>18</sup> Smart building technologies can help improve building efficiency, reduce energy waste and cut utility costs; and
- According to the European Commission, buildings account for 40% of energy consumption and 34% of greenhouse gas emissions in Europe. Around 35% of the EU's buildings are over 50 years old, almost 75% of the building stock is energy inefficient and, currently, only about 1% of the building stock is renovated each year. The sector needs additional annual investment of EUR180 billion in order to reach the EU's 2050 greenhouse gas reduction targets (Kepler Cheuvreux).

## Global Annual Grid Investment



Source: BloombergNEF, New Energy Outlook, 2020.

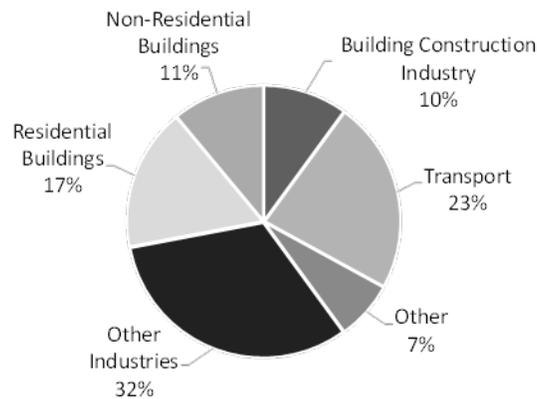
<sup>16</sup>[https://www.mckinsey.com/~media/McKinsey/Industries/Oil%20and%20Gas/Our%20Insights/Global%20Energy%20Perspective%202019/McKinsey-Energy-Insights-Global-Energy-Perspective-2019\\_Reference-Case-Summary.ashx](https://www.mckinsey.com/~media/McKinsey/Industries/Oil%20and%20Gas/Our%20Insights/Global%20Energy%20Perspective%202019/McKinsey-Energy-Insights-Global-Energy-Perspective-2019_Reference-Case-Summary.ashx),

<https://about.bnef.com/new-energy-outlook/>

<sup>17</sup> [https://www.se.com/ca/en/download/document/998-2095-10-03-17AR0\\_EN/](https://www.se.com/ca/en/download/document/998-2095-10-03-17AR0_EN/)

<sup>18</sup> <https://www.se.com/ca/en/download/document/998-20233517/>

## Buildings Account for 30% of Global CO<sub>2</sub> Emissions (2019)



Source: Kepler Cheuvreux, March 15, 2021

### Communications: Communication networks, Internet of Things (IoT)

- By expanding digital transformation across buildings, data centers, industry, and infrastructure, cumulative energy savings in buildings alone as a result of digitization could save 65 petawatt hours by 2040<sup>19</sup>;
- Demand for data and digital services is expected to continue its exponential growth over the coming years, with global internet traffic expected to double by 2022 to 4.2 zettabytes per year (4.2 trillion gigabytes).<sup>20</sup> The number of mobile internet users is projected to increase from 3.8 billion in 2019 to 5 billion by 2025, while the number of Internet of Things (IoT) connections is expected to double from 12 billion to 25 billion. These trends are driving exponential growth in demand for data centre and network services<sup>21</sup>;
- Connectivity and communication infrastructures are crucial in order to support data traffic growth, provide fast data delivery and ensure smooth digital experiences<sup>22</sup>;
- Growth of digital ecosystems, such as the ones that power Apple and Google, will require significant infrastructure spending<sup>23</sup>;
- The U.S. will likely need to invest over U.S.\$130 billion in fiber infrastructure to support the 5G build-out<sup>24</sup>;
- 5G technology can support 1000x the traffic at half of current energy consumption over the next decade, enhancing the potential of IoT and other next-generation technologies to support sustainable economic growth<sup>25</sup>; and
- According to Ericsson, broader IoT applications could help reduce global GHG emissions by up to 12% in 2030 (Credit Suisse, September, 1 2020).

<sup>19</sup> [https://www.se.com/ca/en/download/document/998-20387771\\_DTBR/](https://www.se.com/ca/en/download/document/998-20387771_DTBR/)

<sup>20</sup> <https://www.iea.org/reports/data-centres-and-data-transmission-networks>

<sup>21</sup> <https://www.iea.org/reports/data-centres-and-data-transmission-networks>

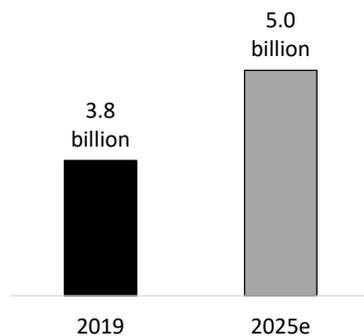
<sup>22</sup> <https://www.ericsson.com/en/mobility-report/dataforecasts/mobile-traffic-forecast>

<sup>23</sup> <https://www.equinox.com/gxi-report/>

<sup>24</sup> <https://www2.deloitte.com/global/en/blog/global-trends-in-tmt/2018/deep-fiber-infrastructure-5G.html>

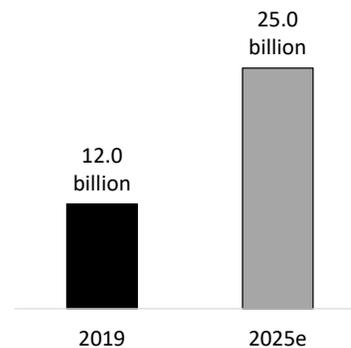
<sup>25</sup> [https://www.cwta.ca/wp-content/uploads/2020/10/5G\\_Role\\_In\\_Fight\\_Against\\_Climate\\_Change.pdf](https://www.cwta.ca/wp-content/uploads/2020/10/5G_Role_In_Fight_Against_Climate_Change.pdf)

### Global Mobile Internet Users



Source: International Energy Agency, June 2020

### Internet of Things: Growing Number of Connected Devices



Source: International Energy Agency, June 2020

### Case for Active Management

As global opportunities continue to emerge over the coming years and decades, the Manager believes an active approach to investment in the sectors mentioned above is necessary to identify sustainable businesses that will provide attractive long-term returns for investors. The Manager has extensive experience investing in global Sustainable Power and Infrastructure Companies. The Manager currently invests in Sustainable Power and Infrastructure Companies through six TSX-listed investment funds with over \$600 million in combined assets. More than 80% of the companies included in the Indicative Portfolio have been held within funds managed by the Manager.

### INVESTMENT RESTRICTIONS

The Company is subject to certain investment restrictions 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 a two-thirds majority vote of such holders who attend and vote at a meeting called for such purpose. See "Shareholder Matters – Matters Requiring Shareholder Approval". The Company's investment restrictions provide that the Company may:

- (a) purchase debt securities only if such securities are cash equivalents;
- (b) write a call option in respect of any security only if such security is actually held by the Company in the Portfolio at the time the option is written;
- (c) dispose of any security included in the Company's Portfolio that is subject to a call option written by the Company only if such option has either terminated or expired;
- (d) write put options in respect of any security only if (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;
- (e) not acquire or continue to hold any security that would be "taxable Canadian property" if the definition of that term in the Tax Act were read without reference to paragraph (b) thereof if more than 10% of the Company's property consisted of such property;
- (f) not invest in securities of an issuer that is treated as a foreign affiliate of the Company;
- (g) not invest in: (i) any security that is an offshore investment fund property that would require the Company to include significant amounts in the Company's income pursuant to section 94.1 of the Tax Act; or (ii) any interest in a non-resident trust that would require the Company to include amounts in income in connection with such interest pursuant to sections 91, 94 or 94.2 of the Tax Act; and

- (h) not purchase derivatives and enter into derivative or other transactions, including call options and put options, and short-sale arrangements, except as specifically permitted under NI 81-102 or as permitted by the Canadian Securities Administrators.

In addition, but subject to these investment restrictions, the Company has adopted the standard investment restrictions and practices set forth in NI 81-102 (as it may be amended from time to time). A copy of such standard investment restrictions and practices will be provided by the Manager to any person on request.

## **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 \$530,000. The Manager or an affiliate of the Manager will pay an amount equal to 1.0% of the gross proceeds of the Offering towards the Agents' fee and/or expenses of the Offering to allow for a higher opening NAV of the Company. Remaining expenses of the Offering, 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. As a result of the priority of the Preferred Shares, the net expenses of the Offering after those paid by the Manager or an affiliate of the Manager, will effectively be borne by holders of the Class A Shares and the net asset value per Class A Share will reflect such net 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 % per annum of NAV of the Company, calculated and payable monthly in arrears, plus any applicable taxes. 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. There will be no duplication of fees payable by the Company in connection with any investment by the Company in exchange-traded funds managed by the Manager.

### **Operating Expenses**

The Company will also pay for all expenses incurred in connection with its operation and administration. It is expected that these expenses will include, without limitation, all costs of Portfolio transactions, fees payable to the Manager, debt service costs, custodial fees, legal, audit and valuation fees and expenses, expenses of the directors of the Manager, fees and expenses of the members of the independent review committee appointed under NI 81-107 and expenses related to compliance with NI 81-107, premiums for directors' and officers' insurance coverage for the directors and officers of the Manager and the Company and members of the independent review committee, costs of reporting to Shareholders, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements of the Company and investor relations, fees and expenses relating to any services provided by third parties, taxes, brokerage commissions, costs and expenses relating to the issue of shares, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, extraordinary expenses that the Company may incur and all amounts paid on account of indebtedness of the Company. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Agents and/or any of their respective officers, directors, the independent review committee members, employees, consultants or agents is entitled to indemnity by the Company. The Company will also pay for all expenses incurred in connection with its termination on or about the Maturity Date.

The Manager estimates that ongoing expenses, exclusive of the Management Fee, debt service and other costs and brokerage expenses related to Portfolio transactions, will be approximately \$225,000 per year (assuming an offering size of approximately \$75 million).

## **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 Preferred Shares and Class A Shares, could be materially adversely affected.

### **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 securities in the Portfolio. Factors unique to each company 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 securities in the Portfolio. A substantial drop in the 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 Preferred Shares. Class A Shares and Preferred Shares of the Company may trade in the market at a discount to their NAV and there can be no assurance that the Class A Shares or the Preferred Shares will trade at a price equal to their NAV.

### **Power and Infrastructure Sector**

Issuers operating in the power and infrastructure sectors are subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, government regulation, high leverage, costs associated with environmental and other regulations, the effects of economic slowdown and surplus capacity, increased competition from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors.

Additionally, there are substantial differences between regulatory practices and policies in various jurisdictions, and any given regulatory authority may take actions that affect the regulation of securities or assets in which the Company invests, or the issuers of such securities, in ways that are unforeseeable. Issuers operating in the infrastructure sector may be subject to changes in government regulation of rates charged to customers, government budgetary constraints, the imposition of tariffs and tax laws, and other regulatory policies. Additional factors that may affect the operations of issuers operating in the power and infrastructure sectors include innovations in technology that affect the way a company delivers a product or service, significant changes in the use of or demand for infrastructure assets, terrorist acts or political actions, and general changes in market sentiment towards infrastructure assets.

### **Equity Risk**

Companies issue common shares and other types of equity securities to help finance their operations. Equity securities are investments which give the holder part ownership in a company and the value of an equity security changes with the fortunes of the company that issued it. As the company earns profits and retains some or all of them, its equity value should grow, increasing the value of each common share and making them more attractive to investors. Conversely, a series of losses would reduce retained earnings and therefore reduce the value of the shares. In addition, the company may distribute part of its profit to shareholders in the form of dividends, however dividends are not obligatory. Although common shares are the most familiar type of equity security, equity securities also include preferred shares, securities convertible into common shares, such as warrants, and units of real estate, royalty, income and other types of investment trusts.

### **COVID-19**

The outbreak of the respiratory disease designated as COVID-19 in December 2019 has caused significant volatility and declines in global financial markets, which have caused losses for investors. The impact of this COVID-19 pandemic may be short term or may last for an extended period of time, and in either case could result in a substantial economic downturn or recession. The securities of Sustainable Power and Infrastructure Companies may be particularly sensitive to general market movements, which may result in a greater degree of price volatility for such securities and in the Company's Net Asset Value.

### **Market Disruptions**

War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, inflation and other factors relating to the securities held in the Portfolio.

### **Concentration Risk**

The Company may invest in as few as 15 issuers and is generally limited to investing in Sustainable Power & Infrastructure Companies. Accordingly, the Company's holdings are concentrated in the securities of such issuers and may be considered to be less diversified and the NAV per Unit may be more volatile than the value 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.

### **No Assurances on Achieving Objectives**

There is no assurance that the Company will be able to achieve its 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 quarterly 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.

### **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 Preferred Shares or Class A Shares and increase the cost of borrowing to the Company, if any. Shareholders who wish to redeem or sell their Preferred Shares or Class A Shares prior to the Maturity Date will therefore be exposed to the risk that the market prices of the Preferred Shares or Class A 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 Preferred 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.

