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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 are not and will not be offered or sold in the U.S., or to or for the account of U.S. persons as defined by U.S. securities laws. Each purchaser of these securities will be deemed to represent that such purchaser is not a U.S. person, is not receiving the securities in the U.S., and is not acquiring the securities for the account of a U.S. person.*

## PRELIMINARY PROSPECTUS

Initial Public Offering

October 29, 2019

### HARVEST CANADIAN CONSOLIDATED ENERGY FUND

**\$• Maximum (• Units)**

**\$12.00 per Unit**

Harvest Canadian Consolidated Energy Fund (the “**Fund**”) is a closed-end investment fund established under the laws of the Province of Ontario that proposes to issue transferable trust units (the “**Units**” and each a “**Unit**”) of the Fund at a price of \$12.00 per Unit (the “**Offering**”).

The Fund’s investment objectives are to provide holders of Units (“**Unitholders**”) with: (i) quarterly cash distributions; and (ii) the opportunity for capital appreciation through investments primarily in listed Equity Securities (as defined herein) of companies operating in the Canadian Energy Universe (as defined herein). See “Investment Objectives”. It is expected that the Fund will initially hold up to 75 Canadian Energy Issuers (as defined herein) acquired pursuant to the Exchange Option. Not later than March 31, 2020 and within 30 days following the last day of each calendar quarter thereafter, the Manager (as defined herein) will cause the Fund to be invested in a portfolio comprised of the securities of up to 20 issuers so that immediately following such reconstitution and rebalancing, approximately 80% of the Net Asset Value of the Fund (as defined herein) will be invested in up to 19 Canadian Energy Issuers on an equal-weight basis, selected from the Canadian Energy Universe (the “**Canadian Portfolio**”) and approximately, but not more than, 20% of the Net Asset Value of the Fund will be invested in the U.S. dollar denominated units of the Harvest Energy Leaders Plus Income ETF in order to obtain exposure primarily to global Energy Issuers (the “**Global Portfolio**” and together with the Canadian Portfolio, the “**Portfolio**”).

The Manager intends that on or about June 15, 2021 (approximately 18 months following the Closing Date (as defined herein)) the Fund will, subject to applicable law, which may require Unitholder and/or regulatory approval, convert into or merge by way of a tax-deferred merger with an exchange-traded mutual fund (the “**Conversion**”), in each case managed by the Manager (or an affiliate) (any such converted or merged fund being the “**Converted Fund**”). It is the Manager’s intention that the Converted Fund will have a substantially similar investment strategy to that of the Fund and accordingly, it will invest primarily in securities of companies in the energy sector. The expenses associated with the Conversion will be paid by the Manager and not the Fund. See “Conversion of the Fund” and “Income Tax Considerations”.

Harvest Portfolios Group Inc. (“**Harvest**” or the “**Manager**”) is the trustee, manager, portfolio manager and promoter of the Fund. Harvest is responsible for creating, structuring, managing and promoting the Fund and will also implement the Fund’s investment strategies. See “Organization and Management Details of the Fund”.

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

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**Price: \$12.00 per Unit**  
**Minimum Purchase: 200 Units**

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	Price to the public <sup>(1)</sup>	Agents' fees	Net proceeds to the Fund <sup>(2)</sup>
Per Unit.....	\$12.00	\$0.54	\$11.46
Total Minimum Offering <sup>(3)</sup> .....	\$20,000,004.00	\$900,000.18	\$19,100,003.82
Total Maximum Offering <sup>(3)(4)</sup> .....	\$•	\$•	\$•

**Notes:**

- (1) The terms of the Offering were established by negotiation between the Manager, on behalf of the Fund, and the Agents (as defined herein). The price per Unit is payable in cash or Exchange Eligible Securities deposited pursuant to the Exchange Option.
- (2) Before deducting the expenses of the Offering, estimated to be \$600,000, subject to a maximum of 1.5% of the gross proceeds of the Offering, which together with the Agents' fees will be paid by the Fund from the proceeds of the Offering.
- (3) There will be no closing unless a minimum of 1,666,667 Units are sold. If subscriptions for a minimum of 1,666,667 Units have not been received within 90 days after a final receipt for this prospectus is issued, the Offering may not continue without the consent of the securities regulatory authorities and those who have subscribed on or before such date.
- (4) The Fund has granted to the Agents an option (the "**Over-Allotment Option**"), exercisable, in whole or in part, for a period of 30 days following the closing of the Offering, to purchase up to 15% of the aggregate number of Units issued at the closing of the Offering on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents' fees and the net proceeds to the Fund before deducting the expenses of the Offering will be \$•, \$• and \$•, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires the Units forming part of the Agents' over-allocation position acquires such Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

**There is no assurance that the Fund will meet its investment objectives. See "Risk Factors" for a discussion of certain factors that should be considered by prospective investors in Units. An investment in the Fund is appropriate only for investors who have capacity to absorb a loss. There is currently no market through which the Units may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Units and the extent of issuer regulation. See "Risk Factors" and "Attributes of the Units".**

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

BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Canaccord Genuity Corp., GMP Securities L.P., Raymond James Ltd., Desjardins Securities Inc., Echelon Wealth Partners Inc., Industrial Alliance Securities Inc., Mackie Research Capital Corporation, Manulife Securities Incorporated and PI Financial Corp. (collectively, the "**Agents**") have agreed to conditionally offer the Units, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters by Blake, Cassels & Graydon LLP on behalf of the Fund and McCarthy Tétrault LLP on behalf of the Agents.

Subscriptions will be received for the Units offered hereby, subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing is expected to occur on or about December •, 2019, but, in any event, not later than 90 days after a receipt for the final prospectus is issued (the "**Closing Date**"). The Offering will be conducted under the book-entry only system; accordingly, a subscriber who purchases Units will receive a customer confirmation from the registered dealer from or through whom Units are purchased. CDS will record the CDS Participants who hold Units on behalf of owners who have purchased or transferred Units in accordance with the book-entry only system. Certificates evidencing Units will not be issued.

Certain capitalized terms used, but not defined, in the foregoing are defined in the "Glossary of Terms".

## TABLE OF CONTENTS

GLOSSARY OF TERMS .....	1	Potential Conflicts of Interest .....	28
PROSPECTUS SUMMARY .....	5	Changes in Legislation .....	29
SUMMARY OF FEES AND EXPENSES .....	10	Taxation of the Fund.....	29
INFORMATION REGARDING PUBLIC ISSUERS .....	11	Lack of Operating History .....	29
FORWARD-LOOKING STATEMENTS .....	11	Not a Trust Company .....	29
OVERVIEW OF THE LEGAL STRUCTURE OF THE FUND .....	12	Nature of Units .....	30
INVESTMENT OBJECTIVES.....	12	No Ownership Interest.....	30
INVESTMENT STRATEGY .....	12	DISTRIBUTION POLICY .....	30
Harvest Energy Leaders Plus Income ETF .....	12	CONVERSION OF THE FUND.....	30
Leverage .....	13	PURCHASES OF UNITS .....	31
Securities Lending .....	13	Method to Purchase Units.....	31
OVERVIEW OF THE SECTORS THAT THE FUND INVESTS IN.....	13	Procedure.....	31
Sector Outlook .....	13	Determination of Exchange Ratio.....	32
Canadian Energy .....	17	Delivery of Final Prospectus .....	32
Natural Gas Industry .....	19	Withdrawal of Exchange Option Elections.....	32
Canadian Energy Equities .....	20	Maximum Offering .....	32
INVESTMENT RESTRICTIONS .....	23	Exchange Eligible Securities .....	33
FEES AND EXPENSES.....	25	REDEMPTIONS .....	34
Agents' Fees .....	25	Allocations of Gains to Redeeming Unitholders .....	34
Expenses of the Offering .....	25	Exercise of Redemption Right.....	35
Management Fee.....	25	Suspension of Redemptions.....	35
Ongoing Fees and Expenses .....	25	INCOME TAX CONSIDERATIONS .....	35
RISK FACTORS .....	25	Status of the Fund .....	36
No Assurances of Achieving Objectives.....	26	Taxation of the Fund.....	36
Loss on Investment .....	26	Taxation of Unitholders .....	38
Performance of the Portfolio.....	26	Exchange Option .....	39
Risks Related to Energy Issuers .....	26	Taxation of Registered Plans .....	39
Risks Related to Investing in Equity Securities .....	27	Tax Implications of the Fund's Distribution Policy .....	40
Fluctuations in the Value of Energy Issuers .....	27	ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND .....	40
Risks Related to Portfolio Concentration.....	27	Manager of the Fund.....	40
Risks Related to the Exchange Option.....	27	Duties and Services to be Provided by the Manager .....	40
Risks Related to the Conversion .....	27	Officers and Directors of the Manager .....	41
Fund of Funds Investment Risk .....	27	Brokerage Arrangements .....	43
Significant Redemptions .....	28	Conflicts of Interest .....	43
Market Disruptions .....	28	Independent Review Committee.....	43
Global Financial Developments.....	28	The Trustee .....	44
Reliance on the Manager .....	28	The Custodian.....	44
Risks Relating to Trading Price of the Units .....	28	Auditor.....	45

Registrar, Transfer Agent and Exchange Agent.....	45	USE OF PROCEEDS .....	50
Promoter .....	45	PLAN OF DISTRIBUTION.....	50
CALCULATION OF NET ASSET VALUE.....	45	INTEREST OF MANAGEMENT AND OTHERS IN	
Valuation Policies and Procedures of the Fund .....	45	MATERIAL TRANSACTIONS .....	51
Reporting of Net Asset Value .....	46	PROXY VOTING DISCLOSURE FOR PORTFOLIO	
ATTRIBUTES OF THE UNITS.....	46	SECURITIES HELD .....	51
Units.....	46	MATERIAL CONTRACTS .....	52
Purchase for Cancellation .....	47	LEGAL AND ADMINISTRATIVE PROCEEDINGS .....	52
Take-over Bids.....	47	EXPERTS .....	52
UNITHOLDER MATTERS .....	47	PURCHASERS' STATUTORY RIGHTS OF	
Meetings of Unitholders .....	47	WITHDRAWAL AND RESCISSION .....	52
Matters Requiring Unitholder Approval .....	47	INDEPENDENT AUDITOR'S REPORT .....	F-1
Amendments to the Declaration of Trust .....	48	STATEMENT OF FINANCIAL POSITION.....	F-3
Reporting to Unitholders.....	49	NOTES TO STATEMENT OF FINANCIAL POSITION..	F-4
Non-Resident Holders.....	49	CERTIFICATE OF THE FUND, THE MANAGER AND	
International Information Reporting .....	49	THE PROMOTER.....	C-1
TERMINATION OF THE FUND .....	49	CERTIFICATE OF THE AGENTS .....	C-2

## GLOSSARY OF TERMS

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

“**affiliate**” has the meaning ascribed thereto in the *Business Corporations Act* (Ontario).

“**Agency Agreement**” means an agency agreement dated as of •, 2019 among the Fund, the Manager and the Agents.

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

“**Annual Redemption Date**” means, if the Conversion has not occurred, the second last Business Day of July for each year commencing in 2021.

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

“**Canadian Energy Issuer**” means an issuer the Equity Securities of which are listed on a recognized Canadian stock exchange, that is included in the Energy Sector of the Global Industry Classification Standards (or, if such industry classification is no longer made available by MSCI Inc. and Standard & Poor’s (or, if applicable, any successor of either of these entities), any other industry-wide recognized energy issuer industry classification) and the underlying business of which includes, but is not limited to, the exploration, extraction, refining, transportation, or marketing of oil and/or gas and related products, provided that the determination by the Manager that an issuer is a Canadian Energy Issuer shall be conclusive for all purposes herein.

“**Canadian Energy Universe**” means, collectively, the 75 largest Canadian Energy Issuers based on market capitalization determined at the time of investment.

“**Canadian Portfolio**” has the meaning ascribed thereto under “Investment Objectives”.

“**CAPP**” means the Canadian Association of Petroleum Producers.

“**CDS**” means CDS Clearing and Depository Services Inc. and includes any successor thereto or any other depository subsequently appointed by the Fund as the depository in respect of the Units.

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

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

“**Closing Date**” means the date of Closing, which is expected to be on or about December •, 2019, or such later date as the Fund and the Agents may agree, but, in any event, not later than 90 days after a receipt for the final prospectus is issued.

“**Closing Market Price**” in respect of a Unit on a Monthly Redemption Date means (i) the closing price of the Units on the Exchange on such Monthly Redemption Date (or such other stock exchange on which the Units are listed) if there was a trade on the applicable Monthly Redemption Date and the market provides a closing price; (ii) the average of the highest and lowest prices of the Units on the Exchange on such Monthly Redemption Date (or such other stock exchange on which the Units are listed) if there was trading on the applicable Monthly Redemption Date and the market provides only the highest and lowest prices of the Units traded on a particular day; or (iii) the average of the last bid and the last asking prices of the Units on the Exchange on such Monthly Redemption Date (or such other stock exchange on which the Units are listed) if there was no trading on the applicable Monthly Redemption Date.

“**Conversion**” means the Fund’s conversion into or merger with an exchange-traded mutual fund.

“**Converted Fund**” means the Fund following the Conversion.

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

“**Custodian**” means State Street Trust Company Canada, the custodian of the assets of the Fund, and its successors or assigns.

**“Custodian Agreement”** means the custodial services agreement dated on or before the Closing Date among the Manager, on behalf of the Fund, and the Custodian, as it may be amended from time to time.

**“Declaration of Trust”** means the declaration of trust of the Fund dated •, 2019, establishing the Fund under the laws of the Province of Ontario, as it may be amended from time to time.

**“Distribution Payment Date”** has the meaning ascribed thereto under “Distribution Policy”.

**“Energy Issuer”** means an issuer, other than a U.S. master limited partnership, the Equity Securities of which are listed on a North American stock exchange, that is included in the Energy Sector of the Global Industry Classification Standards (or, if such industry classification is no longer made available by MSCI Inc. and Standard & Poor’s (or, if applicable, any successor of either of these entities), any other industry-wide recognized energy issuer industry classification) and the underlying business of which includes, but is not limited to, the exploration, extraction, refining, transportation, or marketing of oil and/or gas and related products, provided that the determination by the Manager (including a manager of the Global Energy Fund) that an issuer is an Energy Issuer shall be conclusive for all purposes.

**“Energy Leader”** means an Energy Issuer that has a market capitalization of at least \$10 billion determined at the time of investment, is currently paying a dividend/distribution, has options in respect of its Equity Securities listed on a recognized options exchange, and has operations and/or offices in at least two countries, provided that the determination by the Manager (including a manager of the Global Energy Fund) that an issuer is an Energy Leader shall be conclusive for all purposes.

**“Energy Leaders Investable Universe”** means all of the Energy Leaders collectively.

**“Equity Securities”** means any securities that represent an interest in an issuer which includes common shares, and securities convertible into or exchangeable for common shares including American Depositary Receipts, provided that the determination by the Manager (including a manager of the Global Energy Fund) that a security is an Equity Security shall be conclusive for all purposes herein.

**“Exchange”** means the Neo Exchange Inc.

**“Exchange Agent”** means TSX Trust Company, the exchange agent for the Exchange Option.

**“Exchange Eligible Holders”** has the meaning ascribed thereto under “Purchases of Units – Method to Purchase Units”.

**“Exchange Eligible Securities”** has the meaning ascribed thereto under “Purchases of Units – Method to Purchase Units”.

**“Exchange Option”** has the meaning ascribed thereto under “Purchases of Units – Method to Purchase Units”.

**“Exchange Option Election”** has the meaning ascribed thereto under “Purchases of Units – Procedure”.

**“Exchange Ratio”** has the meaning ascribed thereto under “Purchases of Units – Determination of Exchange Ratio”.

**“Exchange Trading Price”** has the meaning ascribed thereto under “Purchases of Units – Determination of Exchange Ratio”.

**“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 Unitholders called for the purpose of considering such resolution.

**“Fund”** means Harvest Canadian Consolidated Energy Fund.

**“Global Energy Fund”** means Harvest Energy Leaders Plus Income ETF.

**“Global Portfolio”** has the meaning ascribed thereto under “Investment Strategy”.

**“Harvest”** means the trustee, manager, portfolio manager and promoter of the Fund, Harvest Portfolios Group Inc.

**“IEA”** means International Energy Agency.

**“IFRS”** means International Financial Reporting Standards.

**“Independent Review Committee”** or **“IRC”** means the independent review committee of the Fund.

**“Management Fee”** means the management fee payable to the Manager as more fully described under “Fees and Expenses – Management Fee”.

**“Manager”** means Harvest Portfolios Group Inc., in its capacity as investment fund manager of the Fund, and any successor thereto.

**“Market Price”** means, in respect of a Unit on a Monthly Redemption Date, the weighted average trading price of the Units on the Exchange (or such other stock exchange on which the Units are listed), for the 10 trading days immediately preceding such Monthly Redemption Date.

**“Maximum Ownership Level”** has the meaning ascribed thereto under “Purchases of Units – Method to Purchase Units”.

**“Monthly Redemption Date”** means the second last Business Day of each month other than, if the Conversion has not occurred, commencing in 2021, the month of the Annual Redemption Date.

**“Monthly Redemption Price”** means the lesser of (i) 95% of the Market Price and (ii) 100% of the Closing Market Price of a Unit on the applicable Monthly Redemption Date.

**“Net Asset Value of the Fund”** or **“NAV of the Fund”** on a particular date will be equal to (i) the aggregate value of the assets of the Fund, less (ii) the aggregate value of the liabilities of the Fund.

**“Net Asset Value per Unit”** or **“NAV per Unit”** means the Net Asset Value of the Fund divided by the number of Units outstanding on the date on which the calculation is made.

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

**“NI 81-106”** means National Instrument 81-106 – *Investment Fund Continuous Disclosure* of the Canadian Securities Administrators, as amended from time to time.

**“NI 81-107”** means National Instrument 81-107 – *Independent Review Committee for Investment Funds* of the Canadian Securities Administrators, as amended from time to time.

**“Offering”** means the offering of Units at a price of \$12.00 per Unit, as contemplated by this prospectus.

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

**“Over-Allotment Option”** means the option granted by the Fund to the Agents, exercisable, in whole or in part, and from time to time for a period of 30 days following the Closing Date, to purchase an aggregate of up to 15% of the aggregate number of Units issued on Closing at a price of \$12.00 per Unit.

**“Permitted Merger”** has the meaning ascribed thereto under “Unitholder Matters – Matters Requiring Unitholder Approval”.

**“Portfolio”** has the meaning ascribed thereto under “Investment Strategy”.

**“Portfolio Securities”** means the securities included in the Portfolio.

**“Pricing Period”** means the period of three consecutive trading days ending on and including November 22, 2019.

**“Redemption Notice”** has the meaning ascribed thereto under “Redemptions – Exercise of Redemption Right”.

**“Redemption Payment Date”** means the Business Day that is on or before the 15th Business Day following the Monthly Redemption Date or Annual Redemption Date, as applicable.

**“Reference Exchange Rate”** means the U.S. dollar/Canadian dollar WM/Reuters closing spot rate determined at 4:00 p.m. (Toronto time) as provided by the Valuation Agent, or another U.S. dollar/Canadian dollar exchange rate deemed appropriate by the Manager.

**“Registered Plan”** means a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan and a tax-free savings account.

**“SIFT Rules”** means the specified investment flow-through rules in the Tax Act which apply to a SIFT trust and its unitholders.

**“SIFT trust”** means a specified investment flow-through trust for purposes of the Tax Act.

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

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

**“Termination Date”** means the date on which the Fund terminates as described under “Termination of the Fund”.

**“Trustee”** means Harvest, in its capacity as trustee of the Fund under the Declaration of Trust, and any successor thereto.

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

**“TSXV”** means the TSX Venture Exchange.

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

**“Units”** means the transferable trust units of the Fund.

**“U.S.”** means the United States of America.

**“Valuation Agent”** means such person as may from time to time be appointed by the Manager to calculate the Net Asset Value per Unit and the Net Asset Value of the Fund.



## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Certain capitalized terms used, but not defined in this summary, are defined in the “Glossary of Terms”. Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars.*

<b>Issuer:</b>	Harvest Canadian Consolidated Energy Fund (the “ <b>Fund</b> ”) is a closed-end investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of •, 2019 (the “ <b>Declaration of Trust</b> ”). See “Overview of the Legal Structure of the Fund”.
<b>Offering:</b>	The Fund is offering transferable trust units of the Fund (the “ <b>Units</b> ”). See “Attributes of the Units” and “Plan of Distribution”.
<b>Price:</b>	\$12.00 per Unit.
<b>Maximum Issue:</b>	\$• (• Units).
<b>Minimum Issue:</b>	\$20,000,004 (1,666,667 Units).
<b>Minimum Cash Purchase:</b>	200 Units (\$2,400).
<b>Exchange Option:</b>	<p>At the election of a prospective purchaser of Units, the price for each Unit purchased may be paid either by: (a) cash; or (b) an exchange (the “<b>Exchange Option</b>”) of freely tradeable securities of one or more of those issuers set forth in this prospectus under the heading “Purchases of Units – Exchange Eligible Securities” (collectively, the “<b>Exchange Eligible Securities</b>”).</p> <p>A prospective purchaser of Units who elects to pay for Units by using the Exchange Option must do so by depositing (in the form of a book-entry deposit) Exchange Eligible Securities with the Exchange Agent, as the Fund’s exchange agent for the Exchange Option, through CDS Clearing and Depository Services Inc. (“<b>CDS</b>”) prior to 5:00 p.m. (Toronto time) on November 22, 2019. Such book-entry deposits must be made by a participant in CDS, which may have an earlier deadline for receiving instructions from their clients to deposit Exchange Eligible Securities under the Exchange Option. See “Purchases of Units”.</p> <p>The purchase of Units by the exchange of Exchange Eligible Securities pursuant to the Exchange Option will be a taxable event for the purchaser. See “Income Tax Considerations”.</p>
<b>Investment Objectives:</b>	The Fund’s investment objectives are to provide holders of Units (“ <b>Unitholders</b> ”) with: (i) quarterly cash distributions; and (ii) the opportunity for capital appreciation through investments primarily in listed Equity Securities of companies operating in the Canadian Energy Universe. See “Investment Objectives”.
<b>Investment Strategies:</b>	<p>The Fund has been designed to provide investors with quarterly cash distributions and the opportunity for capital appreciation through investments primarily in listed Equity Securities of companies operating in the Canadian Energy Universe. It is expected that the Fund will initially hold up to 75 Canadian Energy Issuers acquired pursuant to the Exchange Option. Not later than March 31, 2020 and within 30 days following the last day of each calendar quarter thereafter, the Manager (as defined herein) will cause the Fund to be invested in a portfolio comprised of the securities of up to 20 issuers so that immediately following such reconstitution and rebalancing, approximately 80% of the Net Asset Value of the Fund will be invested in up to 19 Canadian Energy Issuers on an equal-weight basis, selected from the Canadian Energy Universe (the “<b>Canadian Portfolio</b>”) and approximately, but not more than, 20% of the Net Asset Value of the Fund, will be invested in the U.S. dollar denominated units of the Harvest Energy Leaders Plus Income ETF (the “<b>Global Energy Fund</b>”) in order to obtain exposure primarily to global Energy Issuers (the “<b>Global Portfolio</b>” and together with the Canadian Portfolio, the “<b>Portfolio</b>”).</p> <p>In selecting the Canadian Energy Issuers from the Canadian Energy Universe, the Manager may give consideration to: (i) each issuer’s fundamental balance sheet position; (ii) each issuer’s opportunity for financial growth; (iii) production costs for commodity producing issuers; (iv) the experience of the issuer’s management team; (v) oil and natural gas production allocation; and (vi) overall portfolio energy sub-sector diversity. The Manager may reconstitute and rebalance the Canadian Portfolio more</p>

frequently than quarterly if a Canadian Energy Issuer in the Canadian Portfolio is the subject of a merger or other fundamental corporate action that in the opinion of the Manager requires the Canadian Energy Issuer to be removed from the Canadian Portfolio.