### **Changes in Credit Rating**

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. There can be no assurance that the Preferred Shares will maintain their rating by DBRS for any given period of time or that the rating will not be lowered or withdrawn entirely by DBRS if in DBRS' judgment circumstances so warrant. A lowering or withdrawal of the rating of the Preferred Shares may have a negative effect on the market value of the Preferred Shares.

### **Reliance on the Manager**

The 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 Preferred Shares or Class A Shares.

The Manager will manage the Portfolio of the Company in a manner consistent with the Investment Objectives, Investment Guidelines and Investment Restrictions of the Company. 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 in connection with managing such investment portfolios. 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 throughout the term of 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.

## **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 those securities underlying 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 or purchase 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 addition, upon the exercise of a put option, the Company will be obligated to acquire a security at the strike price which may exceed the then current market value of such security.

In purchasing call or put options or selling call or writing 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 sell 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 selling 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.

### **Securities Lending**

The Company may engage in securities lending. Although the Company 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 obligations to return the borrowed securities and the collateral is insufficient to reconstitute the Portfolio of loaned securities.

### **Taxation**

In determining its income for tax purposes, the Company will treat option premiums received on the writing of covered call options and cash covered put options and any losses sustained on closing out such options as capital gains and capital losses, as the case may be, in accordance with its understanding of the CRA's published administrative policy. Gains or losses on the disposition of shares, including the disposition of shares held in the Portfolio upon exercise of a call option, will be treated as capital gains or losses. The CRA's practice is not to grant an advance income tax ruling on the characterization of items as capital gains or income and no advance ruling has been requested or obtained.

The Company may use derivative instruments for converting non-Canadian currency exposure to the Canadian dollar. Gains or losses realized on derivatives by virtue of the fluctuation of foreign currencies against the Canadian dollar will, where such derivatives are not "derivative forward agreements" as defined in the Tax Act and are sufficiently linked with and hedge currency exposure in respect of, underlying securities, be treated and reported for purposes of the Tax Act on capital or income account depending on the nature of the securities to which the hedge is linked.

If some or all of the transactions undertaken by the Company in respect of options or currency derivatives were treated on income rather than capital account, after-tax returns to Shareholders could be reduced, the Company could be subject to non-refundable income tax from such transactions and the Company could be subject to penalty taxes in respect of excessive capital gains dividend elections.

There can be no assurance that changes will not be made to the tax rules affecting the taxation of the Company or the Company's investments or that such tax rules will not be administered in a way that is less advantageous to the Company or its Shareholders.

## **Loss of Investment**

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

## **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.

## **Non-concurrent Retraction**

Holders of Preferred Shares and Class A Shares will be offered a non-concurrent retraction right on the Maturity Date and upon any subsequent extension of the maturity date as determined by the Board of Directors. To the extent that there are unmatched numbers of Preferred Shares and Class A Shares tendered for retraction, the Preferred Shares or Class A 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 Preferred Shares and Class A Shares outstanding. 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 NAV, among other things.

## **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 Preferred Shares or Class A Shares and upon investment opportunities available to the Company.

## **Accrued Gains**

The adjusted cost base to the Company for tax purposes of shares of certain securities in the Portfolio may be less than their fair market value. Accordingly, all Shareholders may be liable for tax on capital gains attributable to such securities to the extent such capital gains tax is not refundable to the Company and such capital gains are therefore distributed as a capital gains dividend.

## **Currency Exposure**

As the Portfolio will include securities denominated in foreign currencies, the NAV of the Company, when measured in Canadian dollars will, to the extent that this has not been hedged against, be effected by changes in the value of the foreign currency relative to the Canadian dollar.

Currency hedges entail a risk of illiquidity and, to the extent that the foreign currency appreciates in Canadian dollar terms, the risk that the use of hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting or reducing the total returns to the Company if the Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, the costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances. Currency hedges also involve the risk of the possible default by the other party to the transaction (whether a clearing corporation in the case of exchange-traded instruments or other third party in the case of over-the-counter instruments) in that it may be unable to meet its obligations.

## **Foreign Market Exposure**

The Company's investments will include securities of issuers established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to Canadian and U.S. companies, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or U.S. company. Volume and liquidity in some foreign markets may be less than in Canada and the United States and, at times, volatility of price may be greater than in Canada or the United States. As a result, the price of such securities may be affected by conditions in the market of the jurisdiction in which the issuer is located or its securities are traded. Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

## **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.

## **Cybersecurity Risk**

The information and technology systems of Brompton Funds, the Company's key service providers (including its custodian, registrar and transfer agent, valuation services provider and securities lending agents) and the issuers of securities in which the Company invests may be vulnerable to cybersecurity risks such as potential damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons (e.g. through hacking or malicious software) and general security breaches. A cybersecurity incident is an adverse intentional or unintentional action or event that threatens the integrity, confidentiality or availability of the Company's information resources.

A cybersecurity incident may disrupt business operations or result in the theft of confidential or sensitive information, including personal information, or may cause system failures, disrupt business operations or require Brompton Funds or a service provider thereof to make a significant investment to fix, replace or remedy the effects of such incident. Furthermore, a cybersecurity incident could cause disruptions and negatively impact the Company's business operations, potentially resulting in financial losses to the Company and Shareholders. There is no guarantee that the Company or Brompton Funds will not suffer material losses as a result of cybersecurity incidents. If they occur, such losses could materially adversely impact the Company's Net Asset Value.

## **DISTRIBUTION POLICY**

### **Distributions**

Holders of record of Preferred Shares on the last Business Day of each of March, June, September and December will be entitled to receive fixed cumulative preferential quarterly cash distributions equal to \$0.1250 per Preferred Share until May 29, 2026. On an annualized basis, this would represent a yield on the Preferred Share offering price of approximately 5.0%. Such quarterly distributions are expected to be paid by the Company on or before the tenth Business Day of the month following the period in respect of which the distribution was payable. The first distribution will be pro-rated to reflect the period from the Closing Date to June 30, 2021. Based on the expected Closing Date, the initial distribution will be \$[●] per Preferred Share and is expected to be payable to the holders of Preferred Shares of record on June 30, 2021.

The policy of the Board of Directors of the Company will be to pay monthly non-cumulative distributions to the holders of Class A Shares of record on the last Business Day of each month. The monthly cash distribution is targeted to be \$0.06667 per Class A Share representing a yield on the Class A Share offering price of 8% per annum. Such distributions will be paid on or before the tenth Business Day of the month following the month in respect of which the distribution becomes payable. The first distribution will be made in respect of June 2021. Based on the expected Closing Date, the initial distribution will be \$0.06667 per Class A Share and is expected to be payable to holders of Class A Shares of record on June 30, 2021. No distributions will be paid on the Class A Shares if (i) the distributions payable on the Preferred Shares are in arrears, or (ii) in respect of cash distributions by the Company, the NAV per Unit would be less than \$15.00.

Assuming that the gross proceeds of the Offering are \$75 million and fees and expenses are as presented 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 8.0%. The Portfolio currently generates dividend income of 3.1% per annum net of withholding taxes and would be required to generate an additional 4.9% per annum from other sources 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.

### **Distribution Reinvestment Plan**

The Company will adopt a Reinvestment Plan so that, subject to obtaining all necessary regulatory approvals and the requirements of the Plan Participant's broker dealer, all Class A Share distributions of the Company shall be automatically reinvested on each Class A Shareholder's behalf, at the election of each such Class A Shareholder in accordance with the provisions of the Reinvestment Plan Agency Agreement. Notwithstanding the Reinvestment Plan, all Class A Share distributions to non-resident Class A Shareholders will be paid in cash and will not be reinvested.

There is no guarantee that the Company will receive the requisite regulatory approvals to effect reinvestment of Class A Share distributions or avoid resale restrictions in connection with the operation of the Reinvestment Plan. Such approvals may not be available, or may be conditional upon amendments being made to the Reinvestment Plan. In the event that necessary regulatory approvals in respect of the Reinvestment Plan cannot be obtained, the Company will, to the extent permitted under applicable laws and stock exchange rules, use Class A Share distributions to acquire additional Class A Shares of the Company through purchases in the market on behalf of each Class A Shareholder that has elected to have distributions automatically reinvested.

Class A Share distributions due to the Plan Participants shall be applied, on behalf of Plan Participants, to purchase additional Class A Shares. Such purchases will be made in the market at a price not exceeding 115% of the market price. The market price is the weighted average trading price of the Class A Shares on the TSX (or such other stock exchange on which the Class A Shares are listed, if the Class A Shares are no longer listed on the TSX) for the five Business Days immediately preceding the relevant Record Date (as defined below) and for the last five Business Days immediately preceding the last Business Day of each week following the Record Date until all Class A Shares have been purchased, plus applicable commissions or brokerage charges. Purchases in the market will be made by the Plan Agent on an orderly basis in the month immediately following the Record Date and ending on the fourth last Business Day of the same month.

If the Class A Shares are thinly traded, purchases in the market under the Reinvestment Plan may significantly affect the market price. Depending on market conditions, direct reinvestment of cash distributions by Class A Shareholders in the market may be more or less advantageous than the reinvestment arrangements under the Reinvestment Plan. The Class A Shares of the Company purchased in the market will be allocated on a pro rata basis to the Plan Participants of the Company. The Plan Agent's charges for administering the Reinvestment Plan and all brokerage fees and commissions in connection with purchases in the market pursuant to the Reinvestment Plan will be paid by the Company. The automatic reinvestment of distributions under the Reinvestment Plan will not relieve Plan Participants of any income tax applicable to those distributions. See "Income Tax Considerations".

A Class A Shareholder may elect to participate in a Reinvestment Plan by giving notice of the Class A Shareholder's decision to become a Plan Participant for the relevant Record Date to the Class A Shareholder's participant (the "CDS Participant") in accordance with such CDS Participant's customary procedures. The CDS Participant must, on behalf of such Plan Participant, provide notice to the Plan Agent through the CDS System (commonly known as CDSX) no later than 5:00 p.m. (Toronto time) on the last business day of the calendar month (the "Record Date"). Unless the Plan Agent has provided written notice of a Class A Shareholder's intention to participate in a Reinvestment Plan in such manner, distributions to Class A Shareholders will be made in cash. The Company may terminate the Reinvestment Plan in its sole discretion. Notice will be provided prior to termination. The Company may also amend, modify or suspend the Reinvestment Plan at any time in its sole discretion, provided that it gives notice of that amendment, modification or suspension to the applicable Plan Participants via the CDS Participants through which the Plan Participants hold their Class A Shares, and via the Plan Agent. The Company is not required to issue Class A Shares to Class A Shareholders in any jurisdiction where such issuance would be illegal.

## 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 Issuers") by no later than 5:00 p.m. (Toronto time) on April 22, 2021 through CDS. Under the Exchange Option prospective purchasers will receive for the securities of Exchange Eligible Issuers tendered to the Company, that number of Units or Class A Shares, as the case may be, determined in the manner described below plus \$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 securities of Exchange Eligible Issuers. **The Exchange Option does not constitute, and is not to be construed as, a take-over bid for any Exchange Eligible Issuer.** The maximum number of securities of any one Exchange Eligible 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 Issuer (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 securities of Exchange Eligible Issuers 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 securities of Exchange Eligible Issuers.

A prospective purchaser of shares who elects to pay for such shares by using the Exchange Option (the "Exchange Option Election") must do so by means of a book-entry deposit of the securities of Exchange Eligible Issuers through CDS Clearing and Depository Services Inc. Prospective purchasers who utilize the Exchange Option must deposit their securities of Exchange Eligible Issuers with the Exchange Agent through CDS prior to 5:00 p.m. (Toronto time) on April 22, 2021. 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 securities of Exchange Eligible Issuers under the Exchange Option. Once submitted to the Exchange Agent through CDS, a deposit of securities of an Exchange Eligible Issuer (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 securities of an Exchange Eligible Issuer through CDS, a prospective purchaser has authorized the transfer to the Company of each security of the Exchange Eligible Issuer so deposited and represents and warrants that the prospective purchaser has full right and authority to transfer the securities of the Exchange Eligible Issuers 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 Preferred Shares and Class A Shares in exchange for such securities of Exchange Eligible Issuers. 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 securities of Exchange Eligible Issuers tendered under the Exchange Option or to waive any conditions of the Exchange Option and any irregularities in the deposit of securities of Exchange Eligible Issuers pursuant to the Exchange Option in its sole discretion. Neither the Company, the Agents nor the Exchange Agent shall be under any duty to notify a prospective purchaser of irregularities related to its deposit of securities of Exchange Eligible Issuers under the Exchange Option and will not incur any liability for failure to give such notification. If for any reason securities of an Exchange Eligible Issuer 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 security of an Exchange Eligible Issuer (the "Exchange Ratio") will be determined by dividing the weighted average trading price of the securities of such Exchange Eligible Issuer on the principal stock exchange on which such Exchange Eligible Issuer's securities are listed, during the five consecutive trading days ending on May 6, 2021 (the "Pricing Period") calculated based on the daily average exchange rate (as reported by the Bank of Canada) on such date and as adjusted to reflect dividends declared or distributions pending by any Exchange Eligible Issuer that trades on an ex-dividend basis until the Closing Date by the sum of offering prices of a Preferred Share and Class A Share being \$20.00 in the case of a subscription for Units or \$10.00 in the case of a subscription for Class A Shares. The Exchange Ratio will be adjusted to reflect the \$0.01 per Class A Share to be received by prospective purchasers who tender securities of Exchange Eligible Issuers to the Company for Class A Shares. Holders of securities of Exchange Eligible Issuers 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 securities of Exchange Eligible Issuers 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 securities of each Exchange Eligible Issuer 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 securities of an Exchange Eligible Issuer 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 May 6, 2021 announcing for each of the Exchange Eligible Issuers, the name of the Exchange Eligible Issuer, the ticker symbol, the CUSIP number, the ISIN, the volume weighted average trading price of the securities during the Pricing Period, the foreign currency exchange rate, and the Exchange Ratio.

## Withdrawal of Exchange Option Elections

Each prospective purchaser who deposited securities of an Exchange Eligible Issuer 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 securities of each Exchange Eligible Issuer 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 Issuers (based on the applicable Exchange Ratio and excluding that number of securities of Exchange Eligible Issuers 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 Exchange 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 securities of Exchange Eligible Issuers 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 Issuers

The following table lists the names of the Exchange Eligible Issuers whose securities will be accepted by the Company pursuant to the Exchange Option, as well as the ticker symbol, CUSIP number and ISIN of each Exchange Eligible Issuer.

<b><u>Communication Services Issuers</u></b>	<b><u>Ticker</u></b>	<b><u>CUSIP</u></b>	<b><u>ISIN</u></b>
Alphabet Inc.	GOOGL	02079K305	US02079K3059
Netflix Inc.	NFLX	64110L106	US64110L1061
Verizon Communications Inc.	VZ	92343V104	US92343V1044
AT&T Inc.	T	00206R102	US00206R1023
T-Mobile US Inc.	TMUS	872590104	US8725901040
BCE Inc.	BCE	05534B760	CA05534B7604
Telus Corp.	T	87971M103	CA87971M1032
Rogers Communications Inc.	RCI/B	775109200	CA7751092007
Shaw Communications Inc.	SJR/B	82028K200	CA82028K2002
Quebecor Inc.	QBR/B	748193208	CA7481932084
<b><u>Consumer Discretionary Issuers</u></b>			
Amazon.com Inc.	AMZN	023135106	US0231351067
Tesla Inc.	TSLA	88160R101	US88160R1014
General Motors Company	GM	37045V100	US37045V1008
Ford Motor Company	F	345370860	US3453708600
Magna International Inc.	MG	559222401	CA5592224011
<b><u>Energy Issuers</u></b>			
TC Energy Corp.	TRP	87807B107	CA87807B1076
Canadian Natural Resources Ltd.	CNQ	136385101	CA1363851017
Suncor Energy Inc.	SU	867224107	CA8672241079

Kinder Morgan Inc.	KMI	49456B101	US49456B1017
Williams COmpanies Inc.	WMB	969457100	US9694571004
ONEOK Inc.	OKE	682680103	US6826801036
Imperial Oil Limited	IMO	453038408	CA4530384086
Pembina Pipeline Corp.	PPL	706327103	CA7063271034
Cenovus Energy Inc.	CVE	15135U109	CA15135U1093
Inter Pipeline Limited	IPL	45833V109	CA45833V1094
Tourmaline Oil Corp.	TOU	89156V106	CA89156V1067
Keyera Corp.	KEY	493271100	CA4932711001
Parkland Fuel Corporation	PKI	70137W108	CA70137W1086
Gibson Energy Inc.	GEI	374825206	CA3748252069
PrairieSky Royalty Limited	PSK	739721108	CA7397211086
Renewable Energy Group Inc.	REGI	75972A301	US75972A3014
Parex Resources Inc.	PXT	69946Q104	CA69946Q1046
Seven Generations Energy Limited	VII	81783Q105	CA81783Q1054
ARC Resources Limited	ARX	00208D408	CA00208D4084
Crescent Point Energy Corp.	CPG	22576C101	CA22576C1014
Whitecap Resources Inc.	WCP	96467A200	CA96467A2002
Enviva Partners LP	EVA	29414J107	US29414J1079
<b><u>Financials Issuers</u></b>			
Royal Bank of Canada	RY	780087102	CA7800871021
Toronto-Dominion Bank/The	TD	891160509	CA8911605092
Bank of Nova Scotia/The	BNS	064149107	CA0641491075
Brookfield Asset Management Inc.	BAM/A	112585104	CA1125851040
Bank of Montreal	BMO	063671101	CA0636711016
Canadian Imperial Bank of Commerce	CM	136069101	CA1360691010
Manulife Financial Corp.	MFC	56501R106	CA56501R1064
National Bank of Canada	NA	633067103	CA6330671034
<b><u>Industrials Issuers</u></b>			
Union Pacific Corp.	UNP	907818108	US9078181081
Uber Technologies Inc.	UBER	90353T100	US90353T1007
Canadian Pacific Railway Ltd.	CP	13645T100	CA13645T1003
Emerson Electric Company	EMR	291011104	US2910111044
Roper Technologies Inc.	ROP	776696106	US7766961061
Cummins Inc.	CMI	231021106	US2310211063
Waste Connections Inc.	WCN	94106B101	CA94106B1013
Generac Holdings Inc.	GNRC	368736104	US3687361044
Plug Power Inc.	PLUG	72919P202	US72919P2020
Xylem Inc.	XYL	98419M100	US98419M1009
IDEX Corp.	IEX	45167R104	US45167R1041
Sunrun Inc.	RUN	86771W105	US86771W1053

Ballard Power Systems Inc.	BLDP	058586108	CA0585861085
Bloom Energy Corp.	BE	093712107	US0937121079
FuelCell Energy Inc.	FCEL	35952H601	US35952H6018
Watts Water Technologies Inc.	WTS	942749102	US9427491025
Array Technologies Inc.	ARRY	04271T100	US04271T1007
Evoqua Water Technologies Corp.	AQUA	30057T105	US30057T1051
Mueller Water Products Inc.	MWA	624758108	US6247581084
<b><u>Information Technology Issuers</u></b>			
Apple Inc.	AAPL	037833100	US0378331005
Microsoft Corp.	MSFT	594918104	US5949181045
NVIDIA Corp.	NVDA	67066G104	US67066G1040
Cisco Systems Inc.	CSCO	17275R102	US17275R1023
Shopify Inc.	SHOP	82509L107	CA82509L1076
Micron Technology Inc.	MU	595112103	US5951121038
Motorola Solutions Inc.	MSI	620076307	US6200763075
Keysight Technologies Inc.	KEYS	49338L103	US49338L1035
Enphase Energy Inc.	ENPH	29355A107	US29355A1079
SolarEdge Technologies Inc.	SEDG	83417M104	US83417M1045
First Solar Inc.	FSLR	336433107	US3364331070
BlackBerry Ltd.	BB	09228F103	CA09228F1036
SunPower Corp.	SPWR	867652406	US8676524064
Power Integrations Inc.	POWI	739276103	US7392761034
Canadian Solar Inc.	CSIQ	136635109	CA1366351098
<b><u>Materials Issuers</u></b>			
Air Products & Chemicals Inc.	APD	009158106	US0091581068
Ecolab Inc.	ECL	278865100	US2788651006
Albemarle Corp.	ALB	012653101	US0126531013
Livent Corp.	LTHM	53814L108	US53814L1089
Lithium Americas Corp.	LAC	53680Q207	CA53680Q2071
<b><u>Real Estate Issuers</u></b>			
American Tower Corp.	AMT	03027X100	US03027X1000
Crown Castle International Corp.	CCI	22822V101	US22822V1017
Equinix Inc.	EQIX	29444U700	US29444U7000
Digital Realty Trust Inc.	DLR	253868103	US2538681030
SBA Communications Corp.	SBAC	78410G104	US78410G1040
Iron Mountain Inc.	IRM	46284V101	US46284V1017
CyrusOne Inc.	CONE	23283R100	US23283R1005
CoreSite Realty Corp.	COR	21870Q105	US21870Q1058
Granite Real Estate Investment Trust	GRT-U	387437114	CA3874371147
H&R Real Estate Investment Trust	HR-U	403925407	CA4039254079

QTS Realty Trust Inc.	QTS	74736A103	US74736A1034
Dream Industrial Real Estate Investment Trust	DIR-U	26153W109	CA26153W1095
<b><u>Utilities Issuers</u></b>			
Nextera Energy Inc.	NEE	65339F101	US65339F1012
Duke Energy Corp.	DUK	26441C204	US26441C2044
Southern Co/The	SO	842587107	US8425871071
Dominion Energy Inc.	D	25746U109	US25746U1097
American Electric Power Co Inc.	AEP	025537101	US0255371017
Exelon Corp.	EXC	30161N101	US30161N1019
Sempra Energy	SRE	816851109	US8168511090
Xcel Energy Inc.	XEL	98389B100	US98389B1008
Public Service Enterprise Group Inc.	PEG	744573106	US7445731067
WEC Energy Group Inc.	WEC	92939U106	US92939U1060
Eversource Energy	ES	30040W108	US30040W1080
American Water Works Co Inc.	AWK	030420103	US0304201033
Consolidated Edison Inc.	ED	209115104	US2091151041
Fortis Inc/Canada	FTS	349553107	CA3495531079
DTE Energy Co	DTE	233331107	US2333311072
Edison International	EIX	281020107	US2810201077
Brookfield Infrastructure Partners	BIP-U	n/a	BMG162521014
FirstEnergy Corp.	FE	337932107	US3379321074
Hydro One Ltd.	H	448811208	CA4488112083
CMS Energy Corp.	CMS	125896100	US1258961002
AES Corporation	AES	00130H105	US00130H1059
Brookfield Renewable Corp.	BEPC	11284V105	CA11284V1058
Avangrid Inc.	AGR	05351W103	US05351W1036
Brookfield Renewable Partners LP	BEP-U	n/a	BMG162581083
Emera Inc	EMA	290876101	CA2908761018
Algonquin Power & Utilities Corp.	AQN	015857105	CA0158571053
Essential Utilities Inc.	WTRG	29670G102	US29670G1022
Canadian Utilities Limited	CU	136717832	CA1367178326
Northland Power Inc.	NPI	666511100	CA6665111002
AltaGas Limited	ALA	021361100	CA0213611001
TransAlta Renewables Inc.	RNW	893463109	CA8934631091
Atco Ltd/Canada	ACO/X	046789400	CA0467894006
Capital Power Corp.	CPX	14042M102	CA14042M1023
Boralex Inc.	BLX	09950M300	CA09950M3003
Sunnova Energy International Inc.	NOVA	86745K104	US86745K1043
Innergex Renewable Energy Inc.	INE	45790B104	CA45790B1040
TransAlta Corp.	TA	89346D107	CA89346D1078
Brookfield Infrastructure Corp.	BIPC	11275Q107	CA11275Q1072
California Water Service Group	CWT	130788102	US1307881029

American States Water Company	AWR	029899101	US0298991011
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## REDEMPTION AND RETRACTIONS

### Redemptions

#### *Preferred Shares*

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

The Company may also redeem the Class A Shares on a pro rata basis in the event that there is an unequal number of Class A Shares and Preferred Shares in order to reduce the number of Class A Shares issued and outstanding to equal the number of Preferred Shares issued and outstanding (a “Class A Special Redemption”). The redemption price payable by the Company for a Class A Share in respect of a Class A Special Redemption will be equal to the greater of (i) the Net Asset Value per Unit on such 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 for retraction to [●] (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 tenth Business Day of the following month (the “Retraction Payment 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 96% of the lesser of (i) 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. For this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share, and commission 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. If the Net Asset Value per Unit is less than \$10.00, plus any accrued and unpaid distributions on the Preferred Shares, 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 Preferred Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

##### *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 May of each year commencing in 2023 (the “Annual Retraction Date”) at a retraction price equal to the Net Asset Value per Unit on that 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 tenth Business Day of the following month.

##### *Non-Concurrent Retraction Right*

On the Maturity Date and upon any subsequent maturity date as determined by the Board of Directors, a holder of Preferred Shares may retract such Preferred Shares. The Company will provide at least 60 days’ notice 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 that 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 by the Manager based on then-current market yields for preferred shares with similar terms.

#### *Resale of Preferred Shares Tendered for Retraction*

The Company may enter into a recirculation agreement (a “Recirculation Agreement”) with a recirculation agent (a “Recirculation Agent”) whereby the Recirculation Agent will use commercially reasonable efforts to find purchasers for any Preferred Shares tendered for retraction prior to the relevant Valuation Date. The Company may, but is not obligated to, require the Recirculation Agent to seek such purchasers and, in such event, the amount to be paid to the holder of Preferred Shares on the applicable Retraction Payment Date will be an amount equal to the proceeds of the sale of the Preferred Shares less any applicable commission, provided that such amount will not be less than the retraction price that would otherwise be payable to the holder of such Preferred Shares.