In accordance with applicable securities legislation, including NI 81-102, no management fees or incentives fees shall be payable by the Fund that, to a reasonable person, would duplicate a fee payable by the Global Energy Fund for the same services and no sales or redemption fees shall be payable by the Fund in relation to its purchases or redemptions of the units of the Global Energy Fund.

See “Investment Strategies”.

**Conversion of the Fund:**

The Manager intends that on or about June 15, 2021 (approximately 18 months following the Closing Date) the Fund will, subject to applicable law, which may require Unitholder and/or regulatory approval, convert into or merge by way of a tax-deferred merger with an exchange-traded mutual fund (the “**Conversion**”), in each case managed by the Manager (or an affiliate) (any such converted or merged fund being the “**Converted Fund**”). It is the Manager’s intention that the Converted Fund will have a substantially similar investment strategy to that of the Fund and accordingly, it will invest primarily in securities of companies in the energy sector. The expenses associated with the Conversion will be paid by the Manager and not the Fund. See “Conversion of the Fund” and “Income Tax Considerations”.

**Manager:**

Harvest Portfolios Group Inc. (“**Harvest**” or the “**Manager**”) is the trustee, manager, portfolio manager and promoter of the Fund. Harvest will be responsible for providing or arranging for the provision of administrative services and management functions, including the day-to-day management of the Fund. As portfolio manager, Harvest will also provide investment advisory services with respect to the Fund. The principal office of Harvest is located at 710 Dorval Drive, Suite 209, Oakville, Ontario, L6K 3V7.

See “Organization and Management Details of the Fund – Manager of the Fund”.

**Distributions:**

The Fund intends to make quarterly cash distributions to Unitholders of record on the last Business Day of each calendar quarter and pay such cash distributions on or before the 15<sup>th</sup> day of the following month (each, a “**Distribution Payment Date**”). Based on the Manager’s expectations, the initial quarterly cash distribution target for the Fund is \$0.12 per Unit per quarter (\$0.48 per annum) to yield 4% on the subscription price per Unit. The initial quarterly cash distribution will be payable to Unitholders of record on March 31, 2020.

**If the return derived from the Portfolio is less than the amount necessary to fund the quarterly distributions and all expenses of the Fund and if the Manager chooses nevertheless to ensure that the quarterly distributions are paid to Unitholders, this will result in a portion of the capital of the Fund being returned to Unitholders and the NAV per Unit being reduced.** In the event the Manager does not do so in such circumstances, distributions will be reduced.

If in any taxation year after such quarterly distributions, there would remain in the Fund net income or net realized capital gains, on or after December 15 but on or before December 31 of that calendar year a special distribution of such portion of the net income and net realized capital gains as is necessary to ensure that the Fund will not be liable for non-refundable income tax under Part I of the Tax Act will be paid or made payable. Such special distributions may be paid in the form of Units and/or cash.

There can be no assurance that the Fund will be able to achieve its quarterly distribution objective or make payments on any Distribution Payment Date. Amounts distributed on the Units that represent returns of capital are generally non-taxable to a Unitholder but reduce the Unitholder’s adjusted cost base of the Units for tax purposes. See “Distribution Policy” and “Income Tax Considerations”.

**Redemptions:**

Units may be surrendered at the option of Unitholders at any time for redemption on the second last Business Day of each month (a “**Monthly Redemption Date**”), subject to the Fund’s right to suspend redemptions in certain circumstances. A Unitholder who properly surrenders a Unit for redemption on a Monthly Redemption Date, will receive the amount equal to the lesser of (i) 95% of the Market Price and (ii) 100% of the Closing Market Price of a Unit on the applicable Monthly Redemption Date (the “**Monthly Redemption Price**”), less, in each case, any costs associated with the redemption including commissions and such other costs, if any.

In the event the Conversion does not occur, Units may be redeemed annually on the second last Business Day of July for each year commencing in 2021 (“**Annual Redemption Date**”) for a redemption price equal to the NAV per Unit as of such Annual Redemption Date (less any costs and expenses associated with the redemption).

See “Risk Factors”, “Redemptions” and “Calculation of Net Asset Value”.

**Leverage:**

The Fund does not intend to borrow money or employ other forms of leverage.

**Termination:**

The Fund does not have a fixed termination date. See “Unitholder Matters” and “Termination of the Fund”.

**Use of Proceeds:**

The net proceeds from the sale of Units (prior to the exercise of the Over-Allotment Option) will be as follows:

	<u>Minimum Offering</u> <sup>(1)</sup>	<u>Maximum Offering</u> <sup>(1)(2)</sup>
Gross proceeds to the Fund	\$20,000,004.00	\$•
Agents’ fees	\$900,000.18	\$•
Expenses of the Offering <sup>(3)</sup>	\$300,000.00	\$600,000.00
Net proceeds to the Fund	\$18,800,003.82	\$•

**Notes:**

- (1) There will be no Closing unless a minimum of 1,666,667 Units are sold. If subscriptions for a minimum of 1,666,667 Units have not been received within 90 days following the date of issuance of a final receipt for this prospectus, this Offering may not continue unless an amendment to this prospectus is filed.
- (2) The Fund has granted to the Agents an Over-Allotment Option, exercisable for a period of 30 days from the Closing Date, to purchase additional Units, at a price of \$12.00 per Unit, in an amount up to 15% of the aggregate number of Units issued at Closing on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents’ fees and the net proceeds to the Fund before deducting the expenses of the Offering will be \$•, \$• and \$•, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Agents’ over-allocation position acquires such Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.
- (3) Subject to a maximum of 1.5% of the gross proceeds of the Offering.

The Fund will use the net proceeds of the Offering (including any net proceeds from the exercise of the Over-Allotment Option), after payment of the Agents’ fees and the Offering expenses, to acquire Portfolio Securities.

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

See “Use of Proceeds”.

**Eligibility for Investment:**

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Fund, and McCarthy Tétrault LLP, counsel to the Agents, provided that the Fund qualifies as a “mutual fund trust” within the meaning of the Tax Act, or the Units are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the Exchange), the Units, if issued on the date hereof, would be qualified investments under the Tax Act for trusts governed by Registered Plans. Unitholders planning to hold their Units in a tax-free savings account, registered retirement savings plan, registered education savings plan, registered disability savings plan or registered retirement income fund should consult their own tax advisor regarding whether the Units are “prohibited investments” for purposes of the Tax Act for such accounts.

If the Conversion of the Fund from a closed-end mutual fund to an exchange-traded mutual fund occurs solely by way of changing the terms relating to the redemption of the Units, the status of such Units as qualified investments will not be affected. If the Conversion to an exchange-traded mutual

fund occurs by way of the disposition by a holder of Units of the Fund in exchange for units of an exchange-traded mutual fund, such units will be qualified investments provided such continuing fund qualifies as a mutual fund trust or such units are listed on a designated stock exchange.

See “Income Tax Considerations – Taxation of Registered Plans”.

**Income Tax  
Considerations:**

A Unitholder who is resident in Canada for the purposes of the Tax Act will generally be required to include in computing income for a taxation year that part of the net income of the Fund, including net realized taxable capital gains, if any, that is paid or becomes payable to the Unitholder by the Fund in the year (whether in cash or in Units). To the extent that amounts payable to a Unitholder are designated by the Fund as the taxable portion of net realized capital gains, taxable dividends from taxable Canadian corporations or foreign source income, those amounts will retain their character and be treated as such in the hands of the Unitholder.

Where a Unitholder holds Units as capital property for the purposes of the Tax Act, distributions by the Fund to the Unitholder in excess of the Unitholder’s share of the Fund’s net income and net realized capital gains will generally not result in an income inclusion, but will reduce the adjusted cost base of the Unitholder’s Units. To the extent that the adjusted cost base of a Unit held as capital property would otherwise be less than zero, the Unitholder will be deemed to have realized a capital gain equal to such negative amount. A Unitholder who disposes of Units held as capital property (on a redemption or otherwise) will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition (which do not include any amount of capital gains made payable by the Fund to the Unitholder) exceed (or are less than) the aggregate adjusted cost base of the Units disposed of and any reasonable costs of disposition.

A Unitholder who realizes a capital gain or capital loss upon the disposition of Units in a taxation year of the Unitholder will be required to include in computing the Unitholder’s income for that year one-half of any such capital gain (a “**taxable capital gain**”) and will be required to deduct one-half of any such capital loss (an “**allowable capital loss**”) realized by the Unitholder in a taxation year of the Unitholder against taxable capital gains realized in the year of disposition. Subject to the detailed rules in the Tax Act, allowable capital losses in excess of taxable capital gains in the year of disposition may be applied to reduce net taxable capital gains of the Unitholder in any of the three years preceding the year of disposition or in any year following the year of disposition.

A purchaser who disposes of Exchange Eligible Securities pursuant to the Exchange Option and holds such securities as capital property will generally realize a capital gain (or a capital loss) in the taxation year of the purchaser in which the disposition of the securities takes place to the extent the proceeds of disposition for such securities, net of any reasonable costs of disposition, exceed (or are less than) the purchaser’s adjusted cost base of such securities. The cost to a Unitholder of Units so acquired will generally be equal to the fair market value of the securities of the Exchange Issuers disposed of in exchange for such Units at the time of disposition.

**Each investor should satisfy himself or herself as to the federal, provincial and other tax consequences of an investment in Units by obtaining advice from his or her tax advisor. See “Income Tax Considerations”.**

**Risk Factors:**

An investment in Units will be subject to certain risk factors, including:

- (i) there can be no assurance that the Fund will be able to achieve its investment objectives;
- (ii) loss on investment;
- (iii) performance of the Portfolio;
- (iv) risks related to energy issuers;
- (v) risks related to investing in equity securities;
- (vi) fluctuations in the value of energy issuers;
- (vii) risks related to portfolio concentration;
- (viii) risks related to the Exchange Option;
- (ix) risks related to the Conversion;

- (x) fund of funds investment risk;
- (xi) risks related to significant redemptions;
- (xii) risks related to market disruptions;
- (xiii) risks related to global financial developments;
- (xiv) reliance on the Manager and its key employees;
- (xv) risks regarding trading price of the Units;
- (xvi) potential for conflicts of interest;
- (xvii) changes in legislation;
- (xviii) risks relating to taxation of the Fund and the tax treatment of holding Units by Unitholders;
- (xix) the Fund's lack of operating history and the current absence of a public trading market for the Units;
- (xx) the fact that the Fund is not a trust company and the Units are not insured deposits;
- (xxi) risks relating to the nature of the Units; and
- (xxii) no ownership interest risk.

See "Risk Factors".

#### **ORGANIZATION AND MANAGEMENT OF THE FUND**

<u>Management of the Fund</u>	<u>Name and Municipality of Residence</u>	<u>Services Provided to the Funds</u>
Trustee, Manager, Portfolio Manager and Promoter	Harvest Portfolios Group Inc. 710 Dorval Drive, Suite 209 Oakville, Ontario L6K 3V7	Manages the overall business of the Fund and provides portfolio management services to the Fund.
Custodian and Valuation Agent	State Street Trust Company Canada Toronto, Ontario	Provides custody and valuation services to the Fund.
Auditor	PricewaterhouseCoopers LLP Toronto, Ontario	Provides auditing services to the Fund.
Registrar, Transfer and Exchange Agent	TSX Trust Company Toronto, Ontario	Maintains the security register and the register of transfers of Units; acts as exchange agent for the Exchange Option.

#### **AGENTS**

BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Canaccord Genuity Corp., GMP Securities L.P., Raymond James Ltd., Desjardins Securities Inc., Echelon Wealth Partners Inc., Industrial Alliance Securities Inc., Mackie Research Capital Corporation, Manulife Securities Incorporated and PI Financial Corp. (collectively, the "**Agents**") conditionally offer the Units, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the Agency Agreement, and subject to the approval of certain legal matters by Blake, Cassels & Graydon LLP on behalf of the Fund and McCarthy Tétrault LLP on behalf of the Agents. See "Plan of Distribution".

The Fund has granted to the Agents an Over-Allotment Option, exercisable for a period of 30 days from the Closing Date, to purchase additional Units, at a price of \$12.00 per Unit, in an amount up to 15% of the aggregate number of Units issued at Closing on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents' fee and the net proceeds to the Fund before deducting the expenses of the Offering will be \$•, \$• and \$•, respectively. See "Plan of Distribution".

<u>Agents' Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-allotment Option	• Units	Within 30 days following the Closing	\$12.00 per Unit

### SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees and expenses payable or incurred by the Fund, which will therefore reduce the value of your investment in the Fund. For further particulars, see "Fees and Expenses".

<u>Type of Fee</u>	<u>Amount and Description</u>
<b>Fees Payable to the Agents:</b>	\$0.54 per Unit (4.5%).
<b>Expenses of the Offering:</b>	In addition to the Agents' fees, the Fund will pay the expenses incurred in connection with the Offering, estimated to be \$600,000 (subject to a maximum of 1.5% of the gross proceeds of the Offering).
<b>Management Fee:</b>	An annual management fee (the " <b>Management Fee</b> ") equal to 0.75% of the NAV of the Fund (plus applicable taxes), calculated daily and payable monthly in arrears, will be paid to the Manager.
<b>Ongoing Fees and Expenses:</b>	<p>The Fund will pay for all ordinary expenses incurred in connection with its operation and administration and any applicable taxes, including HST. It is expected that the expenses for the Fund will include, without limitation: fees payable to the Custodian and other third party services providers, legal, accounting, audit and valuation fees and expenses, fees and expenses of the members of the Independent Review Committee ("<b>IRC</b>"), expenses related to compliance with NI 81-107, fees and expenses relating to the voting of proxies by a third party, premiums for insurance coverage for the officers and directors of the members of the IRC, costs of reporting to Unitholders, registrar, transfer and distribution agency costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements, website maintenance costs, taxes, 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 including any costs associated with the printing and mailing costs of any documents that the securities regulatory authorities require be sent or delivered to investors in the Fund and extraordinary expenses that the Fund may incur. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Fund, the Manager, the Custodian, the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund. The aggregate annual amount of these expenses is estimated to be \$250,000. The Fund will also be responsible for all commissions and other costs of Portfolio transactions including in connection with the disposition of securities acquired pursuant to the Exchange Option and any extraordinary expenses of the Fund which may be incurred from time to time.</p> <p>Any arrangements for additional services between the Fund and the Manager, or any affiliate thereof, that have not been described in this prospectus will be on terms that are no less favourable to the Fund than those available from arm's length persons (within the meaning of the Tax Act) for comparable services and the Fund will pay all expenses associated with such additional services.</p> <p>In accordance with applicable securities legislation, including NI 81-102, no management fees or incentives fees shall be payable by the Fund that, to a reasonable person, would duplicate a fee payable by the Global Energy Fund for the same services and no sales or redemption fees shall be payable by the Fund in relation to its purchases or redemptions of the units of the Global Energy Fund.</p>

## **INFORMATION REGARDING PUBLIC ISSUERS**

Certain information contained in this prospectus relating to publicly traded securities, the issuers of those securities and the industry in which the Fund will invest is taken from and based solely upon information published by those issuers or other independent third-party services. None of the Manager, the Fund nor the Agents has independently verified the accuracy or completeness of any such information.

## **FORWARD-LOOKING STATEMENTS**

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

By their nature, forward-looking statements require the Manager to make assumptions about future events which include, among other things, that the Fund will continue to have sufficient assets under management to effect its investment strategy, the investment strategy will produce the results intended by the Fund and the markets will react and perform in a manner consistent with the investment strategies. The Manager believes the expectations reflected in forward-looking statements are reasonable. However, none of the Fund, the Manager nor the Agents can assure that these expectations will prove to be correct. An investor should not unduly rely on forward-looking statements included in this prospectus. These forward-looking statements speak only as of the date of this prospectus or as of the date specified in this prospectus, as the case may be.

The actual results of the Fund could differ materially from those anticipated in these forward-looking statements as a result of the factors set out below under “Risk Factors”, as well as those set out elsewhere in this prospectus.

The factors described in the foregoing paragraphs do not constitute an exhaustive list and when considering forward-looking statements in making decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, none of the Fund, the Manager nor the Agents undertake, and specifically disclaim, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

## OVERVIEW OF THE LEGAL STRUCTURE OF THE FUND

Harvest Canadian Consolidated Energy Fund (the “**Fund**”) is a closed-end investment fund established under the laws of the Province of Ontario pursuant to the Declaration of Trust dated as of •, 2019.

The trustee, manager, portfolio manager and promoter of the Fund is Harvest Portfolios Group Inc. (the “**Manager**” or “**Harvest**”). The principal and registered office of the Fund and Harvest is located at 710 Dorval Drive, Suite 209, Oakville, Ontario L6K 3V7.

Prior to the Conversion, the Fund will be considered to be a non-redeemable investment fund under the securities legislation of the provinces and territories of Canada and consequently will be subject to various policies and regulations that apply to non-redeemable investment funds pursuant to NI 81-102. Prior to the Conversion, the Fund will differ from a mutual fund in a number of respects, including that: (i) the Units will be redeemable only on the Monthly Redemption Date at a price equal to the lesser of (a) 95% of the Market Price and (b) 100% of the Closing Market Price of a Unit on the applicable Monthly Redemption Date, whereas the securities of most mutual funds are redeemable daily at the net asset value of the securities; and (ii) the Units will not be offered on a continuous basis whereas mutual funds offer securities on a continuous basis. Following the Conversion, the Converted Fund will be subject to NI 81-102 as an exchange-traded mutual fund. In the event the Conversion does not occur, the Units may be redeemed on the Annual Redemption Date for a redemption price equal to the NAV per Unit as of such Annual Redemption Date (less any costs and expenses associated with the redemption).

## INVESTMENT OBJECTIVES

The Fund’s investment objectives are to provide holders of Units (“**Unitholders**”) with: (i) quarterly cash distributions; and (ii) the opportunity for capital appreciation through investments primarily in listed Equity Securities of companies operating in the Canadian Energy Universe.

## INVESTMENT STRATEGY

The Fund has been designed to provide investors with quarterly cash distributions and the opportunity for capital appreciation through investments primarily in listed Equity Securities of companies operating in the Canadian Energy Universe. It is expected that the Fund will initially hold up to 75 Canadian Energy Issuers acquired pursuant to the Exchange Option. Not later than March 31, 2020 and within 30 days following the last day of each calendar quarter thereafter, the Manager will cause the Fund to be invested in a portfolio comprised of the securities of up to 20 issuers so that immediately following such reconstitution and rebalancing, approximately 80% of the Net Asset Value of the Fund will be invested in up to 19 Canadian Energy Issuers on an equal-weight basis, selected from the Canadian Energy Universe (the “**Canadian Portfolio**”) and approximately, but not more than, 20% of the Net Asset Value of the Fund, will be invested in the U.S. dollar denominated units of the Harvest Energy Leaders Plus Income ETF in order to obtain exposure primarily to global Energy Issuers (the “**Global Portfolio**” and together with the Canadian Portfolio, the “**Portfolio**”).

In selecting the Canadian Energy Issuers from the Canadian Energy Universe, the Manager may give consideration to: (i) each issuer’s fundamental balance sheet position; (ii) each issuer’s opportunity for financial growth; (iii) production costs for commodity producing issuers; (iv) the experience of the issuer’s management team; (v) oil and natural gas production allocation; and (vi) overall portfolio energy sub-sector diversity. The Manager may reconstitute and rebalance the Canadian Portfolio more frequently than quarterly if a Canadian Energy Issuer in the Canadian Portfolio is the subject of a merger or other fundamental corporate action that in the opinion of the Manager requires the Canadian Energy Issuer to be removed from the Canadian Portfolio.

Based on the above criteria, the following is a list of issuers that are Exchange Eligible Securities and would be included in the Canadian Portfolio if the Canadian Portfolio existed on October 15, 2019: Canadian Natural Resources Limited, Crescent Point Energy Corp., Enbridge Inc., Encana Corporation, PrairieSky Royalty Ltd., Suncor Energy Inc., TC Energy Corporation, TORC Oil & Gas Ltd., Tourmaline Oil Corp. and Whitecap Resources Inc. The Manager will actively manage the Canadian Portfolio to seek to meet the Fund’s investment objectives and therefore the composition of the Canadian Portfolio will vary from time to time based on the Manager’s assessment of market conditions and the availability of suitable securities and may differ substantially from time to time.

In accordance with applicable securities legislation, including NI 81-102, no management fees or incentives fees shall be payable by the Fund that, to a reasonable person, would duplicate a fee payable by the Global Energy Fund for the same services and no sales or redemption fees shall be payable by the Fund in relation to its purchases or redemptions of the units of the Global Energy Fund.