#### *General*

Subject to the Company’s right to require the Recirculation Agent to use commercially reasonable efforts to find purchasers for any Preferred Shares tendered for retraction prior to the relevant Valuation Date, 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.

If any Preferred Shares are tendered for retraction and are not resold in the manner described above under “Resale of Preferred Shares Tendered for Retraction”, the Company will direct the Recirculation Agent to purchase for cancellation on behalf of the Company that number of Class A Shares that equals the number of Preferred Shares so retracted. Any Class A Shares so purchased for cancellation will be purchased in the market.

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 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.

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 96% of the difference between (i) 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. For this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Preferred Share. 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 May 2023 at a retraction price equal to the Net Asset Value per Unit on that 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. For the purpose of calculating the Net Asset Value per Unit, the value of securities comprising the Portfolio will be equal to the weighted average trading price of such securities over the last three Business Days of the month as described under “Calculation of Net Asset Value – Valuation of Portfolio Securities”. 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 tenth Business Day of the following month.

#### *Non-Concurrent Retraction Right*

On the Maturity Date and upon any subsequent maturity date as determined by the Board of Directors, 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. 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 that date minus \$10.00 plus any accrued and unpaid distributions on the 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. The new distribution rate for the Preferred Shares will be determined by the Manager based on then-current market yields for preferred shares with similar terms.

#### *Resale of Class A Shares Tendered for Retraction*

The Company may enter into a Recirculation Agreement with a Recirculation Agent whereby the Recirculation Agent will use commercially reasonable efforts to find purchasers for any Class A Shares tendered for retraction prior to the relevant Valuation Date. The Company may, but is not obligated to, require the Recirculation Agent to seek such purchasers and, in such event, the amount to be paid to the holder of Class A Shares on the applicable Retraction Payment Date will be an amount equal to the proceeds of the sale of the Class A Shares less any applicable commission, provided that such amount will not be less than the retraction price that would otherwise be payable to the holder of such Class A Shares.

#### *General*

Subject to the Company’s right to require the Recirculation Agent to use commercially reasonable efforts to find purchasers for any Class A Shares tendered for retraction prior to the relevant Valuation Date, 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 described. Such surrender will be irrevocable upon the delivery of a 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.

If any Class A Shares are tendered for retraction and are not resold in the manner described above under “Resale of Class A Shares Tendered for Retraction”, the Company will direct the Recirculation Agent to purchase for cancellation on behalf of the Company that number of Preferred Shares that equals the number of Class A Shares so retracted. Any Preferred Shares so purchased for cancellation will be purchased in the market.

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 are not traded on any other exchange that represents a reasonably practical alternative for the Company to execute trades in such securities, or (ii) for any period not exceeding 120 days during which the Company or the Manager 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 its assets, only with the prior approval of the securities regulatory authorities. 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 Osler, Hoskin & Harcourt LLP, counsel to the Company, and Stikeman Elliott 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, Class A Shares and any Exchange Eligible Shares (defined herein) tendered under the Exchange Option as capital property, and deal at arm’s length with and are not affiliated with the Company. This summary is based upon the current provisions of the Tax Act and counsel’s understanding of the current published administrative policies and assessing practices of the CRA. This summary is based on the assumption that the Class A Shares and Preferred Shares will at all times be listed on a designated stock exchange in Canada (which currently includes the TSX). This summary is based on the assumption that the Company was not established and will not be maintained primarily for the benefit of non-residents of Canada and at no time will the total fair market value of the shares of the Company held by persons who are non-residents of Canada and/or partnerships (other than Canadian partnerships within the meaning of the Tax Act) exceed 50% of the fair market value of all of the outstanding shares of the Company. This summary is based upon the assumption that the Company will at all relevant times comply with its Investment Guidelines and Investment Restrictions.

This summary is based on the assumption that the issuers of securities held by the Company will not be foreign affiliates of the Company or a shareholder of the Company. This summary also takes into account all specific proposals to amend the Tax Act announced prior to the date hereof by 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 become law as proposed or at all. 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 Class A Shares or Preferred Shares. This summary does not take into account or anticipate any changes in law, 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. This summary does not apply (i) to a Shareholder that is a “financial institution” as defined in section 142.2 of the Tax Act, (ii) to a Shareholder an interest in which is a “tax shelter investment” as defined in subsection 143.2(1) of the Tax Act, (iii) to a Shareholder that is subject to the “functional currency” reporting rules in section 261 of the Tax Act apply, or (iv) to a Shareholder who has entered into a “derivative forward agreement” as defined in subsection 248(1) of the Tax Act with respect to Preferred Shares, Class A Shares and any Exchange Eligible Shares tendered under the Exchange Option.

A purchaser who acquires Units or Class A Shares pursuant to the Exchange Option will be disposing of securities of one or more Exchange Eligible Issuers (“Exchange Eligible Shares”). Provided that the purchaser holds such securities as capital property, he or she will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such securities.

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.

### **Tax Treatment of the Company**

The Company intends at all relevant times to qualify as a “mutual fund corporation” as defined in the Tax Act. The Company will file the necessary election under the Tax Act so that it will be deemed to be a “public corporation” and therefore qualify as a mutual fund corporation throughout its first taxation year. If the Company were not to qualify as a mutual fund corporation at all relevant times, the income tax considerations described below would, in some respects, be materially and adversely different.

As a mutual fund corporation, the Company will be entitled in certain circumstances to a refund of tax paid or payable by it in respect of its net realized capital gains. Also, as a mutual fund corporation, the Company will be entitled to maintain a capital gains dividend account in respect of its realized net 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 of the Company (see “Tax Treatment of Shareholders”, below). In certain circumstances where the Company has recognized a capital gain in a taxation year, it may elect 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 qualifying redemptions.

In computing income for a taxation year, the Company will be required to include in income all dividends received by the Company in the year. In computing taxable income, the Company will generally be permitted to deduct all dividends received by it from a “taxable Canadian corporation” (as defined in the Tax Act). The Company will generally not be permitted a deduction in computing taxable income for dividends received by it from other corporations.

The Company will elect in accordance with the Tax Act to have each of its “Canadian securities” (as defined in the Tax Act) treated as capital property. Such an election will ensure that gains or losses realized by the Company on Canadian securities are treated as capital gains or capital losses.

The Company qualifies as a “financial intermediary corporation” (as defined in the Tax Act) and, thus, is not subject to tax under Part IV.1 of the Tax Act on dividends received by the Company and is not generally 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 is generally subject to a refundable tax of 38½% under Part IV of the Tax Act on taxable dividends received by the Company during the year to the extent that such dividends were deductible in computing the Company’s taxable income for the year. This tax is refundable upon the payment by the Company of sufficient dividends other than Capital Gains Dividends (“Ordinary Dividends”).

Premiums received on covered call options and cash covered put options written by the Company that are not exercised prior to the end of the year will constitute capital gains of the Company in the year received, unless such premiums are received by the Company as income from a business of buying and selling securities or the Company has engaged in a transaction or transactions considered to be an adventure in the nature of trade. The Company purchases securities for the Portfolio with the objective of earning dividends thereon over the life of the Company, writes covered call options with the objective of increasing the yield on the Portfolio beyond the dividends received on the Portfolio and writes cash covered put options to increase returns and to reduce the net cost of purchasing securities upon the exercise of put options. Thus, having regard to the foregoing and in accordance with the CRA’s published administrative policies, transactions undertaken by the Company in respect of shares comprising the Portfolio and options on such shares are treated and reported by the Company as arising on capital account.

Premiums received by the Company on covered call (or cash covered put) options that are subsequently exercised will be included in computing the proceeds of disposition (or deducted in computing the adjusted cost base) to the Company of the securities disposed of (or acquired) by the Company upon the exercise of such call (or put) options. In addition, where the premium was in respect of an option granted in a previous year so that it constituted a capital gain of the Company in the previous year, such capital gain may be reversed.

The Company may use derivative instruments for converting non-Canadian currency exposure to the Canadian dollar. Gains or losses realized on derivatives by virtue of the fluctuation of foreign currencies against the Canadian dollar will, where such derivatives are not “derivative forward agreements” as defined in the Tax Act and are sufficiently linked with and hedge currency exposure in respect of, underlying securities, be treated and reported for purposes of the Tax Act on capital or income account depending on the nature of the securities to which the hedge is linked. The Tax Act contains rules (the “**DFA Rules**”) that target “derivative forward agreements” that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are broadly drafted and could apply to other agreements or transactions (including certain forward currency contracts). If the DFA Rules were to apply to certain derivatives to be utilized by the Company, gains realized in respect of such derivatives could be treated as ordinary income rather than capital gains. Whether gains or losses realized by a Fund in respect of a particular security (other than a Canadian security) are on income or capital account will depend largely on factual considerations.

If the Company invests in another fund (an “Underlying Domestic Fund”) that is a Canadian resident trust, other than a SIFT trust, the Underlying Domestic Fund may designate a portion of amounts that it distributes to the Company as may reasonably be considered to consist of: (i) taxable dividends (including eligible dividends) received by the Underlying Domestic Fund on shares of taxable Canadian corporations; and (ii) net taxable capital gains realized by the Underlying Domestic Fund. Any such designated amounts will be deemed for tax purposes to be received or realized by the Company as such a taxable dividend or taxable capital gain, respectively. An Underlying Domestic Fund that pays foreign withholding tax may make designations such that the Company may be treated as having paid its share of such foreign tax.

The Company is required to compute all amounts, including interest, cost of property and proceeds of disposition, in Canadian dollars for purposes of the Tax Act. As a consequence, the amount of income, expenses and capital gains or capital losses may be affected by changes in the value of foreign currency relative to the Canadian dollar.

## **Distributions**

The policy of the Company is to pay quarterly distributions on the Preferred Shares and monthly distributions on the Class A Shares and, in addition, to pay special year-end distributions to holders of Class A Shares where the Company has net taxable capital gains upon which it would otherwise be subject to tax (other than taxable capital gains realized on the writing of options that are outstanding at year end) or where the Company needs to pay a dividend in order to recover refundable tax not otherwise recoverable upon payment of monthly dividends. While the principal sources of income of the Company are expected to include taxable capital gains as well as dividends from taxable Canadian corporations, to the extent that the Company earns net income, after expenses, from other sources, including dividends from non-Canadian sources and interest income upon interim investment of its reserves, the Company will be subject to income tax on such income and no refund of such tax will be available.

## **Tax Treatment of Shareholders**

Shareholders must include in income Ordinary Dividends paid to them by the Company. For individual Shareholders, Ordinary Dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations, including, if applicable, the enhanced gross-up and credit for Ordinary Dividends designated by the Company as eligible dividends. For corporate Shareholders, other than “specified financial institutions” (as defined in the Tax Act), Ordinary Dividends will normally be deductible in computing the taxable income of the corporation.

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 such shares in the ordinary course of its business; or (b) at the time of the receipt of the dividends by the specified financial institution, such shares are listed on a designated stock exchange in Canada, and dividends are received in respect of not more than 10% of the issued and outstanding shares of that class 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). For these purposes, 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 received by a corporation (other than a "private corporation" or a "financial intermediary corporation", as defined in the Tax Act) on Preferred Shares will generally be subject to a 10% tax under Part IV.1 of the Tax Act to the extent that such dividends are deductible in computing the corporation's taxable income.

A Shareholder that is a private corporation 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) will generally be liable to pay a 38 $\frac{1}{3}$ % refundable tax under Part IV of the Tax Act on Ordinary Dividends received on the Preferred Shares and Class A Shares to the extent that such dividends are deductible in computing the Shareholder's taxable income. Where Part IV.1 tax also applies to an Ordinary Dividend received by a corporation, the rate of Part IV tax otherwise payable by the corporation is reduced by 10% of the amount of such Ordinary 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.

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 recognized a capital gain at that time and the Shareholder's adjusted cost base will be increased by the amount of such deemed capital gain. See "Disposition of Shares", below.

Having regard to the distribution policy of the Company and the adjusted cost base of other securities currently held by the Company, a person acquiring shares may become taxable on income or capital gains accrued or realized before such person acquired such shares.

### **Disposition of Shares**

Upon the redemption, retraction or other disposition of a Preferred Share or Class A Share, a capital gain (or a capital loss) will be realized 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. The adjusted cost base of each Preferred Share or Class A Share will generally be the weighted average of the cost of such share acquired by a Shareholder at a particular time and the aggregate adjusted cost base of any other share of that class held immediately before the particular time.

One-half of a capital gain (a taxable capital gain) is included in computing income and one-half of a capital loss (an allowable capital loss) is deductible against taxable capital gains in accordance with the provisions of the Tax Act. A Shareholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) will be subject to an additional refundable tax on its aggregate investment income, which includes an amount in respect of taxable capital gains.

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

Generally, the Preferred Shares and Class A Shares will qualify as "Canadian securities" (as defined in the Tax Act) for purposes of making an irrevocable election under the Tax Act to deem all Canadian securities held by the investor to be capital property and to deem all dispositions of Canadian securities held by the investor to be dispositions of capital property for the purposes of the Tax Act. This election is not available to all taxpayers under all circumstances and therefore prospective investors considering making such an election should consult their tax advisors.

### **Tax Treatment under the Exchange Option**

A purchaser who exchanges Exchange Eligible Shares for Units or Class A Shares generally will realize a capital gain (or a capital loss) in the taxation year of the purchase in which the disposition of Exchange Eligible Shares takes place to the extent that the proceeds of disposition for such Exchange Eligible Shares, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Exchange Eligible Shares to the purchaser. For this purpose, the proceeds of disposition to the purchaser will equal the sum of (i) any cash received by the purchaser, and (ii) aggregate of the fair market value of the Preferred Shares and/or Class A Shares acquired on the

exchange. The cost to a purchaser of Preferred Shares and Class A Shares so acquired will be equal to the fair market value of those shares at the time of acquisition less any cash received. In computing the adjusted cost base of the Preferred Shares and/or Class A Shares acquired by a shareholder pursuant to an exchange for Exchange Eligible Shares, the cost of such Preferred Shares and Class A Shares must be averaged with the adjusted cost base of any other Preferred Shares or Class A Shares then held by the shareholder as capital property.

### **International Information Reporting**

The Company is required to comply with due diligence and reporting obligations imposed under amendments to the Tax Act that implemented the Canada-United States Enhanced Tax Information Exchange Agreement. As long as the Preferred Shares and Class A Shares continue to be listed on the TSX and continue to be registered in the name of CDS, the Company should not have any U.S. reportable accounts and, as a result, should not be required to provide information to the CRA in respect of securityholders. However, dealers through which securityholders hold their Preferred Shares and Class A Shares are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Securityholders (and, if applicable, the controlling person(s) of a securityholder) may be requested to provide information to their dealer to identify U.S. persons holding the Preferred Shares and Class A Shares. If a securityholder, or its controlling person(s), is a “Specified U.S. Person” (including a U.S. citizen who is a resident of Canada) or if a securityholder does not provide the requested information and indicia of U.S. status is present, Part XVIII of the Tax Act will generally require information about the securityholder’s investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a registered plan. The CRA will then provide that information to the U.S. Internal Revenue Service.

In addition, reporting obligations in the Tax Act have been enacted to implement the Organization for Economic Co-operation and Development Common Reporting Standard (the “CRS Rules”). Pursuant to the CRS Rules, Canadian financial institutions are required to have procedures in place to identify accounts held by tax residents of foreign countries other than the U.S. (“Reportable Jurisdictions”) or by certain entities any of whose “controlling persons” are tax residents of Reportable Jurisdictions. The CRS Rules provide that Canadian financial institutions must report certain account information and other personal identifying details of securityholders (and, if applicable, of the controlling persons of such securityholders) who are tax residents of Reportable Jurisdictions to the CRA annually. Such information would generally be exchanged on a reciprocal, bilateral basis with Reportable Jurisdictions in which the account holders or such controlling persons are tax resident under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Under the CRS Rules, securityholders will be required to provide such information regarding their investment in the Company to their dealer for the purpose of such information exchange, unless the investment is held within a registered plan.

### **ELIGIBILITY FOR INVESTMENT**

Provided that the Company qualifies as a “mutual fund corporation” for the purposes of the Tax Act, is a registered investment within the meaning of the Tax Act, or if 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 will be qualified investments under the Tax Act for trusts governed by RRSPs, RRIFs, RESPs, deferred profit sharing plans, RDSPs and TFSA.

Notwithstanding that the Preferred Shares or the Class A Shares may be qualified investments for a trust governed by a TFSA, RRSP, RDSP, RESP or RRIF (each a “Registered Plan”), the holder of a TFSA or RDSP, the subscriber of a RESP or the annuitant of a RRSP or RRIF will be subject to a penalty tax in respect of the Preferred Shares or the Class A Shares, as the case may be, held in a Registered Plan, if such shares are a “prohibited investment” within the meaning of the Tax Act. Provided that a holder of a TFSA or RDSP, subscriber of a RESP, or the annuitant of a RRSP or RRIF, deals at arm’s length with and does not have a “significant interest” (within the meaning of the Tax Act) in the Company, the Preferred Shares and Class A Shares will not be a prohibited investment under the Tax Act for such Registered Plan.

### **ORGANIZATION AND MANAGEMENT DETAILS OF THE COMPANY**

#### **Officers and Directors of the Company**

The Board of Directors currently consists of three members. Directors are appointed to serve on the Board of Directors until such time as they retire or are removed and their successors are appointed. There will be no chairman of the Board of Directors and instead the director who chairs the meetings will rotate among the directors of the board. The name, municipality of residence, position with the Manager and principal occupation of each director and senior officer is set out below:

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

<b>Name and Municipality of Residence</b>	<b>Position with the Company</b>	<b>Principal Occupation and Positions Held During the Last 5 Years</b>
MARK A. CARANCI <sup>(1)(2)</sup> Toronto, Ontario	President, Chief Executive Officer and Director	President and Chief Executive Officer, Brompton Funds.
RAYMOND R. PETHER <sup>(1)</sup> Toronto, Ontario	Director	Chairman, Brompton Corp. since March 2021; Director, Brompton Funds.
CHRISTOPHER S.L. HOFFMANN <sup>(1)</sup> Toronto, Ontario	Director	Director, Brompton Funds; Vice President, Nutowima Ltd. and private investor.
CHRISTOPHER CULLEN Toronto, Ontario	Senior Vice President	Senior Vice President, Brompton Funds.
LAURA LAU Toronto, Ontario	Senior Vice President and Chief Investment Officer	Senior Vice President and Chief Investment Officer, Brompton Funds since February 2020; Senior Vice President and Senior Portfolio Manager, Brompton Funds from February 2012 to February 2020.
MICHAEL D. CLARE Toronto, Ontario	Vice President and Portfolio Manager	Vice President and Portfolio Manager, Brompton Funds.
MICHELE TIRABORELLI Toronto, Ontario	Senior Vice President	Senior Vice President, Brompton Funds since February 2020; Vice President, Brompton Funds from February 2011 to February 2020.
ANN WONG <sup>(2)</sup> Toronto, Ontario	Chief Financial Officer	Chief Financial Officer and Chief Compliance Officer since October 2020; Vice President and Controller, Brompton Funds from April 2008 to October 2020.
KATHRYN BANNER Toronto, Ontario	Vice President and Corporate Secretary	Vice President and Corporate Secretary, Brompton Funds.
STEPHEN ALLEN Toronto, Ontario	Senior Vice President	Senior Vice President, Brompton Funds since October 2019; Executive Vice President, Evolve Funds Group Inc. from June 2017 to September 2019; Managing Director, Onex Credit Partners from April 2012 to April 2017.

**Notes:**

- (1) Member of the audit committee.  
(2) Executive Officer.

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

**Conflicts of Interest**

The directors and officers of 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 debt or equity 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**

Pursuant to NI 81-107, the Manager has appointed the following members to its IRC, which also acts as the IRC for other investment funds managed by the Manager:

**Patricia Meredith:** Patricia Meredith is a global thought leader, author and consultant in the emerging field of strategic governance. She is best known for her role as Chair of Canada's Task Force for the Payment System Review, bringing together government, community and industry leaders to transform the payments system in under two years. Pat Meredith is a Director of many public, private and not-for-profit organizations. She was Executive Vice-President and Chief Strategy Officer of a major financial institution and Senior Strategy Advisor to financial services and technology companies for a global strategy consultancy. From 2010 to 2012, Pat was the Chair of the Task Force for the Payments Review. The Task Force, which applied a catalytic governance process, delivered a community supported action plan that enabled government and industry to quickly act on all four of the recommendations. With her Catalytic Governance co-authors, Steven Rosell and Ged Davis, she is working to create a community of leaders developing better approaches to governing in the information age. Dr. Meredith has a PhD in Business Strategy, an MBA in Management Information Systems and a Bachelor of Mathematics. She is a Fellow of the Institute of Chartered Professional Accountants of Ontario and of the Clarkson Institute for Board Effectiveness at the Rotman School of Management at the University of Toronto. She teaches Advanced Strategic Management and Competitive and Organizational Strategy to MBAs and executives. Patricia is Chair, of the Audit and Finance Committee of the Canadian Institute for Advanced Research (CIFAR). She is also the winner of the 2017 Donner Prize Award for the Best Public Policy Book by a Canadian.

**Raj Kothari:** Mr. Kothari was a Partner and Vice Chair of PwC Canada and served as Managing Partner for Greater Toronto at PwC until December 31, 2017 and was a member of PwC Canada's Extended Leadership Team until June 30, 2018. He also served as the National Asset and Wealth Management Leader, Global Transformation Leader for Asset and Wealth Management Assurance Practice and as founding board member of PwC's Global Service Delivery Centre in India. Mr. Kothari's professional and business experience, over 40 years, spans Canada, UK and India in the areas of business operations, business assurance and advisory services, transaction support, valuation of Asset Management Companies and advisory services to small and large clients in a variety of businesses. In Canada, he specialized in advising clients in the asset management and fund industry, specializing in: mutual funds, pooled funds, hedge funds, structured products, venture capital funds, investment management companies, service providers and special purpose investment vehicles. His experience also includes banking, insurance, trading and manufacturing businesses. Mr. Kothari graduated from the Advanced Management Program (AMP) at Harvard Business School and obtained an MBA from CASS Business School at the City, University of London. He also qualified as a chartered accountant in both Canada and the UK. Mr. Kothari is currently enrolled in the Directors' Certification Program at Harvard Business School, and will complete the final two modules on campus in Cambridge, MA. Mr. Kothari currently serves on the board of IMCO (Investment Management Corporation of Ontario), a \$70-billion pension plan in Canada. He also serves as Chair of the Board of Governors of the Toronto General Western Hospital Foundation, and on the boards of the Ontario Arts Foundation, and the Aga Khan Museum in Toronto.

**Ken S. Woolner:** Mr. Woolner has over 30 years of experience in the oil and gas industry and currently serves as President, Chief Executive Officer and Director of Velvet Energy Ltd., a private Calgary based production and exploration company. From February 2006 to June 2011 he served as a corporate director. From April 2005 to February 2006, Mr. Woolner was Executive Chairman of White Fire Energy Ltd., a public oil and gas company operating in Western Canada and a trustee of Sequoia Oil & Gas Trust. Mr. Woolner was President and Chief Executive Officer of Lightning Energy Ltd. from December 2001 to April 2005, when it merged with Argo Energy Ltd. to create Sequoia Oil & Gas Trust and White Fire Energy Ltd. Mr. Woolner was the President and Chief Executive Officer and a director of Velvet Exploration Ltd. from April 1997 to July 2001 when it was acquired by El Paso Oil & Gas Inc., and was a director of El Paso Oil and Gas Canada Inc. from July 2001 to May 2002. Mr. Woolner is a professional engineer and received a Bachelor of Science degree in Geological Engineering from the University of Toronto.

The mandate and responsibilities of the IRC are set out in its charter. The IRC is responsible for carrying out those responsibilities required to be undertaken pursuant to NI 81-107, in particular:

- (a) reviewing and providing input into the Manager's policies and procedures regarding conflict of interest matters, including any amendments to such policies and procedures referred to the IRC by the Manager;
- (b) approving or disapproving each conflict of interest matter referred by the Manager to the IRC for its approval;
- (c) providing its recommendation as to whether the Manager's proposed action on a conflict of interest matter referred by the Manager to the IRC for its recommendation achieves a fair and reasonable result for the Company;

- (d) together with the Manager, providing orientation to new members of the IRC as required by NI 81-107;
- (e) conducting regular assessments as required by NI 81-107; and
- (f) reporting to the shareholders, to the Manager and to regulators as required by NI 81-107.

In addition to its responsibilities and functions under NI 81-107, the IRC:

- (a) handles complaints and implements corrective action regarding accounting, internal accounting controls and auditing matters for the Manager, as more specifically set out in the whistleblower policy of the Manager;
- (b) acts in an advisory capacity to the audit committee of the board of directors of the Manager, as more specifically set out in the IRC's charter; and
- (c) may, as more specifically set out in its charter, identify conflict of interest matters.

The IRC will prepare a report, at least annually, of its activities for the shareholders which will be available on the Manager's website at [www.bromptongroup.com](http://www.bromptongroup.com), or at a shareholder's request at no cost, by contacting the Manager at [info@bromptongroup.com](mailto:info@bromptongroup.com).