### Harvest Energy Leaders Plus Income ETF

The investment objectives of the Harvest Energy Leaders Plus Income ETF (the “**Global Energy Fund**”) are to provide its unitholders with: (i) monthly cash distributions; (ii) the opportunity for capital appreciation; and (iii) lower overall volatility of portfolio returns



than would otherwise be experienced by owning Equity Securities of the Energy Leaders directly. To achieve lower overall volatility of portfolio returns, the Global Energy Fund generally writes covered call options on up to 33% of the portfolio securities. The level of covered call option writing varies based on market volatility and other factors.

The Global Energy Fund invests in an equally-weighted portfolio of Equity Securities of 20 Energy Issuers chosen from the Energy Leaders Investable Universe that immediately following each quarterly reconstitution and rebalancing: (i) have a market capitalization of at least \$10 billion at the time of investment; (ii) are currently paying a dividend/distribution; (iii) have options in respect of their Equity Securities listed on a recognized options exchange; and (iv) have operations and/or offices in at least two countries. In order to provide more diversified exposure for Canadian investors that are seeking exposure to the energy sector, the Global Energy Fund aims to focus on Energy Leaders with operations and/or offices outside of Canada.

The manager of the Global Energy Fund selects the Equity Securities for the portfolio and quarterly reconstitutes and rebalances the portfolio such that the portfolio, at the time immediately following each quarterly reconstitution and rebalancing, will have the following investment characteristics: (i) an average price-to-earnings ratio lower than the average for the Energy Leaders Investable Universe; (ii) an average yield greater than the average for the Energy Leaders Investable Universe; and (iii) an average 5-year return on equity growth greater than the average for the Energy Leaders Investable Universe.

The Fund will invest in class U units of the Global Energy Fund, which class of units is denominated in U.S. dollars.

As at September 30, 2019, the portfolio of the Global Energy Fund was comprised of Equity Securities of: Apache Corporation, Marathon Petroleum Corporation, Occidental Petroleum Corporation, TC Energy Corporation, Valero Energy Corporation, Suncor Energy Inc., Kinder Morgan, Inc., Phillips 66, TOTAL S.A., BP PLC, Chevron Corporation, ConocoPhillips, Royal Dutch Shell PLC, Exxon Mobil Corporation, Marathon Oil Corporation, Schlumberger Limited, Halliburton Company, EOG Resources, Inc. and CNOOC Limited.

### **Leverage**

The Fund does not intend to borrow money or employ other forms of leverage.

### **Securities Lending**

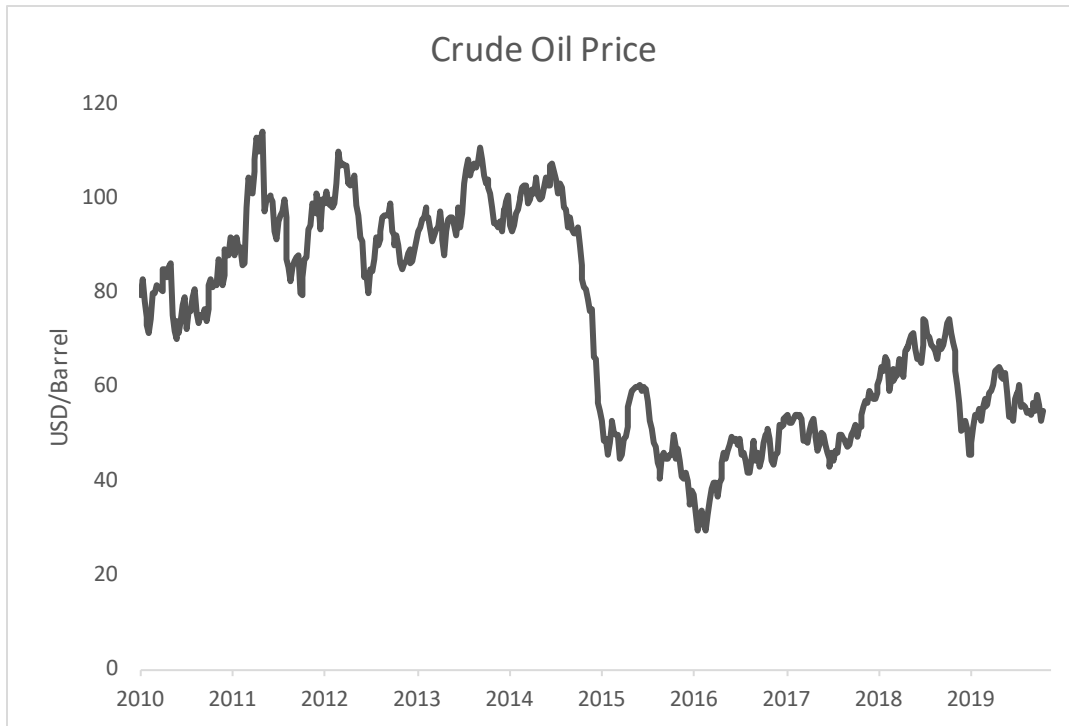
The Fund does not initially intend to engage in securities lending. The Fund may in the future enter into securities lending transactions, repurchase and reverse repurchase transactions in compliance with NI 81-102 to earn additional income for the Fund.

## **OVERVIEW OF THE SECTORS THAT THE FUND INVESTS IN**

The energy sector consists primarily of issuers that engage in exploration, production, transportation, storage, refining and marketing of oil and/or natural gas and companies that provide services to this sector.

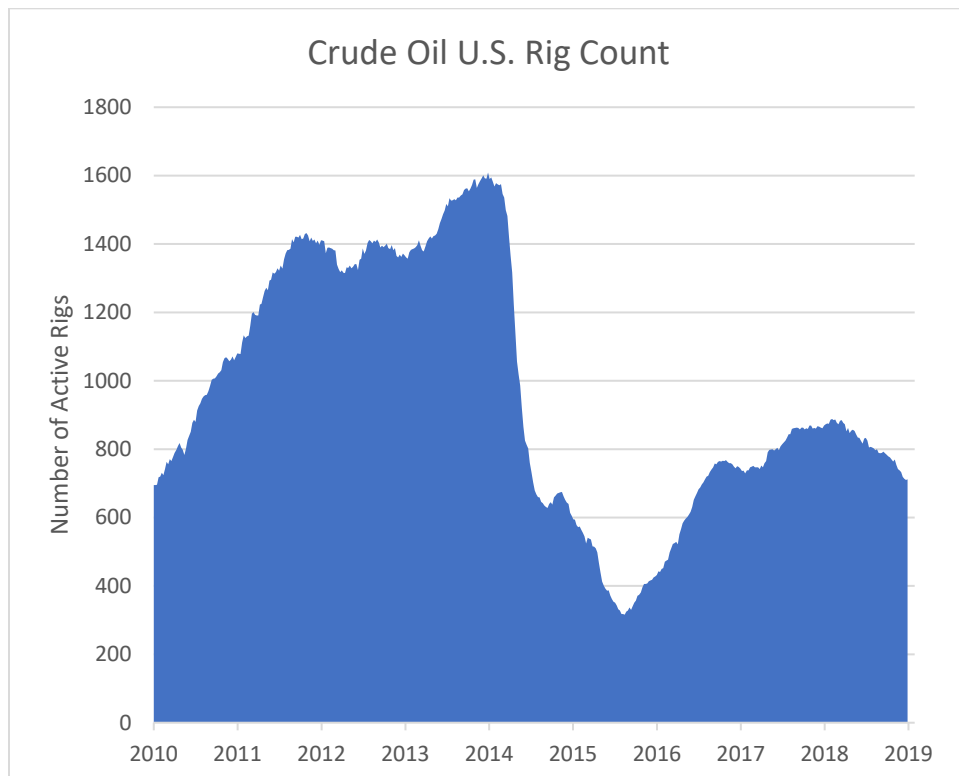
### **Sector Outlook**

Oil commodity prices over the past several years have been volatile as geopolitical events caused temporary spikes while shorter term concerns surrounding the pace of economic growth caused expectations for demand to put shorter term pressure on the commodity price. As highlighted below, the price for both oil in the United States and the more global benchmark of UK Brent, have generally been range bound over the past several years following a shift downward commencing in 2013.



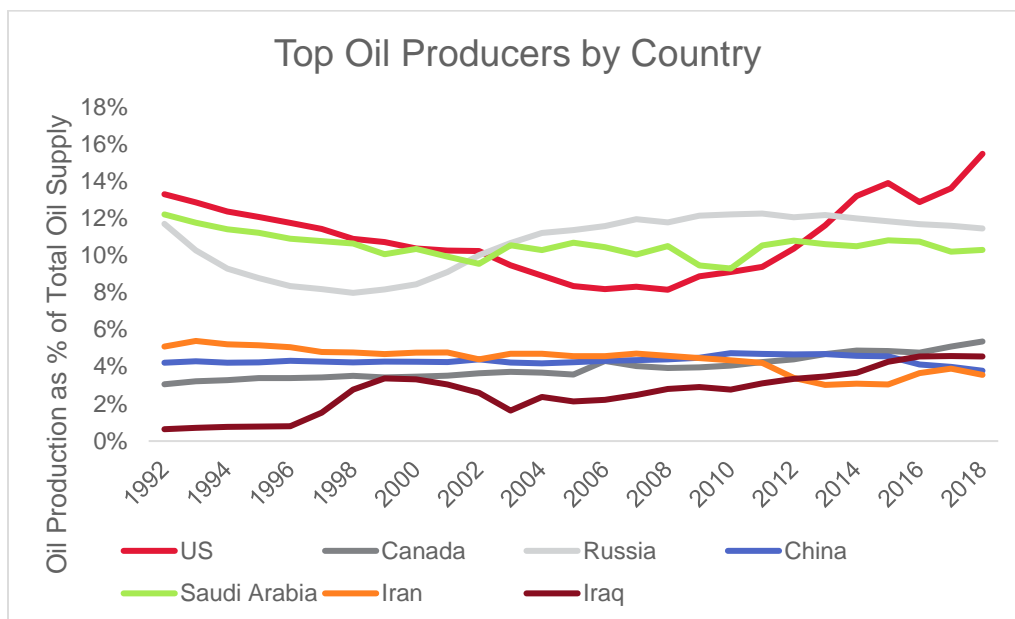
Source: Bloomberg, October 15, 2019.

With more volatile commodity prices, exploration and production companies are required to be more selective in deploying capital as margins and cash flows are less predictable. As highlighted by the chart below, the active rigs drilling for crude oil in the U.S. has dropped significantly since the peak in late 2014 and after a brief increase have been declining throughout 2019 as companies scale down expenditures.



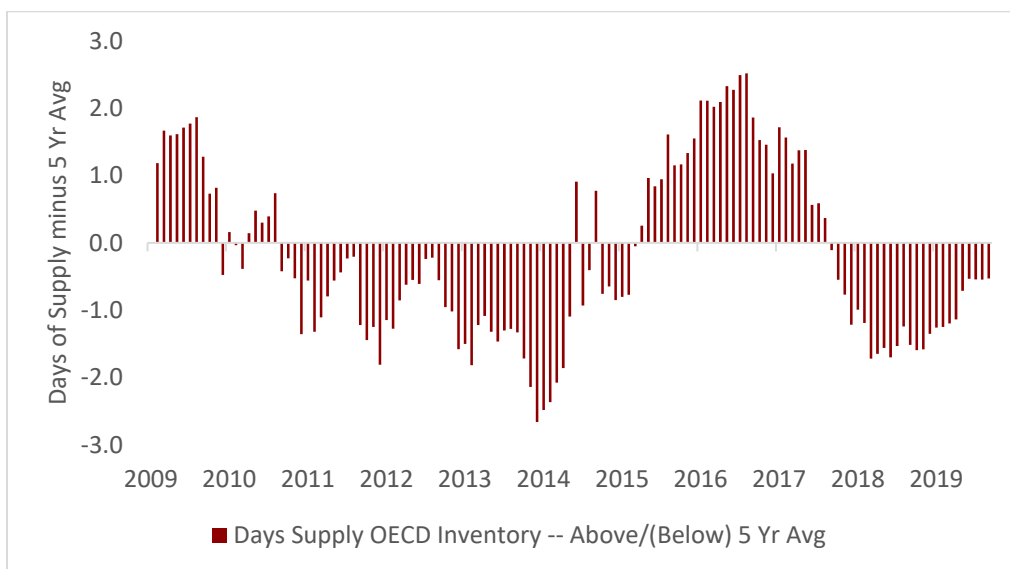
Source: Bloomberg, October 15, 2019. Baker Hughes U.S. Crude Oil Rotary Rig Count Data.

The Manager believes that the 2015 drop-off can be attributed, in part, to the tensions between the OPEC+ group which increased production in an effort to drive down investment in the U.S. energy space, but instead drove U.S. energy companies to pursue advancements in drilling and other efficiencies. This, coupled with new regional discoveries and an ability to extract both oil and gas from areas that were previously economically not viable, have helped the U.S. to continue to expand its lead in global oil production after a brief pause in 2015 and 2016. As the chart below highlights, the United States has become the largest single country producer of oil globally. It is also worth noting that Canada is not amongst the larger oil producers but remains a meaningful player. This suggests that Canadian energy companies remain beholden to global market dynamics with respect to pricing and revenue generation.



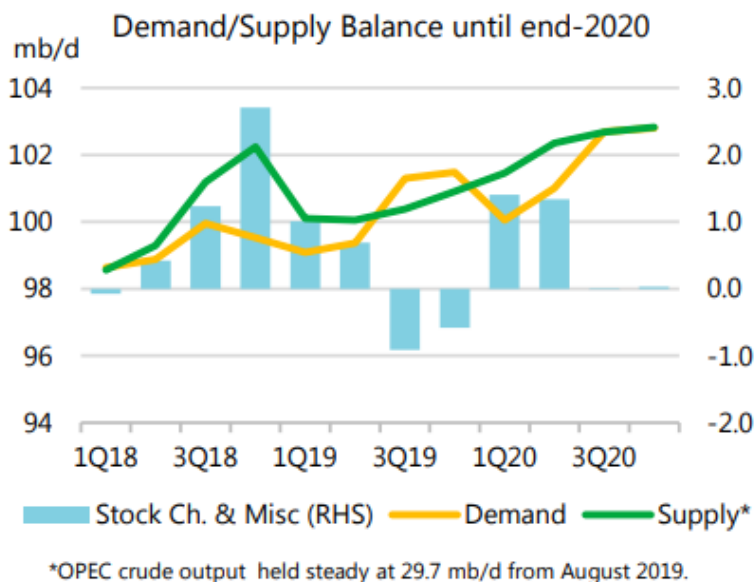
Source: Bloomberg, October 15, 2019.

The Manager believes that the OPEC+ group returning to more of a swing producer role, by cutting and capping its production, has resulted in the decline of crude oil inventory levels and this has helped maintain a floor under crude oil prices in an era which has seen the U.S. source of supply alter the industry leadership.



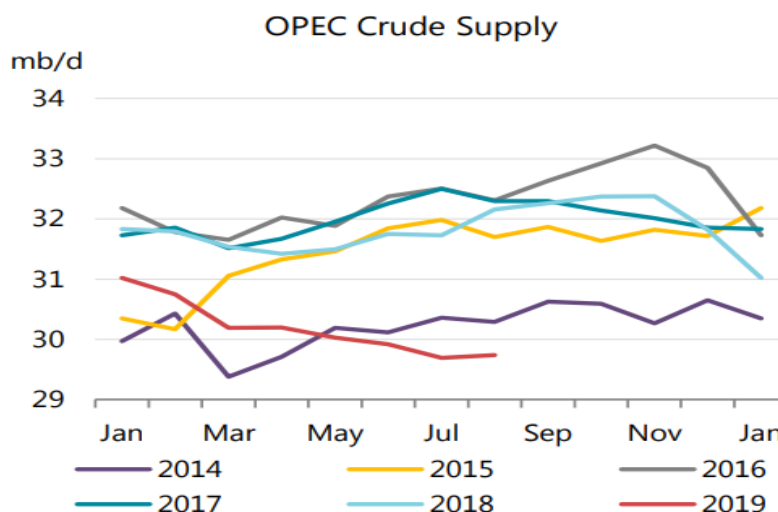
Source: Bloomberg, October 16, 2019.

In addition to significant declines in active rigs, the Manager believes that despite concerns surrounding economic growth and crude oil demand, as noted in the IEA’s September 2019 forecast, the market may encounter supply deficits in late 2019 followed by surpluses in early 2020 before returning to balance.



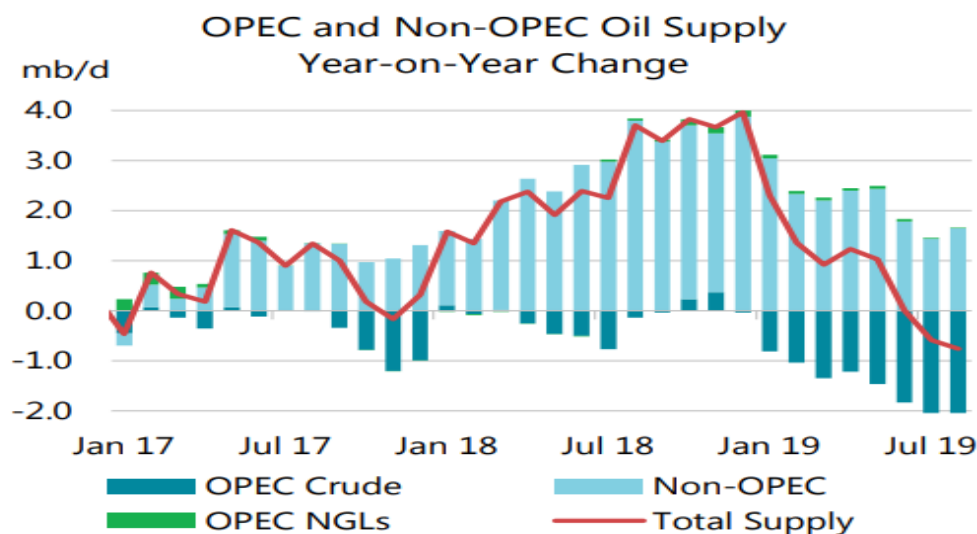
Source: IEA, September 12, 2019.

In an environment in which the markets have observed very strong U.S. production growth, the ability to remain closer to a balanced market has been aided by the coordination of the OPEC+ group, which controls a significant portion of the global oil production, and has significantly reduced its production since late 2018 and adhered to self-imposed quotas.



Source: IEA, September 12, 2019.

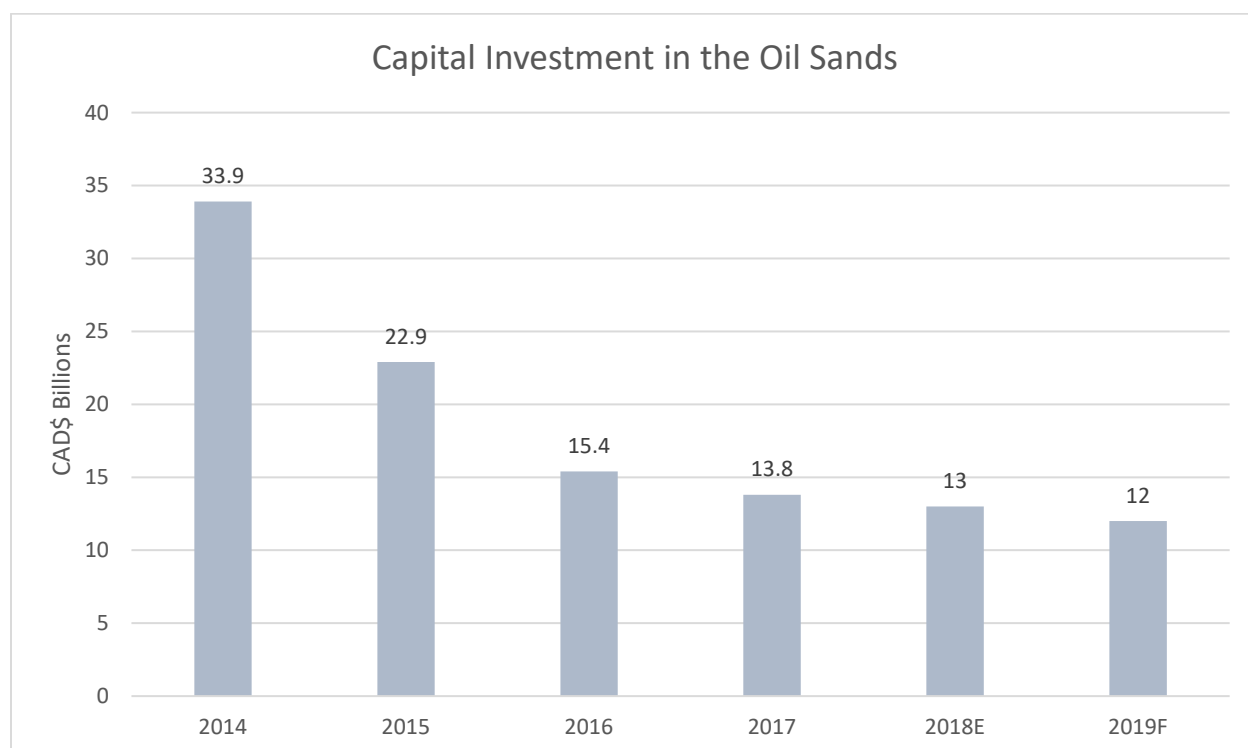
The existence of a more balanced market has resulted in changes to overall supply growth over the past several months.



Source: IEA, September 12, 2019.