Assuming net proceeds of the Offering of \$75 million, compensation for the IRC will be \$5,000 per annum in aggregate. The expenses of the directors of the Manager and the premiums for directors' and officers' insurance coverage for the directors and officers of the Manager are paid by the Company. The fees and other reasonable expenses of members of the IRC, as well as premiums for insurance coverage for such members, are paid by the Company and other applicable investment funds managed by the Manager on a pro rata basis. In addition, the Company has agreed to indemnify the members of the IRC against certain liabilities.

#### **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 PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2.

#### **Custodian**

[●] will be appointed as the custodian of the Company. 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). The Custodian may employ sub-custodians as considered appropriate in the circumstances. Subject to certain exemptions as set out in the Custodian Agreement, the Custodian is not responsible for any ongoing assessment, adequacy or monitoring of or any liability for any loan or credit facility or any liability for holding or controlling any property of the Company pledged to a counterparty and not directly held by the Custodian.

#### **Securities Lending Agents**

[● and ●] may act as the securities lending agents for the Company pursuant to securities lending authorization agreements (the "Securities Lending Agreements") each dated as of [●] between the Lending Agents, Brompton Funds, in its capacity as manager of the Company, [●], and [●]. The Lending Agents are not affiliates or associates of the Manager. The Manager or the Lending Agents may terminate the Securities Lending Agreements upon thirty (30) days' written notice to the other parties at any time.

#### **Promoter**

The Manager 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.

## Registrar and Transfer Agent

[•] will be appointed the registrar, transfer agent and distribution agent for the Preferred Shares and Class A Shares on or prior to the Closing Date. The register and transfer ledger will be kept by the registrar at its principal offices located in Toronto, Ontario.

## ORGANIZATION AND MANAGEMENT DETAILS OF THE MANAGER

Brompton Funds Limited was formed pursuant to the Business Corporations Act (Ontario) by articles of incorporation dated May 17, 2011. Brompton Funds Limited performs management and administrative services for the Company pursuant to the Management Agreement. Its head office is at Suite 2930, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2T3. Its telephone number is (416) 642-6000, its e-mail address is info@bromptongroup.com and its website is www.bromptongroup.com. The Manager is registered with the Ontario Securities Commission as a portfolio manager, investment fund manager, commodity trading manager and exempt market dealer and is also registered as an investment fund manager in Québec and Newfoundland and Labrador. The Manager was organized for the purpose of managing and administering closed-end investments including the Company and is a member of the Brompton group of companies, a provider of investment management and portfolio advisory services to TSX-listed closed-end funds and exchange-traded funds since 2002, with total assets under management of approximately \$2.0 billion as of March 25, 2021.

The Manager currently manages six split share corporations with combined assets of over \$1.5 billion, including four split share corporations that have been in existence for over 10 years.

The class A shares and units of these funds have, on average, traded at premiums to NAV over the last 1, 3, 5 and 10-year periods as at February 26, 2021 as illustrated in the chart below.

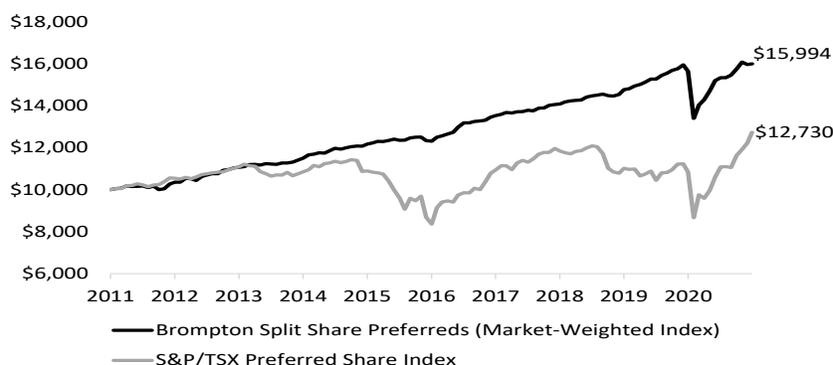
### Average Market Price Premiums to NAV

	<u>Class A Share</u>	<u>Unit</u>
1-year	30.8%	0.5%
3-year	4.9%	3.1%
5-year	3.7%	2.3%
10-year	28.6%	4.2%

Source: Bloomberg, as at February 26, 2021.

The preferred shares of the six split share corporations managed by the Manager (the “Brompton Preferred Shares”) have outperformed the S&P/TSX Preferred Share Index over the last three years with less volatility, as illustrated in the chart below. The Manager believes that the relatively stable performance of the Brompton Preferred Shares is the result of two unique features: (i) the Brompton Preferred Shares are redeemable at the shareholder’s option at the end of the term of the applicable split share corporation while rate-reset preferred shares, represented below by the S&P/TSX Preferred Share Index, are typically only redeemable at the issuer’s option; and (ii) the Brompton Preferred Share distributions are reset at competitive market rates based on dividend yields observed in the comparable preferred share market at that time of reset, while rate-reset preferred share dividend yields are reset periodically based on a then-current base interest rate plus a fixed spread, which may not always result in an all-in yield that is competitive in the context of the market.

### Brompton Preferred Shares vs. S&P/TSX Preferred Share Index Growth of \$10,000



Source: Refinitiv, for the period from February 28, 2011 to February 26, 2021. Reflects total return based on market price. Brompton Split Share Preferreds depicts the market-capitalization-weighted total return performance of all Brompton Split-Share Preferreds (inclusion date for each preferred share = inception date), included ticker symbols: DGS.PR.A, GDV.PR.A, LBS.PR.A, LCS.PR.A, OSP.PR.A, SBC.PR.A. The S&P/TSX Preferred Share Index is designed to measure the performance of the Canadian preferred share market and includes a diversified selection of large market capitalization preferred shares.

### Duties and Services to be Provided by the Manager

Pursuant to the Management Agreement, the Manager has exclusive authority to manage the business and affairs of the Company, to make all decisions regarding the business of the Company and has authority to bind the Company. The Manager may, pursuant to the terms of the Management Agreement, delegate certain of its powers to third parties at no additional cost to the Company where, in the discretion of the Manager, it would be in the best interests of the Company and the shareholders to do so.

As investment manager, the Manager also has authority to provide investment advisory and portfolio management services to the Company, to acquire, hold and dispose of Portfolio securities in accordance with the Investment Objectives and the Investment Strategies and subject to the Investment Restrictions and will make all investment decisions for the Company and manage the call option writing and put option writing by the Company and the purchases of call and put options by the Company. Decisions as to the purchase and sale of securities in the Portfolio and as to the execution of all Portfolio and other transactions will be made by the Manager.

The Manager is responsible for the portfolio management of the Company including writing call options and put options in accordance with the Investment Objectives, Investment Guidelines and subject to the Investment Restrictions of the Company. The principal portfolio managers who are responsible for the investment management of the Company are as follows:

Name	Length of Service and Experience in the Past 5 Years
LAURA LAU Toronto, Ontario	Senior Vice President and Chief Investment Officer, Brompton Funds since February 2020; Senior Vice President and Senior Portfolio Manager, Brompton Funds from February 2012 to February 2020.
MICHAEL D. CLARE Toronto, Ontario	Vice President & Portfolio Manager, Brompton Funds since December 2012.

For a description of the experience and background of Laura Lau and Michael D. Clare, see “Organization and Management Details of the Manager – Directors and Officers of the Manager”.

### Details of the Management Agreement

The Manager is required to exercise its powers and perform its duties honestly, in good faith and in the best interests of the shareholders and to exercise the care, diligence and skill that a reasonably prudent and qualified manager would exercise in comparable circumstances. The Management Agreement provides that the Manager will not be liable in any way for any default, failure or defect of the assets of the Company or the Portfolio, as the case may be, if it has satisfied the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence or breach of its duties or standard of care, diligence and skill. Among other restrictions imposed on the Manager, it may not dissolve the Company or wind up the affairs of the Company except if, in its opinion, it would be in the best interests of the shareholders to terminate the Company.

Under the terms of the Management Agreement, the Manager is responsible for providing, or causing to be provided, management and administrative services and facilities to the Company including, without limitation:

- (a) acquiring and maintaining the Portfolio in accordance with the Investment Objectives, Investment Strategies and Investment Restrictions and investing assets held by the Company from time to time, as well as managing relationships with the Custodian, registrar and transfer agent, auditors, legal counsel and other organizations or professionals serving the Company;
- (b) ongoing compliance with, and monitoring the suitability of, the Investment Objectives, Investment Strategies and Investment Restrictions, as applicable, and preparing for adoption by the shareholders of any amendments to the Investment Objectives and Investment Restrictions which the Manager believes are in the best interests of the Company;
- (c) entering into, on behalf of the Company, any derivative or other transactions and arranging for the settlement of the Company’s obligations and the receipt of the counterparty’s obligations under any such agreements;

- (d) the authorization and timely payment on behalf of the Company of fees and expenses incurred on behalf of the Company and the negotiation of contracts with third party providers of services (including, but not limited to, custodians, transfer agents, legal counsel, auditors and printers);
- (e) the provision of office space, telephone services, office equipment, facilities, supplies and executive, secretarial and clerical services;
- (f) the preparation of accounting, management and other reports (including such interim and annual reports to shareholders, financial statements, tax reporting to shareholders and income tax returns as may be required by applicable law);
- (g) keeping and maintaining the books and records of the Company and the supervision of compliance by the Company with record keeping requirements under applicable regulatory regimes;
- (h) the calculation of the amount, and the determination of the frequency, of distributions by the Company;
- (i) the handling of communications and correspondence with shareholders and the preparation of notices of distributions to shareholders;
- (j) establishing and monitoring of a reinvestment plan, and amending, modifying, suspending or terminating such reinvestment plan in a manner which the Manager believes is in the best interests of the shareholders;
- (k) ensuring that the NAV per Unit is calculated and provided to the financial press;
- (l) responding to investors' enquiries and general investor relations in respect of the Company;
- (m) dealing with banks, custodians and sub-custodians including in respect of the maintenance of bank records and the negotiating and securing of bank financing or refinancing;
- (n) determining from time to time the appropriate amount of leverage and implementing and monitoring the use of such leverage;
- (o) arranging for the liquidation of the Portfolio in an orderly manner, to the extent necessary, and using the proceeds therefrom to reduce indebtedness of the Company in the event that the Company is at any time in breach of its collateral requirements in order to limit the total indebtedness of the Company as a percentage of the aggregate value of the assets of the Company or for any other reason where the Company requires cash to meet its obligations;
- (p) obtaining such insurance as the Manager considers appropriate for the Company;
- (q) arranging for the provision of services by CDS for the administration of the non-certificated issue system with respect to the Units;
- (r) ensuring that that the Company complies with all regulatory requirements and applicable stock exchange listing requirements; and
- (s) the provision of such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Company including maintenance of a website.

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

The Management Agreement may be terminated by the Company at any time on 30 days written notice to the Manager in the event of the persistent failure of the Manager to perform its duties and discharge its obligations under the Management Agreement, or the continuing malfeasance or misfeasance of the Manager in the performance of its duties under the Management Agreement. The Management Agreement may be terminated immediately by the Company in the event of the commission by the Manager of any fraudulent act and will be automatically terminated if the Manager becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors. The Manager may assign the Management Agreement to an affiliate of the Manager at any time. The Manager may resign upon 120 days' notice, and, if no new manager is appointed within such 120-day period, the Company will be terminated. Other than fees and expenses payable to the Manager pursuant to the Management Agreement up to and including the date of termination, no additional payments will be required to be made to the Manager as a result of any termination.

The services of the Manager and the officers and directors of the Manager are not exclusive to the Company. The Manager and its affiliates and associates may, at any time, engage in any other activity including the administration of any other fund or trust.

### **Directors and Officers of the Manager**

The Board of Directors of the Manager consists of three members. Directors are appointed to serve on the Board of Directors until such time as they retire or are removed and their successors are appointed. There is no chairman of the Board of Directors of the Manager and instead the director who chairs meetings rotates among the directors. The name, municipality of residence, position with the Manager and principal occupation of each director and senior officer is set out below:

<b>Name and Municipality of Residence</b>	<b>Position with the Manager</b>	<b>Principal Occupation</b>
MARK A. CARANCI <sup>(1)(2)</sup> Toronto, Ontario	President, Chief Executive Officer and Director	President and Chief Executive Officer and Director, Brompton Funds.
RAYMOND R. PETHER <sup>(1)</sup> Toronto, Ontario	Director	Chairman, Brompton Corp. since March 2021; Director, Brompton Funds.
CHRISTOPHER S.L. HOFFMANN <sup>(1)</sup> Toronto, Ontario	Director	Director, Brompton Funds; Vice President, Nutowima Ltd. and private investor.
CHRISTOPHER CULLEN Toronto, Ontario	Senior Vice President	Senior Vice President, Brompton Funds.
LAURA LAU Toronto, Ontario	Senior Vice President and Chief Investment Officer	Senior Vice-President and Chief Investment Officer, Brompton Funds since February 2020; Senior Vice President and Senior Portfolio Manager, Brompton Funds from February 2012 to February 2020.
MICHAEL D. CLARE Toronto, Ontario	Vice President and Portfolio Manager	Vice President and Portfolio Manager, Brompton Funds.
MICHELLE TIRABORELLI Toronto, Ontario	Senior Vice President	Senior Vice President, Brompton Funds since February 2020; Vice President, Brompton Funds from February 2011 to February 2020.
ANN WONG <sup>(2)</sup> Toronto, Ontario	Chief Financial Officer	Chief Financial Officer and Chief Compliance Officer since October 2020; Vice-President and Controller, Brompton Funds from April 2008 to October 2020.
KATHRYN BANNER Toronto, Ontario	Vice President and Corporate Secretary	Vice President and Corporate Secretary, Brompton Funds.
STEPHEN ALLEN Toronto, Ontario	Senior Vice President	Senior Vice President, Brompton Funds since October 2019; Executive Vice President, Evolve Funds Group Inc. from June 2017 to September 2019; Managing Director, Onex Credit Partners from April 2012 to April 2017.