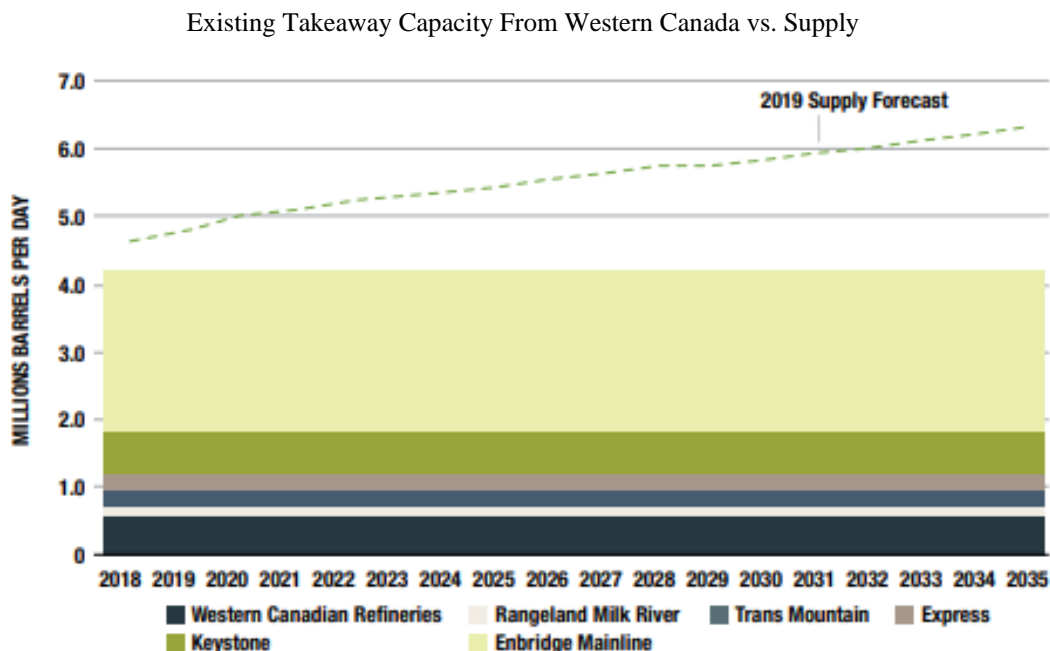
### Canadian Energy

Meanwhile, the Canadian energy sector has operated in a very challenging environment in recent years. The Manger believes that the U.S., the largest customer of the Canadian energy sector, becoming the world's largest producer of oil and growing exports rapidly, has had a meaningful impact on the demand for Canadian energy products. Several other attributes within the Canadian energy sector have added to the challenging environment, including the relatively higher costs of oil sands projects hurting margins in a lower oil price environment, wider spreads and lower prices for Canadian products, political and regulatory matters hampering foreign investor sentiment in the space, lack of pipeline initiatives, and government intervention into production all adding to uncertainties. As highlighted below, there has been a significant decline in capital investments in the oil sands in Canada in the past five years.



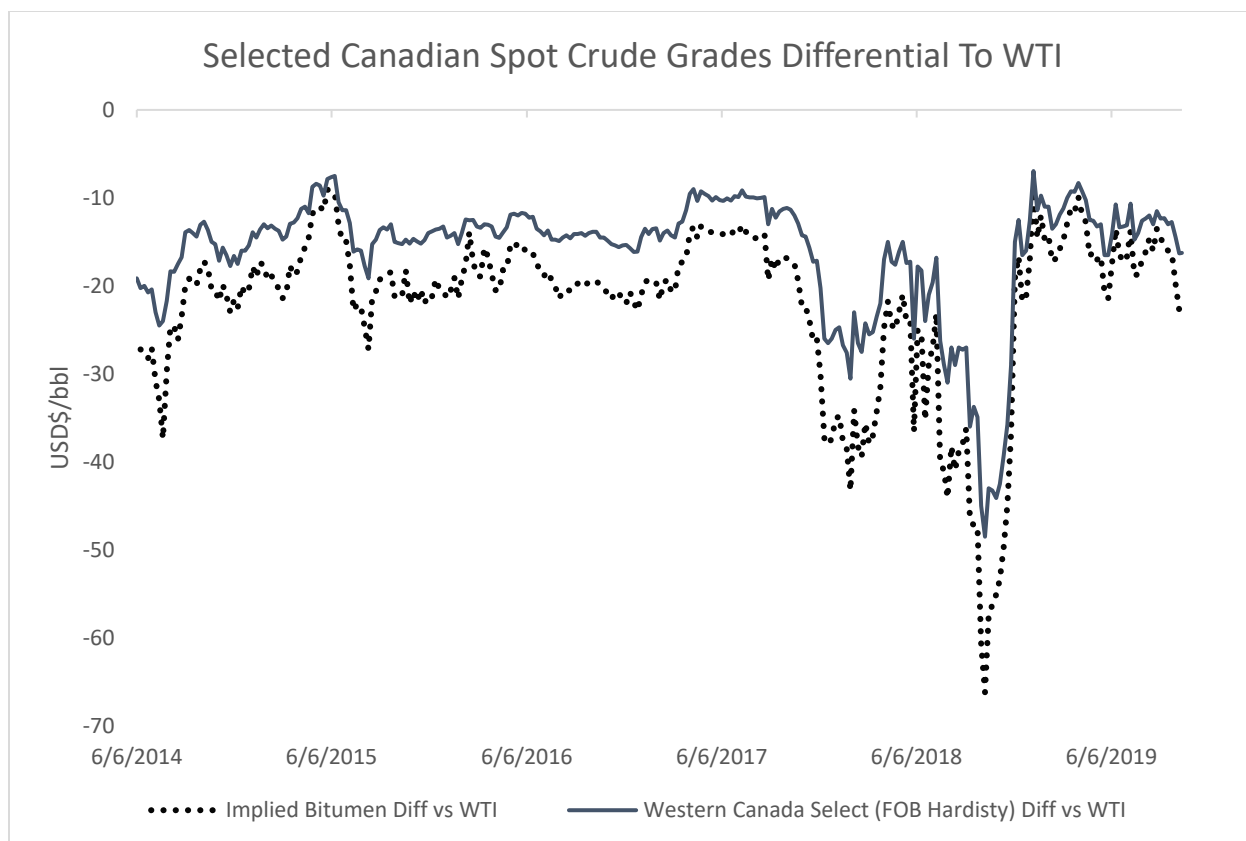
Source: CAPP.

The Manager believes that domestic refinery usage for Canadian oil currently sits at less than 25% of Canadian production, according to the Canadian Association of Petroleum Producers (CAPP), and being a captive market to the U.S. refinery consumer for the rest of production, the Canadian energy industry has been negatively impacted when growth in production has surpassed the ability to export that oil into the U.S. over current pipelines in an orderly manner. Crude by rail has helped to fill some of the gap, but it is more costly and limited in capacity.



Source: CAPP.

According to CAPP, Canada has the third largest oil reserves in the world and, according to the IEA, currently makes up approximately 60% of crude oil imports into the U.S. Most of the oil that Canada sends to the U.S. has a Heavy Oil characteristic, which the Manager believes is important to the U.S. refining industry’s demand. Nevertheless, the egress issues that Canada faces results in the inability to export full oil production out of Western Canada and in significant discounts in the price for Western Canadian Select versus the Benchmark West Texas Intermediate (WTI) crude oil price in 2018.



Source: Bloomberg, October 15, 2019.

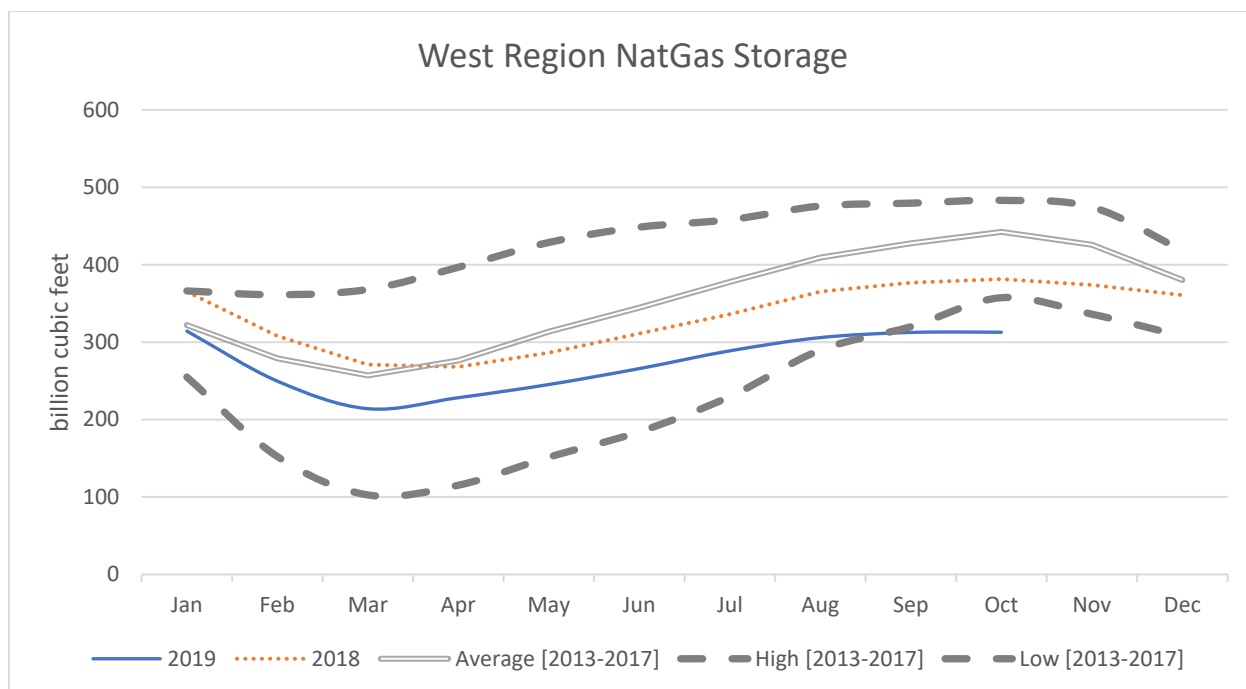
The Alberta government's initiative to step in with its oil production growth curtailment program brought the spreads back into line with historical averages (still at a discount to the WTI benchmark though). However, the Manager does not believe that this is a long-term solution and contributes further complexities to the investment decision in the sector, as some benefit from the interventionist measures while others do not. Negative environmental narratives surrounding higher carbon-emitting oil sands companies and any potential negative impacts on spreads for heavy-sour types of oil (a characteristic of oil sands projects) have also contributed to the challenges faced by Canadian energy companies.

### Natural Gas Industry

The Manager believes that, unlike crude oil prices which are significantly influenced by global geopolitics, world natural gas prices are primarily determined by the interaction of consumer and industrial demand and available supply in more of a localized way. Natural gas is widely seen as a clean and efficient source of fuel and new methods are being developed to assist with the transport of this fuel to regions that lack supply.

Due to new technological developments in the ability to extract both oil and/or natural gas, the level of production and supply has increased dramatically over the past decade. The Manager believes that these developments coupled with limited storage capacity and significant challenges in order to export natural gas to international markets, has resulted in North American prices being significantly lower than in previous cycles and has been driven in large part by regional weather patterns in North America.

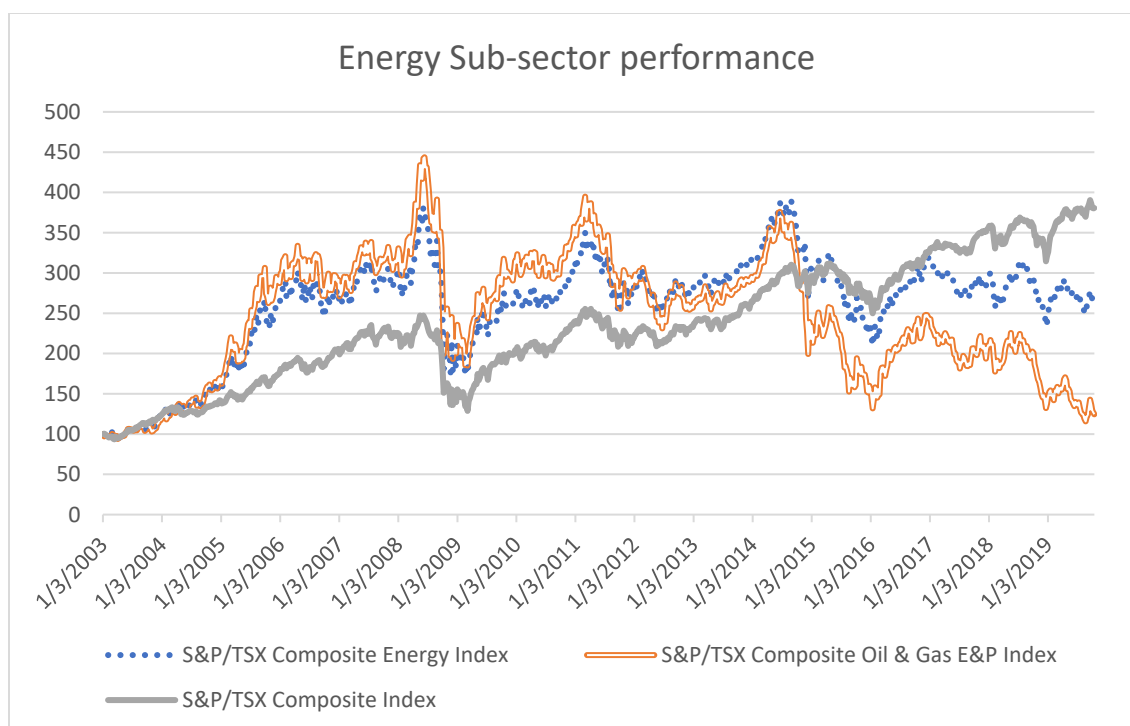
In the shorter term, the slowdown in Canadian gas production has been in line with the curtailment initiative by the government of Alberta to help balance out some of the oil market issues. This has led to lower levels of storage for gas, as winter months approach. While the weather forecast is for potential warmer than normal winter weather, the Manager believes that any swing in that forecast to colder than normal temperatures could lead to lower storage levels. Additionally, over the longer-term outlook, the Manager believes that power generators in Alberta are committed to a 2030 timeline for coal-to-gas conversion of major power plants. The Manager believes that this should bring a floor under demand for gas, despite the seemingly vast supply of gas resources.



Source: Bloomberg, October 15, 2019.

## Canadian Energy Equities

Following significant capital leaving direct energy investments in Canada, coupled with increased geo-political uncertainty and challenging pricing environments, Canadian energy companies have come under meaningful selling pressure over the past 12 months. The chart below highlights the returns for the S&P TSX, the broader S&P TSX Energy Index and the S&P TSX Oil and Gas E&P Index from 2003 to 2019.

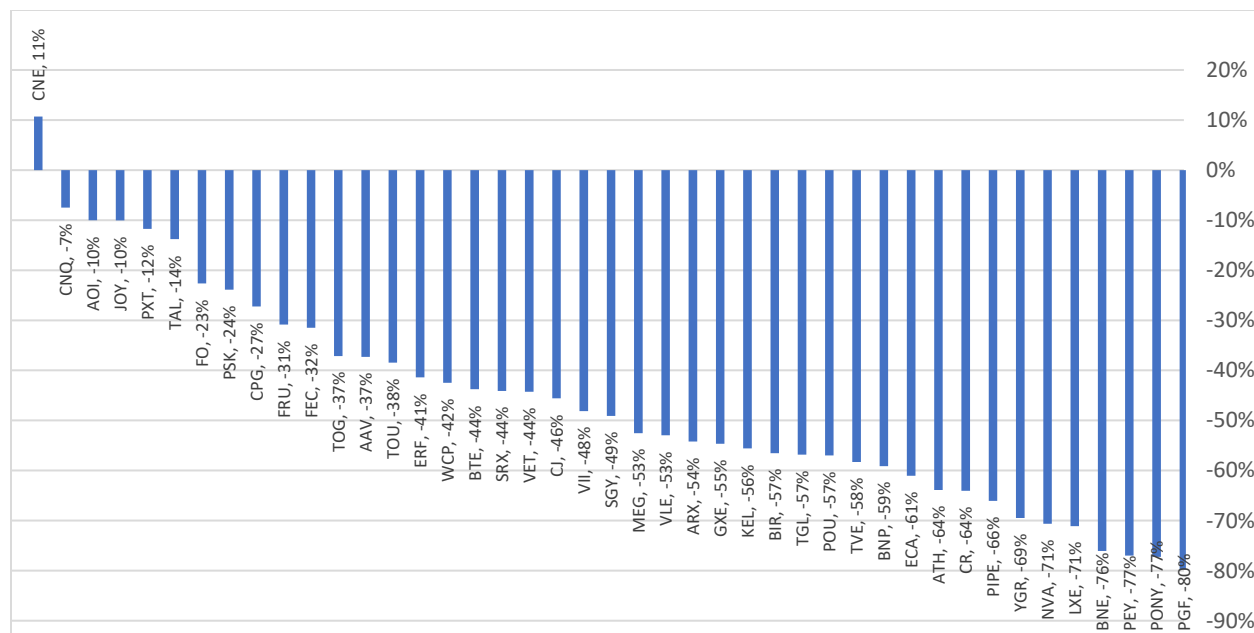


Source: Bloomberg, October 15, 2019.



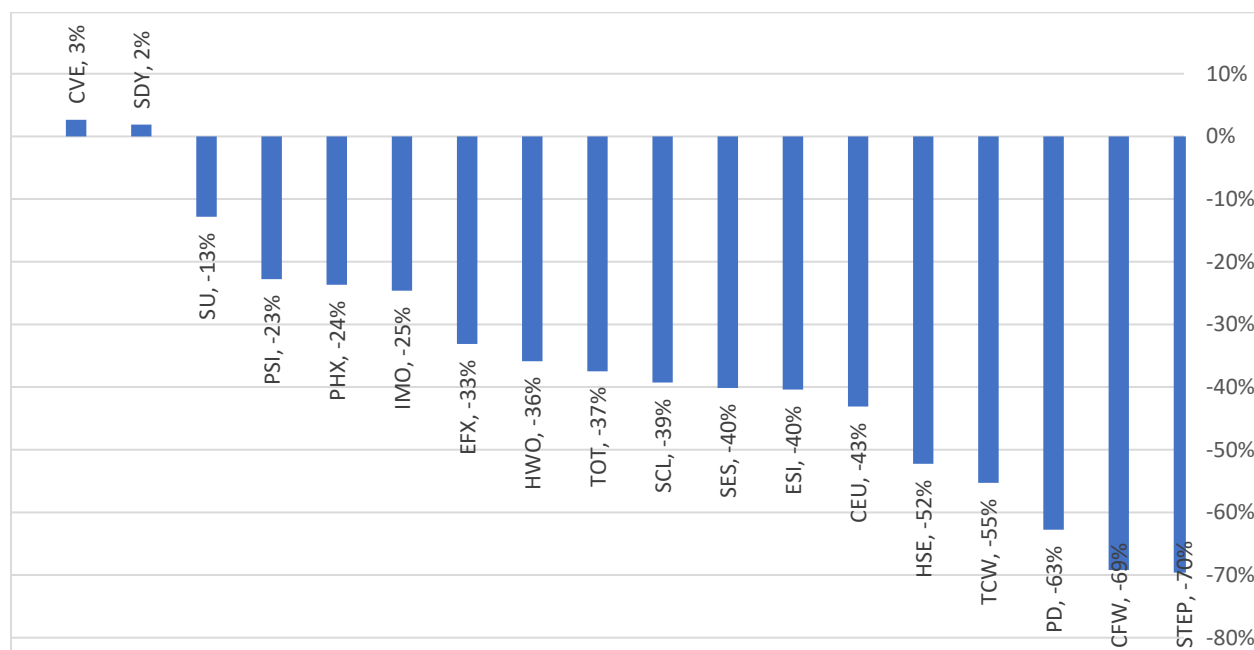
As the chart above highlights, the companies engaged in the exploration & production sub-sector have been more negatively impacted since late 2014 than the broader energy sector. Both the energy services sub-sector and to a lesser degree the integrated producers have also been amongst the sub-sectors that have been most significantly affected. The charts below highlight the 1-year total return performance for companies included in the Exchange Option that are in the exploration, production, energy services and integrated energy sub-sectors.

### Exploration & Production - Exchange Issuers 1 Year Performance



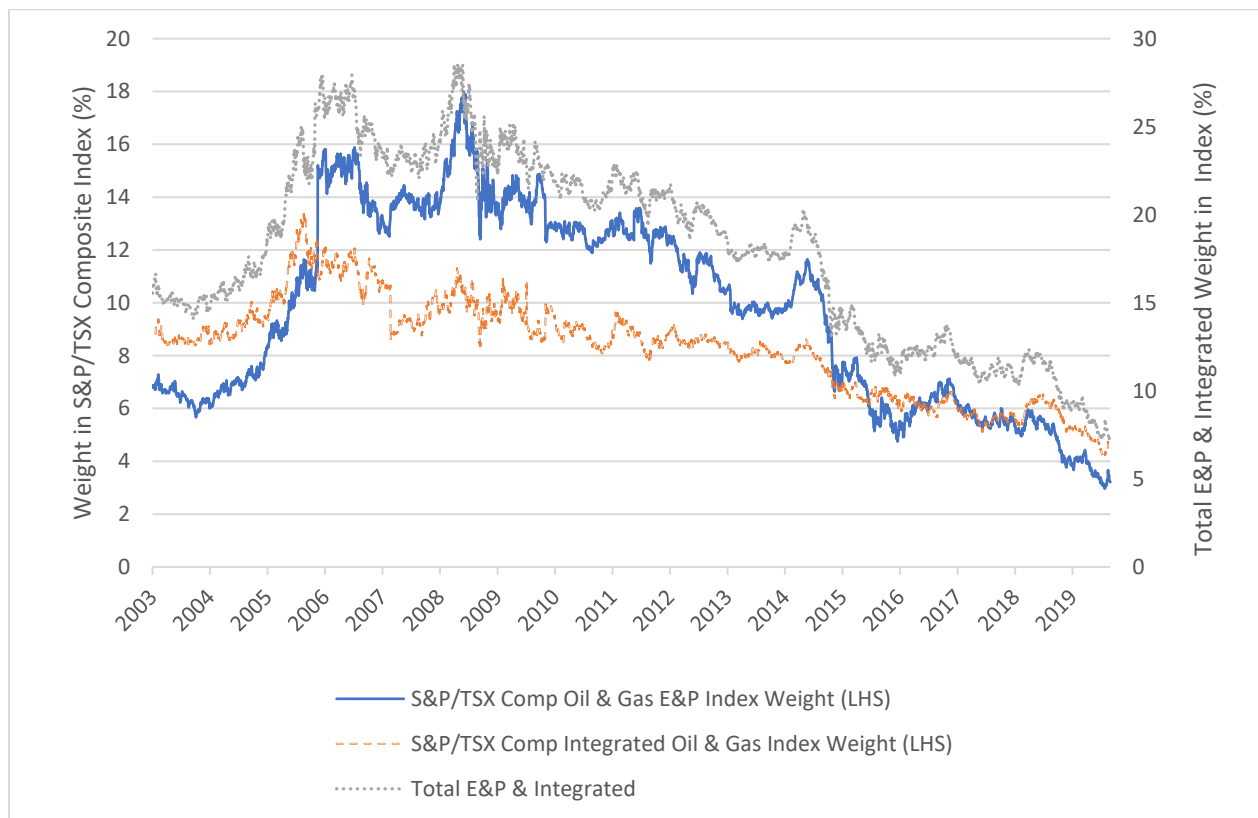
Source: Bloomberg, October 16, 2019.