**Notes:**

- (1) Member of the Audit Committee.
- (2) Executive Officer.

The officers of the Manager will receive their remuneration from the Manager. The directors of the Manager do not receive any director fees.

A description of the experience and background of each of the directors and senior officers of the Manager is set out below.

**Mark A. Caranci (President, Chief Executive Officer and Director):** Mr. Caranci has over 25 years of experience in the investment business, merchant banking and public accounting and was a founding executive of the Brompton Group in 2000 and participates in the direction of all activities in the group. Mr. Caranci was appointed as the Chief Financial Officer of Brompton in 2000 and in 2007, Mr. Caranci was appointed President, Chief Executive Officer and director of Brompton Funds. From 1996 to 2000, Mr. Caranci was Vice-President of a financial services organization. Mr. Caranci has held various senior positions with public companies, including Chief Financial Officer of a public energy services income trust and Vice-President of Finance of several public oil & gas companies. Prior to 1996, Mr. Caranci worked at PricewaterhouseCoopers LLP, Chartered Professional Accountants. Mr. Caranci is a Chartered Professional Accountant and Chartered Accountant and is a member of the Chartered Professional Accountants of Ontario and received a Bachelor of Commerce degree from the University of Toronto.

**Raymond R. Pether (Director):** Mr. Pether has over 35 years of experience in the investment business having held numerous high level positions in investment management, oil & gas, banking and real estate finance. Mr. Pether co-founded the Brompton Group in 2000 and participates in the direction of all activities in the group, and is a director of Brompton Funds. Mr. Pether received a Bachelor of Arts degree in Economics from the University of Western Ontario and a Master of Business Administration degree from McMaster University.

**Christopher S.L. Hoffmann (Director):** Mr. Hoffmann is a director of Brompton Corp. and various corporations associated with Brompton Corp. He joined the Brompton Group of companies in 2004. From 1989 to 2004, Mr. Hoffmann was a partner at McCarthy Tétrault, (a national Canadian law firm). From 1987 to 1989, Mr. Hoffmann was Executive Vice President and Chief Operating Officer of a private investment and holding company. Mr. Hoffmann received a Bachelor of Laws and a Bachelor of Civil Law from McGill University, and a Master of Science from University of California, Berkeley. Mr. Hoffmann has been a director of numerous public and private companies and not-for-profit corporations. He is currently Vice Chair of the Canadian Opera Foundation and a member of the finance and audit committee of the United Way of the Greater Toronto Area.

**Ann Wong (Chief Financial Officer & Chief Compliance Officer):** Ms. Wong has over 20 years of financial experience with public and private companies. Ms. Wong joined Brompton in 2005 as Controller, served as Vice President and was appointed as the Chief Financial Officer and Chief Compliance Officer in 2020. Prior to joining the Brompton Group, Ms. Wong was a Senior Manager in the Treasury Finance group of Canadian Imperial Bank of Commerce, and also worked for PricewaterhouseCoopers LLP as a manager in the assurance and business advisory services practice. Ms. Wong is a Chartered Professional Accountant and Chartered Accountant, a member of the Chartered Professional Accountants of Ontario. She is also a CFA charterholder and a member of the Toronto CFA Society. She received a Bachelor of Arts degree and a Master of Accounting degree from the University of Waterloo.

**Christopher Cullen (Senior Vice President):** Mr. Cullen has over 15 years of professional experience in banking, securities, and engineering. Mr. Cullen joined the Brompton Group in March of 2006 and is Senior Vice-President of Brompton Funds. Previously Mr. Cullen was a Commercial Banking Manager at Canadian Imperial Bank of Commerce, and prior to this he was a Research Associate with UBS Securities (Canada). From 1997 to 1999, Mr. Cullen was a Process Engineer with an international engineering consultant. Mr. Cullen is a CFA charterholder and is a member of the Toronto CFA Society. Mr. Cullen graduated with a Bachelor of Applied Science in Chemical Engineering and Applied Chemistry from the University of Toronto and a Master of Business Administration from the Rotman School of Management, also at the University of Toronto.

**Laura Lau (Senior Vice President and Chief Investment Officer):** Ms. Lau has over 25 years of experience in financial services and is Senior Vice President and Chief Investment Officer with Brompton Group. Ms. Lau leads Brompton's portfolio management team that oversees assets of approximately \$1.8 billion primarily in global and Canadian covered call mandates designed to generate income and lower volatility of returns. Prior to joining Brompton, she was a Senior Portfolio Manager at a major Canadian fund manager from 2004 to 2011 where she co-managed over \$500 million in resource portfolios. Ms. Lau was the co-manager of a resource fund which won the 2011 Canadian Lipper Fund Award for best fund over one year in the natural resources equity category. She was lead manager for a five-star Morningstar rated fund. In 2011, Ms. Lau received the Brendan Wood TopGun Investment Mind Award. Ms. Lau is a CFA charterholder and is a member of the Toronto CFA Society and also holds the Derivatives Market Specialist designation. Prior to her career in investment management, Ms. Lau managed an information technology department. Ms. Lau graduated with a Bachelor of Applied Science in Industrial Engineering from the University of Toronto and serves on the advisory board of the Mechanical and Industrial Engineering Department of her alma mater.

**Michael D. Clare (Vice President and Portfolio Manager):** Mr. Clare has over 17 years of experience in financial services and is a Vice President and Portfolio Manager with Brompton Group. Mr. Clare is a member of Brompton's portfolio management team and is a co-manager of investment funds at Brompton with combined assets of approximately \$1.8 billion. He specializes in portfolio construction, security analysis, and covered call strategies with a focus on technology, health care, financials, energy, low volatility strategies, and global equities. Prior to joining Brompton in 2012, Mr. Clare was a portfolio manager at Creststreet Asset Management Limited. He previously worked for Deloitte & Touche LLP as a manager in the assurance and advisory practice. Mr. Clare is a CFA charterholder and is a member of the Toronto CFA Society. He is also a Chartered Professional Accountant and a member of the Chartered Professional Accountants of Ontario. He received an Honours Bachelor of Commerce degree from Queen's University.

**Michelle Tiraborelli (Senior Vice President):** Ms. Tiraborelli has been working in the financial industry since 2006 and currently serves as Senior Vice President of Brompton Funds. Prior to joining the Brompton Group, Ms. Tiraborelli was an Investment Advisor with BMO Nesbitt Burns. She has also worked as an Analyst with a Toronto based corporate development consulting firm focused on private company mergers & acquisitions, and business expansion. Ms. Tiraborelli received a Bachelor of Science, Honours degree from Queen's University. She also holds a Master of Business Administration degree from the Hong Kong University of Science and Technology, having studied jointly at the HKUST Business School in Hong Kong and New York University's Stern School of Business.

**Kathryn Banner (Vice President and Corporate Secretary):** Ms. Banner has been involved in the financial industry for over 20 years. Since joining the Brompton Group in 2000, Ms. Banner has held progressively senior roles and is currently Vice President and Corporate Secretary of Brompton Funds with a focus on regulatory, compliance and corporate services. From 1996 to 2000, Ms. Banner was employed by a financial services company. She has been involved with investment funds, a public energy services income trust and both international and domestic oil and gas companies. She received a Bachelor of Arts degree and a Master of Arts degree from the University of Waterloo.

**Stephen Allen (Senior Vice President):** Mr. Allen joined Brompton in October 2019 as Senior Vice President & Head of Distribution. Prior to joining Brompton, he was a founding partner, Executive Vice President and Head of Distribution for Evolve Funds Group Inc. Prior to his time at Evolve Funds Group Inc., Mr. Allen filled leadership and senior sales roles at Onex Credit (Managing Director, Canadian retail & institutional distribution), Macquarie Global Investments (SVP & Head of Sales, Canada) and RBC Capital Markets Structured Financial Products (Director & Head of Sales, Canada). Mr. Allen graduated from Carleton University with degrees in Psychology and English Literature.

## 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 net asset value per Unit (the "NAV per Unit") on any day (the "NAV Valuation Date") is determined as follows:

- If the NAV of the Company is less than or equal to the aggregate Preferred Share redemption price which includes any accrued and unpaid distributions thereon (the "Preferred Share Amount"), the NAV per Unit is calculated by dividing the NAV of the Company on such day by the number of Preferred Shares then outstanding.
- If the NAV of the Company is greater than the Preferred Share Amount, the NAV per Unit is calculated by (i) subtracting the Preferred Share Amount from the NAV of the Company; (ii) dividing the difference by the number of Class A Shares then outstanding and (iii) adding \$10 plus any accrued and unpaid distributions per Preferred Share to the result obtained in clause (ii).

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 are available to the public at no cost by calling 1-866-642-6001 and the NAV per Unit, NAV per Class A Share and NAV per Preferred Share are available on the Manager's website at [www.bromptongroup.com](http://www.bromptongroup.com). The Company also makes the NAV per Class A Share and NAV per Preferred Share available to the financial press for publication on a daily basis.

## Valuation of Portfolio Securities

In determining the NAV of the Company at any time:

- (a) the value of any cash on hand or on deposit, bill, demand note and account receivable, prepaid expense, dividend, Distribution or other amount received (or declared to holders of record of securities owned by the Company on a date before the NAV Valuation Date as of which the NAV of the Company is being determined, and to be received) and interest accrued and not yet received shall be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, dividend, Distribution, or other amount received (or declared to holders of record of securities owned by the Company on a date before the NAV Valuation Date as of which the NAV of the Company is being determined, and to be received) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof shall be deemed to be such value as the Manager determines to be the fair market value thereof;
- (b) the value of any security, that is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Manager) shall be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the latest offer price or bid price shall be used), as at the NAV Valuation Date on which the NAV of the Company is being determined, all as reported by any means in common use. For a retraction or redemption of the Company's shares, the value of the common shares will be equal to the weighted average trading price of such shares over the last three Business Days of the relevant month;
- (c) the value of any security which is traded over-the-counter will be priced at the average of the last bid and ask prices quoted by a major dealer or recognized information provider in such securities;
- (d) where a covered clearing corporation option, option on futures or an over-the counter option is written, the option premium received by the Company will, so long as the option is outstanding, be reflected as a deferred credit which will be valued at an amount equal to the fair market value of an option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV;
- (e) the value of a forward contract or swap shall be the gain or loss with respect thereto that would be realized if, on the NAV Valuation Date, the position in the forward contract or swap were to be closed out in accordance with its terms;
- (f) the value of any security, or other asset for which a market quotation is not readily available will be its fair market value on the NAV Valuation Date on which the NAV of the Company is being determined as determined by the Manager;
- (g) any market price reported in currency other than Canadian dollars shall be translated into Canadian currency at the rate of exchange available to the Company from the Custodian on the NAV Valuation Date on which NAV of the Company is being determined;
- (h) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Manager and investments in private companies and other assets for which no published market exists will be valued at fair market value as determined by the Manager; and
- (i) the value of any security or property to which, in the opinion of the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above

provided, or for any other reason) shall be the fair market value thereof determined in good faith in such manner as the Manager from time to time adopts.

The 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.

## **DESCRIPTION OF THE SECURITIES**

### **The Securities**

The Company is authorized to issue an unlimited number of Preferred Shares, Class A Shares, Class J Shares and class B shares and class C shares, issuable in series, which will not rank in priority to the Preferred Shares. The holders of Class J Shares are not entitled to receive dividends and are entitled to one vote per share. The Class J Shares are redeemable and retractable at a price of \$1.00 per share. There are 100 Class J Shares issued and outstanding.

An equal number of Class A Shares and Preferred Shares are expected to be outstanding under normal circumstances. In certain circumstances relating to the issuance and redemption or retraction of Preferred Shares or Class A Shares, the number of Class A Shares issued and outstanding may exceed the number of Preferred Shares issued and outstanding. In such case, the extent of such excess number of Class A Shares over Preferred Shares is generally not expected to exceed 10% of the number of Preferred Shares outstanding, but may from time to time exceed 10% for periods of less than 15 days.