### Services & Integrated Producers - Exchange Issuers 1 Year Performance



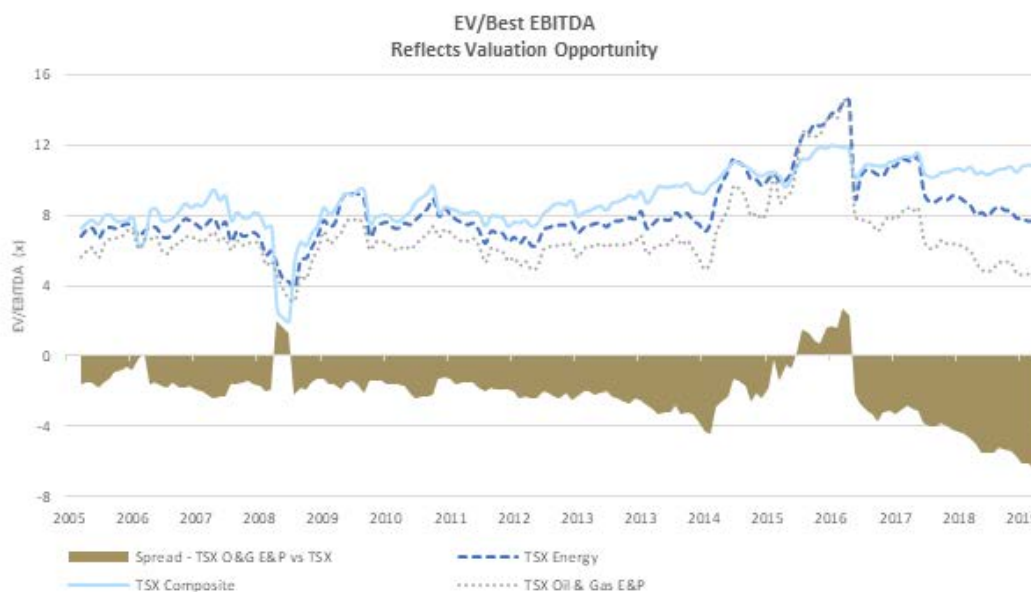
Source: Bloomberg, October 10, 2019.

The breadth of the sell-off on a relative basis can also be seen in the significant drop in the weight of oil and gas producers and integrated producers as a percentage of the weight of the broader Canadian market.



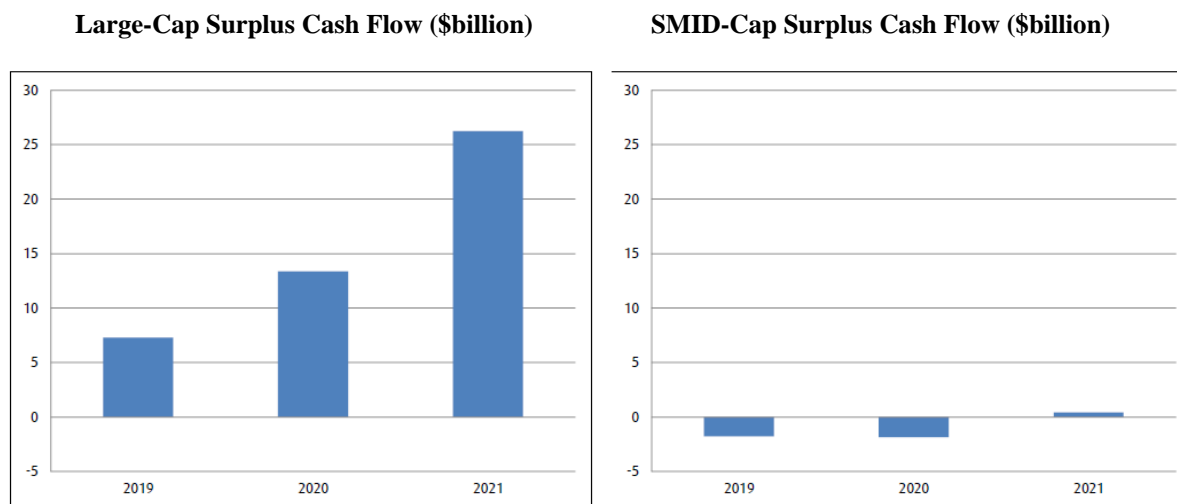
Source: Bloomberg, October 16, 2019.

These factors have resulted in historically low valuations. While the Manager believes that this downward trend may continue should the global economic picture deteriorate sharply or if some of the factors currently affecting the sector persist, it may suggest a possible value opportunity in the sector.



Source: Bloomberg, October 17, 2019. Based on current Enterprise Value to Bloomberg consensus EBITDA for the S&P TSX Composite Index, the S&P TSX Energy Index and the S&P TSX Composite Oil and Gas Exploration & Production Index.

The Manager believes that market conditions have favoured large cap companies, as such dominant players have the ability to find efficiencies in their broad operations and economies of scale can prove helpful to generate excess free cash flow.



Source: BMO Capital Markets, October, 2019.

## INVESTMENT RESTRICTIONS

The Fund will be subject to the investment restrictions set out (i) in NI 81-102 that are applicable to non-redeemable investment funds subject to any exemption; and (ii) below. The investment restrictions of the Fund may not be changed without the approval of Unitholders. The investment restrictions of the Fund, which are set forth in the Declaration of Trust, provide that:

- (i) not less than 75% of the Net Asset Value of the Fund will be invested in securities of Canadian Energy Issuers;

- (ii) the Fund will not employ leverage;
- (iii) the Fund will not use derivatives;
- (iv) the Fund will not invest more than 10% of the Net Asset Value of the Fund in securities of any one issuer other than investments in the Global Energy Fund;
- (v) the Fund will not invest more than 20% of the Net Asset Value of the Fund in securities of the Global Energy Fund;
- (vi) the Fund will not engage in securities lending that does not constitute a “securities lending arrangement” for purposes of the Tax Act;
- (vii) the Fund will not invest in or hold (i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Fund (or the partnership) would be required to include any significant amounts in income pursuant to section 94.1 of the Tax Act, (ii) an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or (iii) any interest in a non-resident trust (or a partnership which holds such an interest) other than an “exempt foreign trust” for the purposes of section 94 of the Tax Act;
- (viii) the Fund will not invest in any security that would be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act;
- (ix) the Fund will not invest in any security of an issuer that would be a “foreign affiliate” of the Fund for purposes of the Tax Act;
- (x) the Fund will not enter into any arrangement (including the acquisition of securities for the Portfolio) where the result is a “dividend rental arrangement” for the purposes of the Tax Act;
- (xi) the Fund will not make any investment or conduct any activity that would result in the Fund failing to qualify or ceasing to qualify as a “mutual fund trust” for purposes of the Tax Act or acquire any property that would be “taxable Canadian property” of the Fund as such term is defined in the Tax Act (if the definition were read without reference to paragraph (b) thereof); and
- (xii) the Fund will not make or hold any investment that would result in the Fund itself being a SIFT trust for purposes of the SIFT Rules.

If a percentage restriction on investment or use of assets or borrowing or financing arrangements set forth above as an investment restriction is adhered to at the time of the transaction, later changes to the market value of the investment or Net Asset Value of the Fund will not be considered a violation of the investment restrictions (except for the restrictions in paragraphs (vi) to (xii) above which must be complied with at all times, and except as provided in NI 81-102, and which may necessitate the selling of investments from time to time). If the Fund receives from an issuer subscription rights to purchase securities of that issuer, and if the Fund exercises those subscription rights at a time when the Fund’s holdings of securities of that issuer would otherwise exceed the limits set forth above, the exercise of those rights will not constitute a violation of the investment restrictions if, prior to the receipt of securities of that issuer on exercise of these rights, the Fund has sold at least as many securities of the same class and value as would result in the restriction being complied with.

Notwithstanding the foregoing, for the first 90 days following the Closing Date, the Fund may hold securities acquired pursuant to the Exchange Option and the restrictions in paragraphs (i) and (iv) above shall not be applicable. The Fund may also hold cash or cash equivalents from time to time.

Following the Conversion, the Fund will be subject to additional investment restrictions pursuant to NI 81-102 based on its status as an exchange-traded mutual fund.

## **FEES AND EXPENSES**

### **Agents' Fees**

The Agents' fees will be \$0.54 per Unit (4.5%), which will be paid by the Fund out of the proceeds of the Offering. See "Plan of Distribution".

### **Expenses of the Offering**

In addition to the Agents' fees, the Fund will pay the expenses incurred in connection with the Offering, estimated to be \$600,000 (subject to a maximum of 1.5% of the gross proceeds of the Offering).

### **Management Fee**

Pursuant to the Declaration of Trust, the Manager is entitled to a management fee at an annual rate of 0.75% of NAV plus applicable taxes (including HST). Fees payable to Harvest will be calculated and payable monthly in arrears based on the average NAV calculated at each Valuation Time during that month. The Management Fee will be paid in cash. The Management Fee is paid in consideration of the Manager providing management and portfolio management services to the Fund. These services include but are not limited to: the making of investment portfolio decisions, the execution of Portfolio transactions, services related to ongoing administration, marketing and oversight, compliance matters for the Fund, ensuring that Unitholders are provided with financial statements (including semi-annual and annual financial statements) and other reports as are required by applicable law from time to time, ensuring that the Fund complies with regulatory requirements and applicable stock exchange listing requirements, and negotiating contractual agreements with third party providers of services, including registrars, transfer agents, auditors and printers.

### **Ongoing Fees and Expenses**

The Fund will pay for all ordinary expenses incurred in connection with its operation and administration and any applicable taxes, including HST. It is expected that the expenses for the Fund will include, without limitation: fees payable to the Custodian and other third party services providers, legal, accounting, audit and valuation fees and expenses, fees and expenses of the members of the Independent Review Committee ("IRC"), expenses related to compliance with NI 81-107, fees and expenses relating to the voting of proxies by a third party, premiums for insurance coverage for the officers and directors of the members of the IRC, costs of reporting to Unitholders, registrar, transfer and distribution agency costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements, website maintenance costs, taxes, 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 including any costs associated with the printing and mailing of any documents that the securities regulatory authorities require be sent or delivered to investors in the Fund and extraordinary expenses that the Fund may incur. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Fund, the Manager, the Custodian, the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund. The aggregate annual amount of these expenses is estimated to be \$250,000. The Fund will also be responsible for all commissions and other costs of Portfolio transactions including in connection with the disposition of securities acquired pursuant to the Exchange Option and any extraordinary expenses of the Fund which may be incurred from time to time.

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

In accordance with applicable securities legislation, including NI 81-102, no management fees or incentives fees shall be payable by the Fund that, to a reasonable person, would duplicate a fee payable by the Global Energy Fund for the same services and no sales or redemption fees shall be payable by the Fund in relation to its purchases or redemptions of the units of the Global Energy Fund.

## **RISK FACTORS**

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units which prospective investors should consider before purchasing such Units:

## **No Assurances of Achieving Objectives**

There is no assurance that the Fund will be able to achieve its investment objectives. It is possible that, due to declines in the market value of the Portfolio, the Fund will have insufficient assets to achieve in full its investment objectives.

There is no assurance that the Fund will be able to achieve its distribution objective. The funds available for distribution to Unitholders will vary according to, among other things, the levels of dividends paid on the Portfolio Securities and the value of the Portfolio. There is no assurance that the Portfolio will earn any return. If the return on the Portfolio or the increase in the value of the Portfolio is less than the amount necessary to fund the quarterly distributions and all expenses of the Fund, and if the Manager chooses to nevertheless pay the quarterly distributions to Unitholders, this will result in a portion of the capital of the Fund being returned to Unitholders and, accordingly, the NAV per Unit will be reduced. The amount of quarterly distributions may vary if there are changes in any of the factors that affect the net cash flow on the Portfolio.

## **Loss on Investment**

An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss on their investment.

## **Performance of the Portfolio**

The NAV per Unit will vary as the fair value of the Portfolio Securities varies. The Fund has no control over the factors that affect the fair value of the Portfolio Securities, including factors that affect the equity markets generally, such as general economic and political conditions, and factors unique to the energy sector and each issuer included in the Portfolio, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution policies and other events that may affect the value of its securities. Some global economies are experiencing significantly diminished growth, and some may suffer or have suffered a recession.

## **Risks Related to Energy Issuers**

The business activities of Energy Issuers involve, among other things, oil and/or gas exploration, extraction, refining, transportation and marketing, which may be speculative and may be adversely affected by factors outside the control of these issuers. Such issuers may not hold, discover, or successfully exploit commercial quantities of petroleum, natural gas, minerals or renewable energy sources, which may adversely affect the value of the investments in the securities of such issuers. In addition, certain of these issuers may not have a history of earnings or payment of distributions or dividends.

The operations and financial condition of the issuers of the majority of the Portfolio Securities will be dependent on commodity prices applicable to such issuers. Prices for commodities may vary and may fluctuate greatly, and are determined based on supply and demand factors, political events, weather and economic conditions, conflict and the emergence of other viable fuel sources, including as a result of horizontal drilling and hydraulic fracturing. A decline in commodity prices could have an adverse effect on the operations and financial condition of the issuers of Portfolio Securities and thus the return on the Portfolio. In addition, certain commodity prices are based on a U.S. dollar market price. Accordingly, an increase in the value of the Canadian dollar against the U.S. dollar could have an adverse effect on the Portfolio Securities.

The industries that Energy Issuers operate in are highly competitive and some Energy Issuers must compete for the acquisition of resource properties considered to have commercial potential as well as for drilling rigs necessary to exploit oil and natural gas properties. If an Energy Issuer is unable to obtain such rigs, the issuer may not be able to generate additional earnings to sustain its business.

Oil and natural gas operations both generally involve a high degree of risk. Hazards such as unusual or unexpected formations, rock bursts, cave-ins, fires, explosions, flow-outs, formations of abnormal pressure, flooding or other conditions may occur from time to time. An Energy Issuer may become subject to liability for pollution, cave-ins, or hazards against which it cannot insure, or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on such issuer's financial position.

Investment in the securities of junior and medium-sized companies may be more volatile than investments in larger companies, as junior and medium-sized companies generally experience higher growth and failure rates. The trading volume of these securities is normally lower than that of larger companies. Such securities may be less liquid than others and could make it difficult to purchase or sell a security at a time or price desired. Changes in the demand for these securities generally have a disproportionate effect on their market price, tending to make prices rise more in response to increased buying demand and fall more in response to selling pressure.

## **Risks Related to Investing in Equity Securities**

The value of equity securities in which the Fund may from time to time invest may fluctuate in accordance with changes in the financial condition of those equity security issuers, the condition of equity markets generally and other factors. The issuers and weighting of equity securities comprising the Portfolio also may change from time to time. Dividends and distributions on those equity securities generally will depend upon the declaration of dividends and distributions from the issuers but there can be no assurance that those issuers will pay distributions or dividends on their securities. The declaration of such dividends and distributions generally depends upon various factors, including the financial condition of the issuer and general economic conditions.

The Fund also will be subject to the risks inherent in investments in equity securities, including the risk that the financial condition of the issuers in which the Fund invests may become impaired or that the general condition of the stock markets may deteriorate. Equity securities are susceptible to general equity market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, the issuers change. These investor perceptions are based on various and unpredictable factors including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic and banking crises.

Certain of the issuers in which the Fund may from time to time invest may have limited operating histories. The value of the Portfolio will be influenced by factors that are not within the control of the Fund, which may include the financial performance of the respective issuers, interest rates, exchange rates and the hedging policies employed by such issuers. The performance of issuers in which the Fund may invest also may be affected by the performance of their competitors and demand for specific products and services, and may be adversely affected by a change in any of such conditions.

## **Fluctuations in the Value of Energy Issuers**

The value of the Units will vary according to the value of the Portfolio Securities, which will depend, in part, upon the performance of the Portfolio Securities. The performance of Energy Issuers included in the Portfolio will be influenced by a number of factors which are not within the control of the Fund or the Manager, including commodity prices, operational risks relating to the specific business activities of the Energy Issuers, industry competition, uncertainty and costs of funding capital projects, development of new technology, protection of intellectual property, risks relating to infringement of third party intellectual property, interest rates, exchange rates, environmental, health and safety risks, political and economic risks, issues relating to government regulation and risks relating to operating in foreign jurisdictions.

## **Risks Related to Portfolio Concentration**

The Fund will invest at all times in Canadian Energy Issuers and, to a lesser extent, global Energy Issuers. The Fund's holdings will not be 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 Units.

## **Risks Related to the Exchange Option**

A portion of the proceeds realized pursuant to the Offering may be by way of deposits of Exchange Eligible Securities under the Exchange Option. The Manager may be required to dispose of certain Exchange Eligible Securities acquired pursuant to the Exchange Option at prices below the prices at which they are then trading and perhaps at prices which are below what the Manager believes they are worth. Such dispositions may have an adverse impact on the NAV per Unit. Additionally, if the price of an Exchange Eligible Security on the Closing is less than the price used to calculate the Exchange Ratio, the Fund will, in effect, have paid more to acquire the Exchange Eligible Security than it would have paid if it had acquired the same security in the market at that time.

## **Risks Related to the Conversion**

Implementation of the Conversion is subject to compliance with applicable law, which may require Unitholder or regulatory approval. Accordingly, there are no assurances that the Conversion will be implemented as described in this prospectus or at all. In such circumstances, an alternative transaction (including the termination of the Fund) may not be available on a tax-deferred basis or at all. Investors should consult their own professional advisors to assess the income tax, legal and other aspects of the Conversion.

## **Fund of Funds Investment Risk**

The Fund will invest up to 20% of the Net Asset Value of the Fund in units of the Global Energy Fund as part of its investment strategy. Because of this, a portion of its performance will depend on the investment performance of the Global Energy Fund. Additionally, if

the Global Energy Fund suspends redemptions, the Fund may be unable to accurately value part of its investment portfolio and may be unable to redeem the Units.

### **Significant Redemptions**

If Unitholders of a substantial number of Units exercise their redemption rights, the number of Units outstanding and the NAV of the Fund could be significantly reduced. A significant number of redemptions would increase the management expense ratio of the Fund. The Manager may terminate the Fund upon filing a press release if, in the opinion of the Manager, it would be in the best interest of the Fund and the Unitholders to terminate the Fund.

### **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, and especially the energy sector. Those events could also have an acute effect on individual issuers or related groups of issuers including issuers in energy sector. These risks could also adversely affect securities markets, inflation and other factors relating to the securities that may be held from time to time.

For all securities traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for the Fund to liquidate its positions and thereby expose the Fund to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough to close out positions.

### **Global Financial Developments**

Global financial markets have experienced a sharp increase in volatility in the last several years. Further, market concerns about the economies of certain European countries, the financial consequences associated with Brexit, trade disputes with China, military conflicts involving the Middle East, Syria and North Korea, an increase in the value of the U.S. dollar relative to other currencies, political uncertainty in the U.S. and other countries and extreme weather events associated with global warming, may adversely impact global equity markets. Some of the world's major economies have experienced significantly diminished growth and there is an increased risk of a recession. These market conditions and further volatility or illiquidity in capital markets may also adversely affect the prospects of the Fund and the value of the Portfolio. A substantial drop in the markets in which the Fund invests as a result of extended periods of historically low oil prices or the emergence of economically viable alternative sources of energy could be expected to have a negative effect on the Fund.

### **Reliance on the Manager**

Unitholders will be dependent on the ability of the Manager to effectively manage the Fund in a manner consistent with the investment objectives, strategy and restrictions of the Fund and the performance of the investments in the Portfolio will be dependent on the Manager. There is no certainty that the individuals who are principally responsible for providing administration and investment advisory services to the Fund will continue to be employed by the Manager.

### **Risks Relating to Trading Price of the Units**

The Units may trade in the market at a discount to the NAV per Unit and there can be no assurance that the Units will trade at a price equal to the NAV per Unit. While the redemption right provides Unitholders the option of liquidity at the Monthly Redemption Price, the Monthly Redemption Price is based on the trading price of the Units.

### **Potential Conflicts of Interest**

The Manager and its directors, officers, affiliates and associates may engage in the promotion, management or investment management of other accounts, funds or trusts which invest primarily in the securities held by the Fund.

Although officers, directors and professional staff of the Manager will devote as much time to the Fund as is deemed appropriate to perform their duties, they may have conflicts in allocating their time and services among the Fund and the other funds managed by the Manager.



## **Changes in Legislation**

There can be no assurance that income tax, securities and other laws will not be changed in a manner which adversely affects the distributions or dividends received by the Fund or by the Unitholders.

## **Taxation of the Fund**

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

In determining its income for tax purposes, the Fund will treat gains or losses in respect of Portfolio Securities as capital gains and losses, and designations with respect to its income and capital gains will be made and reported to Unitholders on this basis. CRA’s practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. If these dispositions or transactions of the Fund are determined not to be on capital account, the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders could increase. Any such redetermination by the CRA may result in the Fund being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the NAV and NAV per Unit.

The SIFT Rules will apply to a trust that is a SIFT trust. The Fund should not be a SIFT trust for the purposes of these rules because, at any time that a class of Units are listed or traded on a stock exchange or other public market as defined in the Tax Act, the Fund should not hold “non-portfolio property” based on its investment objectives and investment restrictions. If the SIFT Rules were to apply to the Fund, they may have an adverse impact on the Fund including on the distributions received by Unitholders.

Pursuant to rules in the Tax Act, if the Fund experiences a “loss restriction event” (i) it will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the Fund’s net income and net realized capital gains, if any, at such time to Unitholders so that the Fund is not liable for income tax on such amounts under Part I of the Tax Act), and (ii) it will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, the Fund will be subject to a loss restriction event if a Unitholder becomes a “majority-interest beneficiary”, or a group of persons becomes a “majority-interest group of beneficiaries”, of the Fund, as those terms are defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of the Fund will be a beneficiary in the income or capital, as the case may be, of the Fund whose beneficial interests, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, have a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the Fund. See “Income Tax Considerations – Taxation of Unitholders” for the tax consequences of an unscheduled or other distribution to Unitholders. Trusts that qualify as “investment funds” as defined in the rules in the Tax Act relating to loss restriction events are generally excepted from the application of such rules. An “investment fund” for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a “mutual fund trust” for purposes of the Tax Act in the calendar year in which it is created, not using any property in the course of carrying on a business and complying with certain asset diversification requirements. In this regard, although the Manager currently anticipates that the Closing will occur in 2019, if the Closing does not occur in 2019 the Fund will not at any time be able to qualify as an “investment fund”. If the Fund were not to qualify as an “investment fund”, it could potentially have a loss restriction event and thereby become subject to the related tax consequences described above.

## **Lack of Operating History**

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

## **Not a Trust Company**

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

## Nature of Units

The Units are neither fixed-income nor equity securities. The Units represent a fractional interest in the net assets of the Fund. Units are dissimilar to debt instruments in that there is no principal amount owing to Unitholders. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions.

## No Ownership Interest

An investment in Units does not constitute an investment by Unitholders in the assets included in the Portfolio. Unitholders will not own the assets held by the Fund. Unitholders will have no recourse or rights against the assets of the Fund.

## DISTRIBUTION POLICY

In accordance with the Fund’s investment objective to provide the Unitholders with quarterly cash distributions, the Fund intends to make quarterly cash distributions to Unitholders of record on the last Business Day of each calendar quarter and pay such cash distributions on or before the 15<sup>th</sup> day of the following month (each, a “**Distribution Payment Date**”). Based on the Manager’s expectations, the initial quarterly cash distribution target for the Fund is \$0.12 per Unit per quarter (\$0.48 per annum) to yield 4% on the subscription price per Unit. The initial quarterly cash distribution will be payable to Unitholders of record on March 31, 2020.

**If the return derived from the Portfolio is less than the amount necessary to fund the quarterly distributions and all expenses of the Fund and if the Manager chooses nevertheless to ensure that the quarterly distributions are paid to Unitholders, this will result in a portion of the capital of the Fund being returned to Unitholders and the NAV per Unit being reduced.** In the event the Manager does not do so in such circumstances, distributions will be reduced.

There can be no assurance that the Fund will be able to achieve its quarterly distribution objective or make payments on any Distribution Payment Date. Amounts distributed on the Units that represent returns of capital are generally non-taxable to a Unitholder but reduce the Unitholder’s adjusted cost base of the Units for tax purposes.

If the Fund’s net income for tax purposes, including net realized capital gains, for any taxation year exceeds the aggregate amount of the quarterly distributions made in that taxation year to Unitholders, the Fund will on or after December 15 but on or before December 31 of that calendar year be required to pay one or more special year-end distributions to Unitholders as is necessary to ensure that the Fund will not be liable for income tax on such amounts under Part I of the Tax Act (after taking into account all available deductions, credits and refunds). Such special distributions may be paid in the form of Units and/or cash. Any special distributions payable in Units will increase the aggregate adjusted cost base of a Unitholder’s Units. Immediately following payment of such a special distribution in Units, the number of Units outstanding will be automatically consolidated such that the number of Units outstanding after such distribution will be equal to the number of Units outstanding immediately prior to such distribution, except in the case of a non-resident Unitholder to the extent tax was required to be withheld in respect of the distribution. See “Income Tax Considerations”.

## CONVERSION OF THE FUND

The Manager intends that on or about June 15, 2021 (approximately 18 months following the Closing Date) the Fund will, subject to applicable law, which may require Unitholder and/or regulatory approval, convert into or merge by way of a tax-deferred merger with an exchange-traded mutual fund (the “**Conversion**”), in each case managed by the Manager (or an affiliate) (any such converted or merged fund being the “**Converted Fund**”). It is the Manager’s intention that the Converted Fund will have a substantially similar investment strategy to that of the Fund and accordingly, it will invest primarily in securities of companies in the energy sector. The expenses associated with the Conversion will be paid by the Manager and not the Fund.

The Fund shall provide notice by press release of the Conversion to Unitholders not less than 60 days prior to the expected date of the Conversion. In the event the Manager determines in its sole discretion that effecting the Conversion as described above would not be in the best interest of Unitholders, the Manager may postpone the Conversion to such later date as it determines or may abandon the Conversion. The Fund shall provide notice to Unitholders by press release of any change to the time for completing the Conversion, not less than 60 days prior to the expected effective date. Pending such notice, the Fund will continue to operate in accordance with its investment objectives, strategy and restrictions.

If required by applicable law, the Fund will seek Unitholder approval at a meeting of Unitholders duly held to consider the Conversion. At least 21 days prior to the date of any such meeting, the Fund will send a written notice to Unitholders describing the Conversion, including the expected effective date of the Conversion (the “**Effective Date**”), as well as all other information or documents necessary

to comply with applicable proxy solicitation requirements. In order to be effective, the resolution approving the Conversion would be required to be passed by at least a majority of the votes cast at such meeting. The Manager will work with the Exchange and CDS, as applicable, to re-classify the Units as converted units of the Converted Fund. No action is expected to be required of Unitholders in order to effect such a Conversion other than the required approval. In the event that Unitholder approval for the Conversion is not obtained at such meeting, the Fund will continue to operate in accordance with its investment objectives, strategy and restrictions.

Following the Conversion, the securities of the Converted Fund are expected to be listed for trading on the Exchange or another stock exchange in Canada. The Conversion may require receipt of regulatory approval. The investment objectives and the investment strategy of the Converted Fund is expected to be similar following the Conversion to that of the Fund, except as may be necessary to comply with applicable law, including the provisions of NI 81-102 as they apply to exchange-traded mutual funds.

## PURCHASES OF UNITS

### Method to Purchase Units

Prospective purchasers may subscribe for Units by; (a) cash payment or (b) an exchange (the “**Exchange Option**”) of freely tradeable securities of one or more of those issuers set forth below under the sub-heading “Exchange Eligible Securities” (collectively, the “**Exchange Eligible Securities**”) in accordance with the procedure described below. Prospective purchasers may purchase Units through any one of the Agents or any member of a sub-agency group that the Agents may form. Closing will take place on or about December 1, 2019, or such later date as may be agreed upon by the Fund and the Agents, but, in any event, not later than 90 days after a receipt for the final prospectus is issued. The offering price was determined by negotiation between the Agents and the Fund. See “Plan of Distribution”.

The maximum number of Exchange Eligible Securities of any one issuer which the Fund may acquire under the Offering pursuant to the Exchange Option is the lesser of: (i) that number of securities which would amount to less than 10.0% of the outstanding securities of that class of such issuer for the purposes of reporting obligations under applicable securities laws; and (ii) that number of securities having a fair market value which constitutes 9.9% of the equity value of such issuer for purposes of section 122.1 of the Tax Act where such issuer is a “subject entity” for purposes of the Tax Act (such number being referred to as the “**Maximum Ownership Level**”). For greater certainty, when the Maximum Ownership Level has been achieved in respect of a particular issuer of Exchange Eligible Securities accepted as payment for Units pursuant to this Offering, the Fund will not accept any further Exchange Eligible Securities of such issuer as payment. To the extent the Maximum Ownership Level has been achieved in respect of an issuer of Exchange Eligible Securities, and an excess of securities of such issuer above the Maximum Ownership Level have been deposited and not withdrawn, then the Exchange Eligible Securities of such issuer will be accepted by the Fund to the Maximum Ownership Level on a *pro rata* basis or such other reasonable basis that the Manager may determine to be appropriate. The Fund reserves the right to accept, in its sole discretion and for any reason, the Exchange Eligible Securities of additional issuers under the Exchange Option and to reject, in its sole discretion, in whole or in part, any Exchange Eligible Securities deposited pursuant to the Exchange Option.

### Procedure

A prospective purchaser of Units who elects to pay for such Units by using the Exchange Option (the “**Exchange Option Election**”) must do so by means of a book-entry deposit of the Exchange Eligible Securities through CDS. Prospective purchasers who utilize the Exchange Option must deposit their Exchange Eligible Securities with TSX Trust Company (in such capacity, the “**Exchange Agent**”) through CDS prior to 5:00 p.m. (Toronto time) on November 22, 2019. Such book-entry deposits must be made by a CDS Participant which may have an earlier deadline for receiving instructions from their clients to deposit Exchange Eligible Securities under the Exchange Option. Once submitted to the Exchange Agent through CDS, a deposit of Exchange Eligible Securities (including the transfers authorized thereby) is, subject to the completion of this Offering, irrevocable unless withdrawn as described below under the heading “Purchases of Units – Withdrawal of Exchange Option Elections”. By authorizing a deposit of Exchange Eligible Securities through CDS, a prospective purchaser will have authorized the transfer to the Fund of each Exchange Eligible Security so deposited and will have represented and warranted that the prospective purchaser has full right and authority to transfer the Exchange Eligible Securities covered thereby and is the beneficial owner of such securities, that such securities have not previously been conveyed, that the transfer of such securities is not prohibited by laws applicable to the prospective purchaser and that such securities are free and clear of all liens, encumbrances and adverse claims. Such representations and warranties will survive the issuance of Units in exchange for such Exchange Eligible Securities. The Manager’s interpretation of the terms and conditions of the Exchange Option will be final and binding. The Manager reserves the right to waive any conditions of the Exchange Option other than the Maximum Ownership Level and any irregularities in the deposit of Exchange Eligible Securities pursuant to the Exchange Option and to accept the deposit of Exchange Eligible Securities in exchange for less than an aggregate of 200 Units. Neither the Fund, the Manager, the Agents nor the Exchange Agent shall be under any duty to notify a prospective purchaser of irregularities related to its deposit of Exchange Eligible Securities under the Exchange Option and will not incur any liability for failure to give such notification. The Manager also reserves

the right to reject any security under the Exchange Option for any reason, including, without limitation, an unfavourable relationship between the Exchange Ratio, as discussed below, and the prevailing trading price of an Exchange Eligible Security.

If for any reason Exchange Eligible Securities deposited pursuant to the Exchange Option are not acquired by the Fund, the holders of such securities will be notified of such fact as soon as practicable following the Closing or the termination of this Offering, as the case may be, and such securities will be re-credited to their accounts through CDS and the CDS Participants.

The Fund will bear all commissions and expenses incurred in connection with the disposition of Exchange Eligible Securities that it accepts under the Exchange Option but does not retain.

See “Income Tax Considerations – Exchange Option”.

### **Determination of Exchange Ratio**

The number of Units issuable for each Exchange Eligible Security (the “**Exchange Ratio**”) will be determined by dividing the volume weighted average trading price for such securities on the TSX or other applicable exchange during the Pricing Period, as adjusted to reflect dividends or distributions declared in respect of such Exchange Eligible Securities that will not be received by the Fund, by \$12.00 (the “**Exchange Trading Price**”).

Holders of Exchange Eligible Securities (“**Exchange Eligible Holders**”) who deposit such securities pursuant to the Exchange Option will continue to be holders of record up to but not including the date of the closing of this Offering and will be entitled to receive dividends or distributions in respect of such Exchange Eligible Securities up to but not including such date. Each Exchange Ratio will be rounded down to five decimal places. The Fund will not issue fractional Units pursuant to the Exchange Option. Entitlement to fractional Units will be determined on the basis of the volume weighted average trading price for such securities during the Pricing Period and the Fund will issue to CDS cash in lieu thereof. Allocations by CDS of cash in lieu of fractional Units to participants in CDS will be at the discretion of CDS and the allocation of cash in lieu of fractional Units to purchasers who have authorized the deposit of Exchange Eligible Securities through CDS will be at the discretion of the CDS Participant.

### **Delivery of Final Prospectus**

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

The Fund will issue a press release as soon as practicable after the close of business on November 22, 2019 announcing for each of the Exchange Eligible Securities, the name of the issuer, the CUSIP number, the ISIN number and the Exchange Ratio.

### **Withdrawal of Exchange Option Elections**

Each prospective purchaser who deposited Exchange Eligible Securities through CDS will have 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 a press release announcing the Exchange Ratios is issued if the Exchange Ratios are not included in the final prospectus relating to the Offering. Any such notice of withdrawal must specify the Exchange Eligible Security 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.

### **Maximum Offering**

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

## Exchange Eligible Securities

The table below sets out the Exchange Eligible Securities, their TSX or TSXV ticker symbols, as applicable, and CUSIP numbers.

Exchange Eligible Securities	Ticker Symbol	CUSIP Number
Advantage Oil & Gas Ltd.	AAV	00765F101
Africa Oil Corp.	AOI	00829Q101
ARC Resources Ltd.	ARX	00208D408
Athabasca Oil Corporation	ATH	04682R107
Baytex Energy Corp.	BTE	07317Q105
Birchcliff Energy Ltd.	BIR	090697103
Bonavista Energy Corporation	BNP	09784Y108
Bonterra Energy Corp.	BNE	098546104
Canacol Energy Ltd.	CNE	134808203
Canadian Natural Resources Limited	CNQ	136385101
Cardinal Energy Ltd.	CJ	14150G400
Crescent Point Energy Corp.	CPG	22576C101
Crew Energy Inc.	CR	226533107
Encana Corporation	ECA	292505104
Enerplus Corporation	ERF	292766102
Falcon Oil & Gas Ltd.	FO	306071101
Freehold Royalties Ltd.	FRU	356500108
Frontera Energy Corporation	FEC	35905B107
Gear Energy Ltd.	GXE	36830P104
Journey Energy Inc.	JOY	48113W102
Kelt Exploration Ltd.	KEL	488295106
Leucrotta Exploration Inc.	LXE	52728X208
MEG Energy Corp.	MEG	552704108
NuVista Energy Ltd.	NVA	67072Q104
Painted Pony Energy Ltd.	PONY	695779108
Paramount Resources Ltd.	POU	699320206
Parex Resources Inc.	PXT	69946Q104
Pengrowth Energy Corporation	PGF	70706P104
PetroTal Corp.	TAL	71677J101
Peyto Exploration & Development Corp.	PEY	717046106
Pipestone Energy Corp.	PIPE	724112107
PrairieSky Royalty Ltd.	PSK	739721108
Seven Generations Energy Ltd.	VII	81783Q105
Storm Resources Ltd.	SRX	86221R102
Surge Energy Inc.	SGY	86880Y109
Tamarack Valley Energy Ltd.	TVE	87505Y409
TORC Oil & Gas Ltd.	TOG	890895303
Tourmaline Oil Corp.	TOU	89156V106
TransGlobe Energy Corporation	TGL	893662106
Valeura Energy Inc.	VLE	919144402
Vermilion Energy Inc.	VET	923725105
Whitecap Resources Inc.	WCP	96467A200
Yangarra Resources Ltd.	YGR	98474P501
Calfrac Well Services Ltd.	CFW	129584108
Cenovus Energy Inc.	CVE	15135U109

<b>Exchange Eligible Securities</b>	<b>Ticker Symbol</b>	<b>CUSIP Number</b>
CES Energy Solutions Corp.	CEU	15713J104
Enerflex Ltd.	EFX	29269R105
Ensign Energy Services Inc.	ESI	293570107
High Arctic Energy Services Inc.	HWO	429644206
Husky Energy Inc.	HSE	448055103
Imperial Oil Limited	IMO	453038408
Pason Systems Inc.	PSI	702925108
PHX Energy Services Corp.	PHX	69338U101
Precision Drilling Corporation	PD	74022D308
Secure Energy Services Inc.	SES	81373C102
ShawCor Ltd.	SCL	820439107
STEP Energy Services Ltd.	STEP	85859H105
Strad Inc.	SDY	86254Q104
Suncor Energy Inc.	SU	867224107
Total Energy Services Inc.	TOT	89154B102
Trican Well Service Ltd.	TCW	895945103
Enbridge Inc.	ENB	29250N105
Gibson Energy Inc.	GEI	374825206
Inter Pipeline Ltd.	IPL	45833V109
Keyera Corp.	KEY	493271100
Kinder Morgan Canada Limited	KML	494549702
Pembina Pipeline Corporation	PPL	706327103
TC Energy Corporation	TRP	87807B107

## REDEMPTIONS

Prior to the Conversion, Unitholders may make a redemption request at any time and the Fund will redeem the Units on the second last Business Day of each month (“**Monthly Redemption Date**”), subject to certain conditions, and in order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the date which is the last Business Day of the month preceding the month in which the Monthly Redemption Date falls. Payment of the redemption price will be made on the Redemption Payment Date, subject to the Manager’s right to suspend redemptions in certain circumstances.

A Unitholder who properly surrenders a Unit for redemption on a Monthly Redemption Date, will receive the amount equal to the lesser of (i) 95% of the Market Price and (ii) 100% of the Closing Market Price of a Unit on the applicable Monthly Redemption Date (the “**Monthly Redemption Price**”), less, in each case, any costs associated with the redemption including commissions and such other costs, if any.

Notwithstanding the foregoing, the monthly redemption amount with respect to a Unit being redeemed on such date will not be greater than the NAV per Unit on the Monthly Redemption Date.

In the event the Conversion does not occur, Units may be redeemed annually on the second last Business Day of July for each year commencing in 2021 (“**Annual Redemption Date**”) for a redemption price equal to the NAV per Unit as of such Annual Redemption Date (less any costs and expenses associated with the redemption). Payment of the redemption price will be made on the Redemption Payment Date, subject to the Manager’s right to suspend redemptions in certain circumstances.

### **Allocations of Gains to Redeeming Unitholders**

Pursuant to the Declaration of Trust, the Fund may allocate and designate as payable any capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, the Fund has the authority to distribute, allocate and designate any capital gains of the Fund to a Unitholder who has redeemed Units during a year in an amount equal to the Unitholder’s share, at the time of redemption, of the Fund’s capital gains for the year. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming

Unitholder. Provided that certain Tax Proposals are enacted as proposed, an amount so allocated and designated to a redeeming Unitholder will only be deductible to the Fund to the extent of the gain that would otherwise be realized by the Unitholder on the redemption of Units. To the extent that redeemed Units are held through CDS, the Manager does not currently anticipate that it will have sufficient information to determine the gain that would otherwise be realized by an applicable redeeming Unitholder, which could result in the Fund not allocating any capital gains to such redeeming Unitholder such that additional capital gains of the Fund may be allocated to non-redeeming Unitholders.

### **Exercise of Redemption Right**

An owner of Units who desires to exercise redemption privileges thereunder must do so by causing a CDS Participant to deliver to CDS on behalf of the owner a written notice (the “**Redemption Notice**”) of the owner’s intention to redeem Units. An owner who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption privilege sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver notice to CDS and so as to permit CDS to deliver notice to the registrar and transfer agent of the Fund in advance of the required time. The form of Redemption Notice will be available from a CDS Participant or the registrar and transfer agent. Any expense associated with the preparation and delivery of Redemption Notices will be for the account of the owner exercising the redemption privilege.

Except as provided under “Suspension of Redemptions”, by causing a CDS Participant to deliver to CDS a notice of the owner’s intention to redeem Units, an owner shall be deemed to have irrevocably surrendered his or her Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any Redemption Notice delivered by a CDS Participant regarding an owner’s intent to redeem which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the redemption privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with the owner’s instructions will not give rise to any obligations or liability on the part of the Fund or the Manager to the CDS Participant or to the owner.

Any and all Units which have been properly surrendered to the Fund for redemption are deemed to be outstanding until (but not after) the close of business on the applicable Monthly Redemption Date unless the redemption proceeds are not paid on or before the applicable Redemption Payment Date in which event such Units will remain outstanding.

### **Suspension of Redemptions**

The Manager may suspend the redemption of Units or payment of redemption proceeds: (i) during any period when normal trading is suspended on stock exchanges or other markets on which securities owned by the Fund are listed and posted for trading, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Fund without allowance for liabilities and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund or (ii) for a period not exceeding 60 days, with the consent of the securities regulatory authorities. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Business Day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

## **INCOME TAX CONSIDERATIONS**

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Fund, and McCarthy Tétrault LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this prospectus. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm’s length with and is not affiliated with the Fund and holds Units as capital property. Generally, the Units will be considered to be capital property to a purchaser provided that the purchaser does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold Units as capital property may, in certain circumstances, be entitled to have such Units and all other “Canadian securities” as defined in the Tax Act owned or subsequently

acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Unitholder who has entered or will enter into a “derivative forward agreement” as that term is defined in the Tax Act with respect to the Units or Exchange Eligible Securities disposed of pursuant to the Exchange Option.

This summary also assumes that the Fund will comply with its investment restrictions at all relevant times and that none of the issuers of the Portfolio Securities will be foreign affiliates of any Unitholders.

This summary is based on the facts set out in this Prospectus, the current provisions of the Tax Act, the Tax Proposals, counsel’s understanding of the current administrative policies and assessing practices of the CRA published in writing prior to the date hereof and relies upon advice from the Manager and the Agents as to certain factual matters. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations or changes to the administrative policies and assessing practices of the CRA. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary is also based on the assumption that the Fund will at no time be a “SIFT trust” as defined in the SIFT Rules. Provided that the Fund complies with its investment restrictions such that it does not hold “non-portfolio property” as defined in the SIFT Rules, it will not be a SIFT trust. If the Fund were to become a SIFT trust within the meaning of the SIFT Rules, the income tax considerations discussed herein could be materially and adversely different.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor’s particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.**

#### **Status of the Fund**

This summary is based on the assumptions that the Fund will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act, that the Fund will validly elect under the Tax Act to be a mutual fund trust from the date it was established and that the Fund has not been established and will not be maintained primarily for the benefit of non-residents.

To qualify as a mutual fund trust (i) the Fund must be a Canadian resident “unit trust” for purposes of the Tax Act, (ii) the only undertaking of the Fund must be (a) the investing of its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or a real right in an immovable) that is capital property of the Fund, or (c) any combination of the activities described in (a) and (b), and (iii) the Fund must comply with certain minimum requirements respecting the ownership and dispersal of Units (the “**minimum distribution requirements**”). In this connection, (i) the Manager intends to cause the Fund to qualify as a unit trust throughout the life of the Fund, (ii) the Fund’s undertaking conforms with the restrictions for mutual fund trusts, and (iii) the Manager has advised counsel that it has no reason to believe that, following the Closing, the Fund will not comply with the minimum distribution requirements at all relevant times. The Manager has advised counsel that it intends to ensure that the Fund will meet the requirements necessary for it to qualify as a mutual fund trust no later than the Closing Date and at all times thereafter and to file the necessary election so that the Fund will qualify as a mutual fund trust throughout its first taxation year.