### **Principal Shareholder**

All of the issued and outstanding class J shares (“Class J Shares”) of the Company are owned by the Manager. 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.

#### ***Rating of the Preferred Shares***

The Preferred Shares have been provisionally rated Pfd-3 by 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. 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. See “Redemption and Retractions”.

#### ***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 Class J Shares rank subsequent to both the Preferred Shares and the Class A Shares with respect to distributions on the dissolution, liquidation or winding-up of the Company.

### **Book-Entry-Only and Book-Based Systems**

Registrations of interests in, and transfers of, the Preferred Shares and 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 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 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 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 following may only be undertaken with the approval of the holders of Preferred Shares and Class A Shares, each voting separately as a class, by an Ordinary Resolution, unless a greater majority is required by law, passed at a meeting called for the purpose of considering such Ordinary Resolution, provided that holders of Preferred Shares and Class A Shares holding at least 10% of the shares outstanding on the record date of the meeting are present in person or by proxy:

- (a) a reorganization with, or transfer of assets to, another mutual fund corporation, if
  - (i) the Company ceases to continue after the reorganization or transfer of assets; and
  - (ii) the transaction results in Shareholders becoming securityholders in the other mutual fund corporation; and
- (b) a reorganization with, or acquisition of assets of, another mutual fund corporation, if
  - (i) the Company continues after the reorganization or acquisition of assets;
  - (ii) the transaction results in the securityholders of the other mutual fund corporation becoming Shareholders of the Company; and
  - (iii) the transaction would be a significant change to the Company; and
- (c) except as described herein, a change of the Manager to the Company, other than a change resulting in an affiliate of the Manager assuming such position.

The following may only be undertaken with the approval of holders of Preferred Shares and Class A Shares, each voting separately as a class, by an Extraordinary Resolution:

- (a) a change in the investment objectives or investment restrictions of the Company (including the Company's currency hedging strategy), unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;

- (b) 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;
- (c) any issue of Units for net proceeds per Unit less than the most recently calculated NAV per Unit prior to the date of the setting of the subscription price by the Company; and
- (d) any amendment, modification or variation in the provisions or rights attaching to the Preferred Shares or Class A Shares.

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 independent review committee 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 independent review committee approves the transaction pursuant to NI 81-107, the reorganization or transfer complies with certain requirements of NI 81-102 and NI 81-107, as applicable, and Shareholders are sent written notice at least 60 days before the effective date of the change.

**Reporting to Shareholders**

The Company will deliver to Shareholders annual and interim financial statements of the Company as may be required by applicable law.

**REDEMPTION OF THE SHARES BY THE COMPANY**

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 Company may be extended after the Maturity Date for a further period of five years and thereafter for additional successive periods of five years as determined by the Board of Directors on such date. See “Description of The Securities – Preferred Shares” and “Description of The Securities – Class A Shares”.

**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 <sup>(1)</sup> .....	\$[●]	\$750,000
Expenses of issue <sup>(1)</sup> .....	\$[●]	\$[●]
Total Net Proceeds	\$[●]	\$[●]

**Note:**

(1) The Manager or an affiliate of the Manager will pay 1.0% of the gross proceeds of the Offering towards the Agents’ fee and/or expenses of the Offering to allow for a higher opening Net Asset Value of the Company.

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 securities for the Portfolio following the Closing Date. 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 Preferred Share Offering price 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.

**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 \$0.45 (4.5%) 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 fee. 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 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 \$0.45 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 \$[●]. The Manager or an affiliate of the Manager will pay 1.0% of the gross proceeds of the Offering towards the Agents' fee and/or expenses of the Offering to allow for a higher opening Net Asset Value of the Company. 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 [●], 2021, 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 DISCLOSURE FOR PORTFOLIO SECURITIES HELD**

### **Policies and Procedures**

Subject to compliance with the provisions of applicable securities law, the Manager, in its capacity as manager, acting on the Company's behalf, has the right to vote proxies relating to the Portfolio securities. Proxies must be voted in a manner consistent with the best interests of the Company and its Shareholders.

The Manager has engaged the services of ISS to vote the proxies related to the securities held by the Company in accordance with ISS' 2021 Canadian Proxy Voting Guidelines for TSX-listed companies (the "Policy").

In the case of routine matters, which include ratification of auditors, the Policy generally allows for voting in favour of management's recommendations unless non-audit related fees are paid to the auditor exceed audit-related fees. The Policy outlines the fundamental principles applied when determining votes on director nominees and generally withholds votes from all directors nominated by slate ballot.

In respect of non-routine matters, including confidential voting, shareholder rights plans, mergers and corporate restructurings, capital restructuring, increases in authorized capital, executive compensation and equity compensation plans, matters are dealt with on a case-by-case basis with the best interests of the shareholders in mind at all times.

## **Proxy Voting Conflicts of Interest**

Where proxy voting could give rise to a conflict of interest or perceived conflict of interest, in order to balance the interest of the Company in voting proxies with the desire to avoid the perception of a conflict of interest, the Manager has instituted procedures to help ensure that the Company's proxy is voted in accordance with the business judgment of the person exercising the voting rights on behalf of the Company, uninfluenced by considerations other than the best interests of the Company.

The procedures for voting proxies where there may be a conflict of interest include escalation of the issue to members of the IRC for their consideration and advice, although the responsibility for deciding how to vote the Company's proxies and for exercising the vote remains with the Manager. The primary responsibility of the IRC is to represent the interests of the investors in the funds managed by the Manager, including the Company, and for this purpose to act in an advisory capacity to the Manager.

## **Disclosure of Proxy Voting Guidelines and Record**

The Manager will post the proxy record on [www.bromptongroup.com](http://www.bromptongroup.com) no later than August 31<sup>st</sup> of each year unless exemptive relief is obtained from such requirement. The Company will send the most recent proxy voting policies and procedures and proxy voting record, without charge, to any Shareholder upon request.

## **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 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.

## **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 Osler, Hoskin & Harcourt LLP, on behalf of the Company, and Stikeman Elliott LLP, on behalf of the Agents.

The Company's auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants, who have prepared an independent auditor's report dated [●], 2021 in respect of the Company's opening statement of financial position as at [●], 2021. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Company within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

## **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 of Sustainable Power & Infrastructure Split Corp. (the "Company")**

### ***Our opinion***

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Company as at [●], 2021 in accordance with those requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) relevant to preparing a statement of financial position.

### **What we have audited**

The Company's financial statement comprises the statement of financial position as at [●], 2021 and the notes to the financial statement, which include significant accounting policies and other explanatory information.

### ***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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

### ***Emphasis of matter – basis of accounting***

We draw to users' attention the fact that the financial statement does not comprise a full set of financial statements prepared in accordance with IFRS. Our opinion is not modified in respect of this matter.

### ***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 IFRS relevant to preparing a statement of financial position, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing a 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, Ontario

[●], 2021

**SUSTAINABLE POWER & INFRASTRUCTURE SPLIT CORP.**

**STATEMENT OF FINANCIAL POSITION**

**As at [●], 2021**

**Current Assets**

Cash ..... \$100

**Liabilities**

Net assets attributable to holder of class J shares (Note 3)..... \$100

Approved on behalf of Sustainable Power & Infrastructure Split Corp. by Brompton Funds Limited, as manager

(Signed) [●]  
Director

(Signed) [●]  
Director

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

## SUSTAINABLE POWER & INFRASTRUCTURE SPLIT CORP.

### NOTES TO THE STATEMENT OF FINANCIAL POSITION

As at [●], 2021

#### 1. ORGANIZATION OF THE COMPANY

Sustainable Power & Infrastructure Split Corp. (the “Company”) is a closed-end investment fund established under the laws of the Province of Ontario on March 31, 2021. The Company has been inactive between the date of establishment and the date of the statement of financial position, other than the issuance of 100 class J shares (“Class J Shares”) for cash. The address of the Company’s registered office is Suite 2930, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2T3.

The investment objectives for the preferred shares (“Preferred Shares”) are to provide holders with fixed cumulative preferential quarterly cash distributions and to return the original issue price of \$10.00 to holders on May 29, 2026, subject to extension for successive terms of up to five years as determined by the board of directors. The quarterly cash distribution will be \$0.1250 per Preferred Share (\$0.50 per annum or 5.0% per annum) on the issue price of \$10.00 per Preferred Share until May 29, 2026.

The investment objectives for the class A shares (“Class A Shares”) are to provide holders with regular monthly non-cumulative cash distributions and to provide holders with the opportunity for capital appreciation through exposure to a diversified portfolio of equity securities of sustainable power and infrastructure companies selected by Brompton Funds Limited (the “Manager”). The monthly cash distribution is targeted to be \$0.06667 per Class A Share representing a yield on the Class A Share offering price of 8.0% per annum. No distributions will be paid on the Class A Shares if (i) the distributions payable on the Preferred Shares are in arrears or (ii) in respect of a cash distribution by the Company, the sum of the: (i) net asset value (“NAV”) per Class A Share; and (ii) NAV per Preferred Share (including any accrued and unpaid distributions on the Preferred Shares) (the “NAV per Unit”) would be less than \$15.00.

The statement of financial position was authorized for issuance by the Manager on [●], 2021.

#### 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 demand deposits with financial institutions.

*Valuation for Transaction Purposes:* NAV per Class A Share on any day is obtained by dividing the NAV attributable to the Class A Share on such day by the number of Class A Shares then outstanding. NAV per Preferred Share on any day is obtained by dividing the NAV attributable to the Preferred Shares (including any accrued and unpaid distributions on the Preferred Shares) on such day by the number of Preferred Shares then outstanding.

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

*Classifications of Redeemable Shares:* The Company’s outstanding redeemable share entitlements include a contractual obligation to deliver cash or another financial asset on May 29, 2026, and therefore the ongoing redemption feature is not the Company’s only contractual obligation. Consequently, the Company’s outstanding redeemable shares are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 *Financial Instruments Presentation*.

#### 3. REDEEMABLE SHARES

The Company is authorized to issue an unlimited number of Class J Shares, Preferred Shares, Class A Shares

and class B shares and class C shares, issuable in series, which will not rank in priority to the Preferred Shares.

#### **4. RELATED PARTY TRANSACTIONS**

On March 31, 2021, the Company issued 100 Class J Shares for cash consideration of \$100.00 to the Manager.

The Manager will receive an annual management fee equal to 0.75% per annum of the NAV of the Company, calculated and payable monthly in arrears, plus any applicable taxes. “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).

#### **5. INITIAL OFFERING**

The Company and the Manager have entered into an agency agreement with RBC Dominion Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., TD Securities Inc., Hampton Securities Limited, Canaccord Genuity Corp., Raymond James Ltd., Richardson Wealth Limited, Echelon Wealth Partners Inc., iA Private Wealth Inc., Manulife Securities Incorporated and Mackie Research Capital Corporation (collectively, the “Agents”) dated as of [●], 2021 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 [●] million Preferred Shares at \$10.00 per share and [●] 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 \$0.45 per Class A Share out of the proceeds of the Offering.

**CERTIFICATE OF THE COMPANY AND THE MANAGER**

Dated: March 31, 2021

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.

**Sustainable Power & Infrastructure Split Corp.**

(signed) Mark A. Caranci  
President and Chief Executive Officer

(signed) Ann P. Wong  
Chief Financial Officer

**On behalf of the Board of Directors**

(signed) Christopher S.L. Hoffmann  
Director

(signed) Raymond R. Pether  
Director

**Brompton Funds Limited  
(as Manager)**

(signed) Mark A. Caranci  
President and Chief Executive Officer

(signed) Ann P. Wong  
Chief Financial Officer

**On behalf of the Board of Directors**

(signed) Christopher S.L. Hoffmann  
Director

(signed) Raymond R. Pether  
Director

## CERTIFICATE OF THE AGENTS

Dated: March 31, 2021

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.

**RBC DOMINION SECURITIES INC.**

(signed) Christopher Bean

**NATIONAL BANK FINANCIAL INC.**

(signed) Gavin Brancato

**BMO NESBITT BURNS INC.**

(signed) Robin Tessier

**CANACCORD GENUITY CORP.**

(signed) Michael Sardo

**ECHELON WEALTH PARTNERS INC.**

(signed) Beth Shaw

**MACKIE RESEARCH CAPITAL CORPORATION**

(signed) David J. Keating

**CIBC WORLD MARKETS INC.**

(signed) Valerie Tan

**SCOTIA CAPITAL INC.**

(signed) Robert Hall

**HAMPTON SECURITIES LIMITED**

(signed) Andrew M. Deeb

**RICHARDSON WEALTH LIMITED**

(signed) Nargis Sunderji

**IA PRIVATE WEALTH INC.**

(signed) Richard Kassabian

**MANULIFE SECURITIES INCORPORATED**

(signed) William Porter