If the Fund were not to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different.

Provided that the Fund qualifies and continues at all times to qualify as a “mutual fund trust” within the meaning of the Tax Act, or the Units are listed on a “designated stock exchange” within the meaning of the Tax Act (which includes the Exchange), the Units will be qualified investments for trusts governed by Registered Plans. For certain consequences of holding Units in a plan trust, see “Income Tax Considerations – Taxation of Registered Plans”.

#### **Taxation of the Fund**

The Fund will elect to have a taxation year that ends on December 15 of each calendar year. The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of any amount paid or payable (or deemed to be paid or payable) to Unitholders in the calendar



year in which the taxation year-end falls. The Manager has advised counsel that the Fund intends to make distributions payable to Unitholders and to deduct, in computing its income in each taxation year, such amount as will be sufficient to ensure that the Fund will not be liable for income tax under Part I of the Tax Act for each taxation year other than such tax on net realized capital gains that will be recoverable by the Fund in respect of such year by reason of the capital gains refund mechanism.

The Fund will be required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a Portfolio Security.

With respect to an issuer that is a trust resident in Canada whose units are included in the portfolio of Fund and held as capital property for the purposes of the Tax Act, and that is not subject in a taxation year to the SIFT Rules, the Fund will be required to include in the calculation of its income for a taxation year the net income, including net taxable capital gains, paid or payable to the Fund by such trust in the calendar year in which that taxation year ends, notwithstanding that certain of such amounts may be reinvested in additional units of the trust. Provided that appropriate designations are made by such trust, net taxable capital gains realized by the trust that are paid or payable by the trust to the Fund will effectively retain its character in the hands of the Fund. The Fund will be required to reduce the adjusted cost base of units of such trust by any amount paid or payable by the trust to the Fund except to the extent that the amount was included in calculating the income of the Fund or was the Fund's share of the non-taxable portion of capital gains of the trust, the taxable portion of which was designated in respect of the Fund. If the adjusted cost base to the Fund of such units becomes a negative amount at any time in a taxation year of the Fund, that negative amount will be deemed to be a capital gain realized by the Fund in that taxation year and the Fund's adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, in accordance with the detailed rules in the Tax Act. The Fund may generally deduct the costs and expenses of this Offering paid by the Fund and not reimbursed at a rate of 20% per year, pro-rated where the Fund's taxation year is less than 365 days. Any losses incurred by the Fund may not be allocated to Unitholders but may generally be carried forward and back and deducted in computing the taxable income of the Fund in accordance with the detailed rules and limitations in the Tax Act.

Upon the actual or deemed disposition of a security included in the Portfolio, the Fund will realize a capital gain (or capital loss) to the extent the proceeds of disposition, net of any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such security, unless the Fund were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the security in a transaction or transactions considered to be an adventure in the nature of trade. The Manager has advised counsel that the Fund will purchase Portfolio Securities with the objective of receiving dividends, distributions and income thereon and will take the position that gains and losses realized on the disposition thereof are capital gains and capital losses. The Manager has also advised counsel that the Fund intends to make an election under subsection 39(4) of the Tax Act so that all securities in the Portfolio that are "Canadian securities" (as defined in the Tax Act) will be deemed to be capital property to the Fund.

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

One-half of the amount of any capital gain (a "**taxable capital gain**") realized by the Fund in a taxation year on the disposition of Portfolio Securities that are capital property of the Fund must be included in computing the Fund's income for the year, and one-half of the amount of any capital loss (an "**allowable capital loss**") realized by the Fund in a taxation year must be deducted against any taxable capital gains realized by the Fund in the year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year may be carried back and deducted by the Fund in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net realized taxable capital gains in accordance with the provisions of the Tax Act.

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

The Fund will enter into transactions denominated in currencies other than the Canadian dollar, including the acquisition of securities in its portfolio. The cost and proceeds of disposition of securities, distributions and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars using the appropriate exchange rates determined in accordance with the detailed rules in the Tax Act.

in that regard. The amount of income, gains and losses realized by the Fund may be affected by fluctuations in the value of foreign currencies relative to the Canadian dollar.

If the Conversion occurs by way of a tax-deferred merger involving the Fund and an exchange-traded mutual fund, each of the merging funds (the exchange-traded mutual fund being the “**continuing fund**” and the Fund being the “**terminating fund**”) will be deemed to have a taxation year-end on the date of the merger (the “**Merger Year-End**”). To the extent necessary, the Fund will distribute to the Unitholders a sufficient amount of its net income and net realized capital gains for the year ending on the Merger Year-End to ensure the Fund will not be liable for non-refundable income tax on such amounts under Part I of the Tax Act. Any unused accumulated loss carryforwards of each merging fund will expire at the Merger Year-End and will not be available to be deducted against taxable income or gains arising after the merger. Further, unamortized issue expenses incurred by the terminating fund will not be available to be deducted against income and gains in the future taxation years of the continuing fund.

### **Taxation of Unitholders**

A Unitholder will generally be required to include in computing income for a taxation year the amount of the Fund’s net income for the taxation year computed in Canadian dollars, including net realized taxable capital gains, paid or payable to the Unitholder (whether in cash or in Units) in the taxation year. Provided that an election is made by the Fund to have a taxation year that ends on December 15 of each calendar year, amounts paid or made payable by the Fund to Unitholders after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the Unitholder on December 15.

The non-taxable portion of the Fund’s net realized capital gains, the taxable portion of which was designated to a Unitholder in a taxation year, that is paid or payable to the Unitholder in that taxation year will not be included in the Unitholder’s income for the year. Any other amount in excess of the Unitholder’s share of the Fund’s net income for a taxation year paid or payable to the Unitholder for the year will not generally be included in the Unitholder’s income, but will generally reduce the adjusted cost base of the Unitholder’s Units. In addition, the Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions of income for the year in order to enable the Fund to utilize, in the taxation year, losses from prior years without affecting the ability of the Fund to distribute its income annually. Such amount distributed to a Unitholder but not deducted by the Fund will not be included in the Unitholder’s income. However, the adjusted cost base of the Unitholder’s Units will be reduced by such amount. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder’s adjusted cost base will be increased by the amount of such deemed capital gain to zero. Any losses of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

Provided that appropriate designations are made by the Fund, such portion of (i) the net realized taxable capital gains of the Fund, (ii) the income of the Fund from foreign sources and (iii) the taxable dividends received or deemed to be received by the Fund on shares of taxable Canadian corporations, as is paid or becomes payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that the Fund designates its income from a foreign source (including any such income designated to the Fund by an issuer that is a trust resident in Canada) in respect of a Unitholder, the Unitholder will, for the purposes of computing its foreign tax credits, be entitled to treat the Unitholder’s proportionate share of foreign taxes in respect of such income as foreign taxes paid by the Unitholder. The availability of foreign tax credits to a Unitholder is subject to the detailed rules in the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross up and dividend tax credit rules will apply, including the enhanced gross-up and dividend tax credit rules in respect of eligible dividends paid by taxable Canadian corporations.

On the disposition or deemed disposition of a Unit (whether on a sale, redemption or otherwise), a Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder’s proceeds of disposition (other than any capital gains allocated and designated as payable by the Fund to the Unitholder on the redemption) exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition.

If the Fund delivers securities from the Portfolio to any Unitholder upon a redemption of a Unitholder’s Units on the termination of the Fund, the Unitholder’s proceeds of disposition of the Units will generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the Fund on the disposition of such distributed property. The cost of any property distributed by the Fund *in specie* will generally be equal to the fair market value of such property at the time of the distribution. Such securities may or may not be qualified investments for Registered Plans. If such securities are not qualified investments for Registered Plans, such Registered Plans (and, in the case of certain Registered Plans, the annuitants, subscribers or beneficiaries thereunder or holders thereof) may be subject to adverse tax consequences.

For the purpose of determining the adjusted cost base of Units to a Unitholder, when Units are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units owned by the Unitholder as capital property immediately before that time. The cost of Units acquired as a distribution from the Fund will generally be equal to the amount of the distribution. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units.

Pursuant to the Declaration of Trust, the Fund may allocate and designate as payable any capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, the Fund has the authority to distribute, allocate and designate any capital gains of the Fund to a Unitholder who has redeemed Units during a year in an amount equal to the Unitholder's share, at the time of redemption, of the Fund's capital gains for the year. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, and therefore the Unitholder's proceeds of disposition. Provided that certain Tax Proposals are enacted as proposed, an amount so allocated and designated to a redeeming Unitholder will only be deductible to the Fund to the extent of the gain that would otherwise be realized by the Unitholder on the redemption of Units. To the extent that redeemed Units are held through CDS, the Manager does not currently anticipate that it will have sufficient information to determine the gain that would otherwise be realized by an applicable redeeming Unitholder, which could result the Fund not allocating any capital gains to such redeeming Unitholder such that additional capital gains of the Fund may be allocated to non-redeeming Unitholders.

If the Conversion of the Fund from a closed-end mutual fund to an exchange-traded mutual fund occurs solely by way of changing the terms relating to the redemption of its Units, it is not expected that a Unitholder will be considered to have disposed of its Units as a result of such Conversion. If the Conversion to an exchange-traded mutual fund occurs by way of a merger on a tax-deferred basis, the disposition by a Unitholder of Units of the Fund in exchange for units of the continuing fund will not result in the realization of a capital gain or capital loss for such holder. Such holder will be deemed to acquire units of the continuing fund under the merger at a cost equal to the "cost amount" (as defined in the Tax Act) of his or her Units of the Fund.

Generally, one-half of any capital gain (a "**taxable capital gain**") realized on the disposition of Units, or designated in respect of a Unitholder, will be included in the Unitholder's income and one-half of any capital loss (an "**allowable capital loss**") realized may be deducted from taxable capital gains of the Unitholder for that year. Allowable capital losses for a taxation year in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as taxable dividends from taxable Canadian corporations or as net realized taxable capital gains as well as taxable capital gains realized by the Unitholders on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

### **Exchange Option**

A Unitholder who disposes of Exchange Eligible Securities in exchange for Units pursuant to this prospectus will realize a capital gain (or a capital loss) in the taxation year of the Unitholder in which the disposition of such securities takes place to the extent that the proceeds of disposition for such securities, net of any reasonable costs of disposition, exceed (or are less than) the Unitholder's adjusted cost base of such securities. For this purpose, the proceeds of disposition to the Unitholder will equal the aggregate of the fair market value of the Units received and the amount of any cash received in lieu of fractional Units. The cost to a Unitholder of Units so acquired will be equal to the fair market value of the Exchange Eligible Securities disposed of in exchange for such Units at the time of disposition less any cash received in lieu of fractional Units, which sum would generally be equal to or would approximate the fair market value of the Units received as consideration for the Exchange Eligible Securities.

Any capital gains or capital losses realized by a Unitholder on the disposition of Exchange Eligible Securities will be treated as described above under "Income Tax Considerations – Taxation of Unitholders".

### **Taxation of Registered Plans**

Amounts of income and capital gains included in a Registered Plan's income are generally not taxable under Part I of the Tax Act, provided that the Units are qualified investments for the Registered Plan. See "Income Tax Considerations – Status of the Fund". Unitholders should consult their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a plan trust.

Units will not be a "prohibited investment" for a trust governed by a tax-free savings account ("**TFSA**"), registered retirement savings plan ("**RRSP**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**") or registered retirement income fund ("**RRIF**") unless the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as

applicable, (i) does not deal at arm's length with the Fund for purposes of the Tax Act, or (ii) has a "significant interest" as defined in the Tax Act in the Fund. Generally, a holder, annuitant or subscriber, as the case may be, will not have a significant interest in a Fund unless the holder, annuitant or subscriber, as the case may be, owns interests as a beneficiary under the Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Fund, either alone or together with persons and partnerships with which the holder, annuitant or subscriber, as the case may be, does not deal at arm's length. In addition, the Units will not be a "prohibited investment" if such Units are "excluded property" as defined in the Tax Act for a trust governed by a TFSA, RRSP, RDSP, RESP or RRIF.

### **Tax Implications of the Fund's Distribution Policy**

The NAV per Unit will reflect any income and gains of the Fund that have accrued or have been realized but have not been made payable at the time Units are acquired. A Unitholder who acquires Units may become taxable on the Unitholder's share of income and gains of the Fund that accrued before the Units were acquired notwithstanding that such amounts may have been reflected in the price paid by the Unitholder for the Units. The consequences of acquiring Units late in a calendar year will generally depend on whether one or more special distributions to Unitholders are necessary to ensure that the Fund will not be liable for non-refundable income tax under Part I of the Tax Act. In this regard, the Fund intends to make regular quarterly distributions as described under "Distribution Policy". In addition, where a Unitholder acquires Units in a calendar year after December 15 of such year, such Unitholder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the Units were acquired.

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

### **Manager of the Fund**

Harvest is a Canadian investment fund manager that was founded by long term members of the investment management industry in 2009. Harvest is focused on developing income investment products and its guiding principles are to provide investment products that are clear and understandable, transparent in portfolio structure and seek to generate consistent income and currently manages eleven exchange-traded funds, four non-redeemable investment funds and two mutual funds.

The Manager will perform the management functions of the Fund pursuant to the Declaration of Trust. Harvest is also the portfolio advisor of the Fund. The Manager is a company incorporated pursuant to the laws of Ontario. The municipal address of the Manager where it principally provides services to the Fund is located at 710 Dorval Drive, Suite 209, Oakville, Ontario L6K 3V7.

Paul MacDonald is the Chief Investment Officer and Portfolio Manager of the Manager. Mr. MacDonald and Mr. Mike Dragosits will be principally responsible for the day-to-day management of the Portfolio and implementing strategies for the Fund.

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

Pursuant to the Declaration of Trust, Harvest is the manager of the Fund and is responsible for all investment decisions of the Fund in accordance with the investment objectives, strategy and restrictions and for arranging for the execution of all Portfolio transactions, and for managing and administering the day-to-day business and affairs of the Fund. The Manager may delegate certain of its powers to third parties, where, in the discretion of the Manager, it would be in the best interests of the Fund to do so. The Manager's duties include, without limitation: authorizing the payment of operating expenses incurred on behalf of the Fund; preparing financial statements and financial and accounting information as required by the Fund; ensuring that Unitholders are provided with financial statements (including semi-annual and annual financial statements) and other reports as are required by applicable law from time to time; ensuring that the Fund complies with regulatory requirements and applicable stock exchange listing requirements; preparing or causing to be prepared the reports of the Fund to Unitholders and the Canadian securities regulatory authorities; as applicable, determining the timing and amount of distributions to be made by the Fund; and negotiating contractual agreements with third party providers of services, including registrars, transfer agents, auditors and printers.

Pursuant to the Declaration of Trust, the Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and to exercise the care, diligence and skill of a reasonably prudent person in comparable circumstances. The Declaration of Trust provides that the Manager will not be liable in any way for any default, failure or defect in the Portfolio held by the Fund if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence, disregard of the Manager's standard of care or by any material breach or default by it of its obligations under the Declaration of Trust.

Unless the Manager resigns or is removed as described below, the Manager will continue as manager of the Fund until the termination of the Fund. The Manager may resign if the Fund is in material breach or default of the provisions of the Declaration of Trust and if capable of being cured, any such breach or default has not been cured within 30 days' notice of such material breach or default to the Fund. The Manager is deemed to have resigned if the Manager: (i) becomes bankrupt or insolvent; (ii) ceases to be resident in Canada for the purposes of the Tax Act or carry out its functions of managing the Fund in Canada; or (iii) no longer holds the licenses, registrations or other authorizations necessary to carry out its obligations and is unable to obtain them within a reasonable period after their loss. The Manager may resign as manager of the Fund upon 60 days' notice to the Unitholders. The Manager may not be removed other than by a meeting of the Unitholders, as described under the heading "Unitholder Matters". In the event that the Manager is in material breach or default of the provisions of the Declaration of Trust and, if capable of being cured, any such breach or default has not been cured within 30 days' notice of such breach or default to the Manager, the Trustee shall give notice thereof to Unitholders and Unitholders may direct the Trustee to remove the Manager and appoint a successor manager of the Fund.

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

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

The name, municipality of residence, position with the Manager and current principal occupation of each of the officers and directors of the Manager are set out below:

<b><u>Name and Municipality of Residence</u></b>	<b><u>Position with the Manager</u></b>	<b><u>Principal Occupation</u></b>
Michael Kovacs Oakville, Ontario	President, Chief Executive Officer, Secretary, Director and Ultimate Designated Person	President and Chief Executive Officer, Harvest
Daniel Lazzar Toronto, Ontario	Chief Financial Officer	Chief Financial Officer, Harvest
Mary Medeiros Oakville, Ontario	Chief Operating Officer and Director	Chief Operating Officer, Harvest
Paul MacDonald Mississauga, Ontario	Chief Investment Officer and Portfolio Manager	Chief Investment Officer and Portfolio Manager, Harvest
David Balsdon Mississauga, Ontario	Chief Compliance Officer	Chief Compliance Officer, Harvest
Townsend Haines Toronto, Ontario	Director	Director, Harvest
Nick Bontis Ancaster, Ontario	Director	Associate Professor, Strategic Director Management & Director, Undergraduate Programs DeGroote School of Business, McMaster University

During the past five years, all the officers and directors of the Manager listed above have held their present principal occupations except for (i) Townsend Haines, who was the Chief Financial Officer and Managing Director of Harvest from 2009 to 2014; and (ii) David Balsdon, who was appointed to his position on September 24, 2015, was Vice President, Compliance at Harvest from January 5, 2015 and was an Independent Consultant from 2013 to 2014.

The following is a brief description of the background of the key management of Harvest and those responsible for the day-to-day management of the Portfolio.

***Michael Kovacs, President and Chief Executive Officer***

Michael is President and Chief Executive Officer of Harvest. Michael founded Harvest in 2009 and is responsible for the long-term vision and business development of the firm. Since 1991, Michael has held senior management positions in a number of investment management businesses which include Guardian Capital Group, AIC Funds, ING Funds and Sentry Investments and has been a Senior Officer since 2002. Michael began his career in 1985 as an investment advisor and is a strong believer in providing quality investment products for long term growth and income. Michael is the Chairman of Harvest.

***Daniel Lazzer, Chief Financial Officer***

Daniel joined Harvest in 2013 and serves as the Chief Financial Officer. Prior to his current position Daniel was Vice President of Finance from March 2013 to December 2014. Previously Daniel spent over 12 years in public accounting and close to 10 years with PricewaterhouseCoopers LLP (PwC) in the Audit and Assurance practice. For over half of his tenure at PwC he specialized in the investment management industry where he provided audit services to a diverse client base which included mutual fund companies, asset managers, hedge funds and brokers. Prior to this he serviced various clients in the consumer products and real estate industries. Daniel was also actively involved at PwC through instructing educational programs for partners and staff. Daniel holds a Bachelor of Business Administration degree from the Schulich School of Business at York University and is a Chartered Accountant.

***Mary Medeiros, Chief Operating Officer and Director***

Mary joined Harvest in 2009 as the Vice President of Operations and has overseen the successful growth of the firm's operations, systems, and administration and key service provider relationships since inception. Ms. Medeiros has over 20 years of industry experience and managed national administration and sales systems for a Canadian mutual fund company and branch operations for an investment dealer. She was licensed as an advisor in 1997, working directly with retail investors until joining a Canadian investment fund manager in 2000. Mary serves on the Board of Directors.

***Paul MacDonald, Chief Investment Officer and Portfolio Manager***

Paul serves as the Chief Investment Officer and Portfolio Manager for Harvest. Paul joined Harvest in January 2013 as Vice President of Investments and previously had over 13 years' experience in the investment business. Paul was Vice President and Portfolio Manager at Creststreet Asset Management where he was responsible for the management of portfolios with a focus on the Canadian and resource markets and was involved in developing several closed end and tax efficient fund structures. Paul also spent five years at a Canadian investment management firm where he focused on specialty tax investments and was the lead manager of an award winning Canadian natural resource fund. Paul spent three years as an investment associate with a major North American investment firm. Paul obtained a Bachelor of International Finance degree from Griffith University in Australia and holds a CFA charter.

***David Balsdon, Chief Compliance Officer***

David joined Harvest in January 2015 and brings over 30 years of experience through a progressive career in the investment fund management business. During much of the past 12 years, David has held positions of Chief Operating Officer, Chief Compliance Officer, Secretary-Treasurer and Director at two investment management firms. During his career, David has worked in the areas of operations, financial reporting, compliance, client service and fund product development. David has spent time sitting on investment fund industry committees and boards of investment funds in various capacities. David has successfully completed senior Canadian Securities Institute courses such as the Partner, Directors and Officers Qualifying Exam and the Chief Compliance Officers Qualifying Exam.

***Townsend Haines, Director***

Townsend serves as a member of Harvest's Board of Directors bringing over 35 years of experience in the investment management business. Townsend first joined Harvest as a Board member in 2009 and later served for 5 years as the Managing Director and CFO. Townsend has extensive experience in sales, sales management, product development and strategic planning in the investment industry. Townsend was also previously Vice President of Sales at AGF, Guardian Group of Funds, Franklin Templeton and was Executive Director of Global Strategy. Townsend's board and committee memberships have included the University of Western Ontario Senate and Board of Governors and the Investment Funds Institute of Canada. He is currently a member of the Investment Committee of the Board of Regents of Victoria University at University of Toronto and a member of the Board of Trustees of the Toronto School of Theology at University of Toronto.

### ***Dr. Nick Bontis, Director***

Dr. Nick Bontis is a tenured professor of strategic management at the DeGroote School of Business, McMaster University. He received both his Bachelor of Arts in 1992 (Honours Business Administration) and his PhD from the Ivey School of Business at The University of Western Ontario in 1999. His doctoral dissertation on the mutual fund industry went on to become the #1 selling thesis in Canada. He has won over a dozen major teaching awards and the faculty researcher of the year twice. Maclean's magazine has rated him as one of McMaster's most popular professors for six years. He is also a 3M National Teaching Fellow, an honour bestowed upon the top university professors in the country. Prior to his career in academia, Dr. Bontis was a securities analyst at CIBC Securities Inc.

### ***Mike Dragosits, Portfolio Manager***

Mike Dragosits joined Harvest in March 2017, bringing nine years of broad investment industry experience to the firm. Immediately prior to joining Harvest, he was a Senior Commodity Strategist and part of the Global Macro Strategy team at a major Canadian investment bank, where he conducted in-depth fundamental and technical research and prepared detailed investment recommendations for internal and external clients globally. Mike previously served as an Analyst and Trader on the Fixed Income team at a leading Canadian asset management firm and as an Investment Analyst at a Canadian multi-strategy hedge fund. He completed his Master of Business Administration (major in Finance & Funds Management) at the University of Toronto Rotman School of Management and also obtained his Bachelor of Commerce with honours from the University of Guelph. Mike is also a CFA Charterholder.

### **Brokerage Arrangements**

The primary consideration in all Portfolio transactions will be prompt execution of orders in an efficient manner on favourable terms. In selecting and monitoring dealers, the Manager may consider factors including the dealer's reliability, the quality of its execution services on a continuing basis, brokerage and research products and services and its financial condition.

### **Conflicts of Interest**

The management services of Harvest under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust prevents Harvest from providing similar management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities. Investments in securities purchased by the Manager on behalf of the Fund and other investment funds or trusts managed by the Manager, will be allocated to the Fund and such other investment funds or trusts on a pro rata basis according to the size of the order and the applicable investment restrictions and policies of the Fund and the other investment funds or trusts.

The Declaration of Trust acknowledges that the Trustee and the Manager may provide services to the Fund in other capacities, provided that the terms of any such arrangements are no less favourable to the Fund than those which would be obtained from parties which are at arm's length for comparable services. The Trustee may act as trustee of, and provide services to, issuers of securities, including issuers of securities in which the Fund has invested or may invest.

The Manager will refer conflict of interest matters to the IRC for review or approval.

### **Independent Review Committee**

In accordance with NI 81-107, the Manager has appointed an Independent Review Committee ("IRC") for the Fund and the investment funds managed by it. The IRC is composed of three individuals, each of whom is independent of the Manager, the Fund and entities related to the Manager. The members of the IRC are Karen McRae, James Adam Conyers and Donald Hathaway (chairman). The Manager is required to identify conflict of interest matters inherent in its management of the Fund and request input from the IRC in respect of how it manages those conflicts of interest, as well as its written policies and procedures outlining its management of those conflicts of interest. The IRC has adopted a written charter that it follows when performing its functions and is subject to requirements to conduct regular assessments. The mandate and responsibilities of the IRC are to consider and make a recommendation or approval, as applicable, with respect to any conflict of interest matter referred to it by the Manager. The IRC will prepare, at least annually, a report of its activities for Unitholders. This report will be available on the Harvest's website at [www.harvestportfolios.com](http://www.harvestportfolios.com) or at the Unitholder's request, at no cost, by contacting Harvest at 1-866-998-8298. Information contained on the Manager's website is not part of this prospectus and is not incorporated by reference.

The members of the IRC will be indemnified by the Manager and the Fund in accordance with NI 81-107. The IRC members will not be responsible for the investments made by the Fund or for the performance of the Fund. The members of the IRC may serve in a similar capacity in respect of other funds managed by the Manager. The Fund's pro rata share of all fees and expenses of the IRC (which is

currently anticipated to be \$11,000 per annum) will be paid by the Fund, and the regular fees and expenses of the IRC (based on the amounts agreed by the Manager for the first year) have been included in the Fund's estimated annual operating expenses (see "Fees and Expenses"). In future years the IRC members will set their own compensation in accordance with NI 81-107. In addition, the IRC has the authority, pursuant to NI 81-107 to retain independent counsel or other advisors, at the expense of the Fund, if the members deem it necessary to do so.

### **The Trustee**

The Manager is the trustee of the Fund pursuant to the Declaration of Trust and is responsible for certain aspects of the day-to-day administration of the Fund. The address of the Trustee where it principally provides services to the Fund is at 710 Dorval Drive, Suite 209, Oakville, Ontario L6K 3V7.

The Trustee may resign upon 60 days' notice to Unitholders. The Trustee shall be removed if the Trustee is no longer resident in Canada for purposes of the Tax Act, ceases to carry on its functions of managing the Fund in Canada, or ceases to exercise the main powers and discretions of the trustee in respect of the Fund in Canada, and the Trustee may be removed with the approval of a simple majority vote cast at a meeting of Unitholders, called for such purpose or by the Manager (if the Manager is not then the Trustee), if the Trustee has committed certain events of bankruptcy or insolvency or is in material breach or default of its obligations under the Declaration of Trust which breach has not been cured within 30 days after notice thereof has been given to the Trustee. Any such resignation or removal shall become effective only upon the acceptance of appointment by a successor. If the Trustee resigns, its successor may be appointed by the Manager. The successor must be approved by Unitholders if the Trustee is removed by Unitholders. If no successor has been appointed within 60 days, the Trustee or any Unitholder may apply to a court of competent jurisdiction for the appointment of a successor.

The Declaration of Trust will provide that the Trustee shall not be liable in carrying out its duties under the Declaration of Trust except where it is in breach of its obligations under the Declaration of Trust or where the Trustee fails to act honestly and in good faith, and in the best interests of Unitholders to the extent required by laws applicable to trustees, or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In addition, the Declaration of Trust will contain other customary provisions limiting the liability of the Trustee and indemnifying the Trustee, or any of its officers, directors, employees or agents, in respect of certain liabilities incurred by it in carrying out its duties.

### **The Custodian**

State Street Trust Company Canada will be appointed as the custodian (the "**Custodian**") and valuation agent of the Fund pursuant to separate custodian and valuation agreements between the Fund and the Custodian. The custodian's principal place of business in respect of the Fund is Toronto, Ontario. In accordance with the terms of the custodian agreement (the "**Custodian Agreement**"), the Custodian will be responsible for the safekeeping of all of the investments and other assets of the Fund delivered to it but not those assets of the Fund not directly controlled or held by the Custodian as the case may be. In the event that any portfolio assets are acquired by the Fund that cannot be held in Canada, the Custodian may appoint sub custodians who are qualified to act as such.

In carrying out its duties, the Custodian is required to exercise: (a) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances, or (b) at least the same degree of care which it gives to its own property of a similar kind under its custody, if this is a higher degree of care than in paragraph (a) above.

Except to the extent the Custodian has not complied with its standard of care, the Custodian will not be liable for any act or omission in the course of, or connected to, rendering services under the Custodian Agreement or for loss to, or diminution of, the Fund's property. In no event shall the Custodian be liable for any consequential or special damages. The Fund shall indemnify and save harmless the Custodian and its affiliates, subsidiaries and agents, and their directors, officers, and employees from and against all legal fees, judgments and amounts paid in settlement incurred by such indemnified parties in connection with custodial services provided under the Custodian Agreement except to the extent incurred as a result of breach of the above standard of care.

The Custodian Agreement provides that it may be terminated by either party at any time on 60 days written notice unless a different period is agreed to. Either party may terminate the Custodian Agreement immediately in the event that either party is declared bankrupt or shall be insolvent, the assets or the business of either party shall become liable to seizure or confiscation by a public or governmental authority, or the Manager's powers and authorities to act on behalf of or represent the Fund have been revoked or terminated.

In addition, the Custodian will be responsible for providing valuation services to the Fund and will calculate the NAV of the Fund and the NAV per Unit pursuant to the terms of a separate valuation service agreement. See "Calculation of Net Asset Value".



The Custodian will receive fees for custodial and valuation services provided to the Fund as described above.

### **Auditor**

The Fund's auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, at its principal office located at Suite 2600, 18 York Street, Toronto, Ontario, M5J 0B2

### **Registrar, Transfer Agent and Exchange Agent**

TSX Trust Company will be appointed the registrar, transfer agent and distribution agent for the Units and the exchange agent for the Exchange Option.

The register and transfer ledger for the Units will be kept by the Transfer Agent, at their principal offices located in Toronto, Ontario.

### **Promoter**

Harvest has taken the initiative in organizing the Fund and accordingly may be considered to be a "promoter" of the Fund within the meaning of the securities legislation of certain provinces of Canada. Harvest will receive fees from the Fund and will be entitled to reimbursement of expenses incurred in relation to the Fund as described under "Fees and Expenses".

## **CALCULATION OF NET ASSET VALUE**

The NAV of the Fund on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund, expressed in Canadian dollars at the Reference Exchange Rate on such date. The NAV of the Fund will be calculated using the value of the Fund's assets and liabilities based on the policies and procedures described below.

The NAV per Unit on any day will be obtained by dividing the NAV of the Fund allocated to the Units of such class, divided by the number of Units of such class then outstanding at the time the calculation is made.

### **Valuation Policies and Procedures of the Fund**

Unless otherwise required by law, in determining the NAV of the Fund the Manager will take into account:

- (i) the value of any cash on hand or on deposit, demand notes, accounts receivable, prepaid expenses, cash dividends or distributions received (or to be received and declared to shareholders of record on a date before the date as of which the net asset value is being determined), and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Manager determines that any such asset is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Manager determines to be the fair value thereof;
- (ii) bonds, debentures, notes, money market instruments and other debt securities shall be valued by taking the bid price at the NAV Valuation Time;
- (iii) any security that is listed or dealt in on a stock exchange shall be valued at the sale price applicable to a board lot last reported at the NAV Valuation Time on the principal stock exchange on which such security is traded, or if no sale price is available at that time, the last closing price quoted for the security, but if bid and ask quotes are available, at the average of the latest bid and ask price rather than the last quoted closing price;
- (iv) the value of any security, the resale of which is restricted or limited by reason of a representation, undertaking or agreement by the Fund or by the predecessor in title of the Fund shall be the lesser of (i) the value based on reported quotation in common use and (ii) that percentage of the market value of securities of the same class, the resale of which is not restricted or limited by reasons of any representation, undertaking or agreement, equal to the percentage that the acquisition cost of the Fund was of the market value of such securities at the time of acquisition, provided that a gradual taking into account of the actual value of the securities may be made when the date on which the restrictions will be lifted is known;
- (v) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, shall be treated as a liability of the Fund;

- (vi) any security sold but not delivered, pending receipt of the proceeds, shall be valued at the net sale price;
- (vii) if any date on which the NAV is determined is not a Business Day, then the securities comprising the Portfolio and other property of the Fund will be valued as if such date were the preceding Business Day;
- (viii) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Manager shall make such valuation as it considers fair and reasonable;
- (ix) the value of all assets of the Fund quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable to the Fund in foreign currency and the value of all liabilities and contractual obligations payable by the Fund in foreign currency shall be determined using the applicable rate of exchange current as quoted by customary banking sources at, or as nearly as practicable to, the applicable date on which the NAV is determined; and
- (x) the estimated operating expenses of the Fund shall be accrued to the date as of which the NAV is being determined.

Harvest may suspend the calculation of the NAV when the right to redeem a Unit is suspended. See “Redemption of Units – Suspension of Redemptions and Purchases”. During any period of suspension, there will be no calculation of the NAV and the Fund will not be permitted to issue or redeem Units. The calculation of the NAV will resume when trading in the Fund’s securities resumes.

### **Reporting of Net Asset Value**

The NAV per Unit will be calculated on each Business Day based on valuations as of the close of trading (Toronto time). The calculated NAV per Unit will be made available on the internet at [www.harvestportfolios.com](http://www.harvestportfolios.com).

### **ATTRIBUTES OF THE UNITS**

The Offering consists of a minimum of 1,666,667 Units and a maximum of • Units. The following is a summary of the material attributes and characteristics of the Units as set out in the Declaration of Trust. This summary does not purport to be complete and is subject to, and qualified by, the terms of the Declaration of Trust.

#### **Units**

The Fund is authorized to issue an unlimited number of transferable, redeemable units of such classes as may be determined by the Manager from time to time. Initially, one class of units has been authorized for issuance and the Fund is authorized to issue an unlimited number of Units. The beneficial interests in the net assets and net income of the Fund are reflected in the Units.

Except as provided under “Plan of Distribution – Non-Resident Unitholders”, all Units have equal rights and privileges. Each Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, and distributions upon the termination of the Fund. On the redemption of Units, however, the Fund may in its sole discretion, designate capital gains as payable to the redeeming Unitholders as described under “Income Tax Considerations – Taxation of Unitholders”. Units are issued only as fully paid and are non-assessable. Units will only be issued through the book-entry only system administered by CDS as described below.

Immediately after a pro-rata distribution of Units to all Unitholders of a class in satisfaction of any non-cash distribution, the number of outstanding Units of the applicable class will be consolidated such that each Unitholder will hold after the consolidation the same number of Units of the applicable class as the Unitholder held before the non-cash distribution, except in the case of a non-resident Unitholder to the extent tax was required to be withheld in respect of the distribution. Further details with respect to the modification, amendment or variation of any rights attached to the Units are described in the section “Unitholder Matters”.

Prior to Conversion, registration of interests in and transfers of the Units will be made only through the book-entry only system of CDS. As a result, the Fund will deliver to CDS a certificate evidencing the aggregate number of Units immediately following the closing of the Offering. Units must be purchased, transferred and surrendered for retraction only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS and the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the Fund, the Custodian, Harvest nor the Agents will have any liability for (i) records maintained by CDS relating to the beneficial interests in the Units or the book-entry only accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

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

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

On termination or liquidation of the Fund, the Unitholders of record are entitled to receive on a pro-rata basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund.

### **Purchase for Cancellation**

The Declaration of Trust provides that the Fund may, prior to Conversion, in its sole discretion, from time to time, purchase (in the open market or by invitation for tenders) Units for cancellation subject to applicable law and stock exchange requirements, based on the Manager's assessment that such purchases are accretive to Unitholders, in all cases at a price per Unit not exceeding the most recently calculated Net Asset Value per Unit of Unit immediately prior to the date of any such purchase of Units. It is expected that these purchases will be made as normal course issuer bids through the facilities and under the rules of the Exchange or such other exchange or market on which the Units are then listed.

### **Take-over Bids**

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

## **UNITHOLDER MATTERS**

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

### **Meetings of Unitholders**

A meeting of Unitholders may be convened by the Trustee or the Manager at any time and must be convened if requisitioned by the holders of not less than 25% of the Units then outstanding by a written requisition specifying the purpose of the meeting. Unitholders may request to change the Manager only if the Manager is in material breach under the Declaration of Trust and, if capable of being cured, any such breach or default has not been cured within 30 days' notice of such breach or default to the Manager. Not less than 21 days and not more than 50 days' notice will be given of any meeting of Unitholders. The quorum at any meeting of all Unitholders is two Unitholders present in person or by proxy except for the purpose of any meeting called by Unitholders to consider item (a) under "Unitholder Matters – Matters Requiring Unitholder Approval" in which case the quorum shall be Unitholders holding 25% of the outstanding Units. If no quorum is present at any meeting when called, the meeting, if called on the requisition of Unitholders, will be terminated and otherwise will be adjourned for not less than 14 days and at the adjourned meeting the Unitholders then present in person or represented by proxy will form the necessary quorum. At any meeting of Unitholders, each Unitholder will be entitled to one vote for each Unit registered in the Unitholder's name.

The Fund does not intend to hold annual meetings of Unitholders

### **Matters Requiring Unitholder Approval**

Prior to Conversion, the Fund is required to obtain Unitholder approval for certain matters as set out in Part 5 of NI 81-102 that are applicable to non-redeemable investment funds. In addition to such requirements, any matter to be considered at a meeting of Unitholders, other than certain matters requiring the approval by Extraordinary Resolution as set out below, require the approval of Unitholders by Ordinary Resolution. Pursuant to the Declaration of Trust, the following matters require approval by Extraordinary Resolution:

- (i) a change of the manager of the Fund, other than to an affiliate of the Manager;
- (ii) a change in the investment restrictions of the Fund unless such change is necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time; or
- (iii) a termination of the Fund, other than as described under “Termination of the Fund”.

In addition, the Manager may, without obtaining Unitholder approval, merge the Fund (a “**Permitted Merger**”) with another fund or funds in accordance with applicable laws. If the Manager determines that a merger is a Permitted Merger, the Manager can effect the merger, including any required changes to the Declaration of Trust, without seeking Unitholder approval for the merger or such amendments. If a decision is made to merge, the Manager will send Unitholders written notice at least 60 days prior to the proposed effective date thereof disclosing details of the proposed merger. While the funds to be merged will have similar investment objectives, the funds may have different investment strategies, guidelines and restrictions and, accordingly, the units of the merged funds will be subject to different risk factors.

The Unitholders will also be permitted to vote on any modification, amendment, alteration or deletion of rights, privileges or restrictions attaching to the Units which would have a material adverse effect on the interest of the Unitholders. No amendment may be made to the Declaration of Trust which would have the effect of reducing the expenses reimbursable to the Manager or terminating the Manager unless the Manager, in its sole discretion, consents.

#### **Amendments to the Declaration of Trust**

The Trustee at the request of the Manager may, without the approval of or notice to Unitholders, amend the Declaration of Trust for certain limited purposes specified therein, including to:

- (i) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law or regulation applicable to or affecting the Fund;
- (ii) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (iii) bring the Declaration of Trust into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities industry, provided that any such amendment does not adversely affect the pecuniary value of the interests of the Unitholders;
- (iv) maintain the status of the Fund as a “mutual fund trust” for the purposes of the Tax Act or to respond to amendments to such Act or to the interpretation thereof;
- (v) change the name of the Fund;
- (vi) provide added protection or benefit to Unitholders;
- (vii) create one or more new class or classes of units of the Fund having rights or privileges inferior to or equal to the outstanding units of any class and make amendments to the Declaration of Trust related thereto, provided that the rights of existing Unitholders are not changed in an adverse manner;
- (viii) terminate the Fund without Unitholder approval as set forth under the heading “Termination of the Fund”;
- (ix) divide the capital of the Fund into one or more series of Units and to establish the attributes of each series, provided that the rights of existing Unitholders are not changed in an adverse manner;
- (x) make amendments in connection with effecting the Conversion including to delete any provisions which have application only prior to Conversion; and
- (xi) make any changes to effect a Permitted Merger.

Except for changes to the Declaration of Trust that require the approval of Unitholders or changes described above that do not require approval of or prior notice to Unitholders, the Declaration of Trust may be amended from time to time by the Trustee, at the request of the Manager, upon not less than 30 days prior written notice to Unitholders

### **Reporting to Unitholders**

The Fund will prepare, file and send to Unitholders unaudited semi-annual and audited annual financial statements of the Fund and other documents in accordance with the requirements in NI 81-106.

### **Non-Resident Holders**

At no time may persons who are non-residents of Canada or partnerships which are not “Canadian partnerships” for the purposes of the Tax Act (or any combination thereof) (“**non-residents**”) be the beneficial owners of a majority of the Units and the Trustee shall inform the Registrar and Transfer Agent of this restriction. The Trustee may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustee becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units then outstanding are, or may be, non-residents, or that such a situation is imminent, the Trustee may make a public announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Units to a person unless the person provides a declaration that the person is not a non-resident. If the Trustee determines that 45% or more of the Units then outstanding are beneficially held by non-residents, the Trustee shall send a notice to such non-resident Unitholders, chosen in inverse order to the order of acquisition or in such other manner as the Trustee may consider equitable and practicable, requiring them to dispose of their Units or a portion thereof within a specified period of not less than 30 days to residents of Canada or partnerships which are “Canadian partnerships” for the purposes of the Tax Act. If the Unitholders receiving such notice have not disposed of the specified number of Units or provided the Trustee with satisfactory evidence that they are not non-residents within such period, the Trustee may, on behalf of such Unitholders, dispose of such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such disposition, the affected Unitholders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of disposition of such Units. Notwithstanding the foregoing, the Trustee may determine not to take any of the actions described above if the Trustee has been advised by legal counsel that the failure to take any such actions would not adversely impact the status of the Fund as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Fund as a mutual fund trust for purposes of the Tax Act.

### **International Information Reporting**

Pursuant to the Canada-United States Enhanced Tax Information Exchange Agreement entered into between Canada and the United States on February 5, 2014 (the “**IGA**”) and related Canadian legislation in the Tax Act, the dealers through which Unitholders hold their Units are required to report certain information to the CRA with respect to Unitholders who are U.S. residents or U.S. citizens (including U.S. citizens who are residents and/or citizens of Canada), and certain other “U.S. Persons”, as defined under the IGA (excluding Registered Plans). The CRA is expected to provide the information to the U.S. Internal Revenue Service.

Pursuant to the provisions of the Tax Act that implement the Organization for Economic Co-operation and Development Common Reporting Standard (the “**CRS Provisions**”), “Canadian financial institutions” (as defined in the CRS Provisions) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which are resident in a foreign country (other than the U.S.) and to report required information to the CRA. Such information is expected to be exchanged on a reciprocal, bilateral basis with the countries, where such countries have agreed to a bilateral information exchange with Canada under the Common Reporting Standard in which the account holders or such controlling persons are resident. Under the CRS Provisions, Unitholders may be required to provide certain information regarding their investment in the Fund for the purpose of such information exchange, unless the investment is held within a Registered Plan.

## **TERMINATION OF THE FUND**

The Fund does not have a fixed termination date. However, the Fund may be terminated, prior to Conversion, at any time upon not less than 90 days’ written notice by the Trustee provided that the prior approval of Unitholders has been obtained by Extraordinary Resolution at a meeting of Unitholders called for that purpose (the “**Termination Date**”); provided, however, that the Trustee may, in its discretion, on 60 days’ notice to Unitholders, terminate the Fund without the approval of Unitholders if, in the opinion of the Trustee, the NAV of the Fund is reduced as a result of redemptions or otherwise so that it is no longer economically feasible to continue the Fund. In either case, a press release disclosing the termination must be issued not earlier than 15 days and not later than 90 days prior to the termination.

The Fund will issue a press release not earlier than 15 days and not later than 90 days prior to the Termination Date setting forth the details of the termination including the fact that, upon termination, the net assets of the Fund will be distributed to Unitholders on a *pro rata* basis.

Immediately prior to the termination of the Fund, including on the Termination Date, the Trustee or the Manager, as applicable, will, to the extent possible, convert the assets of the Fund to cash and after paying or making adequate provision for all of the Fund's liabilities, distribute the net assets of the Fund to the Unitholders as soon as practicable after the date of termination, subject to compliance with any securities or other laws applicable to such distributions.

## USE OF PROCEEDS

The Fund will use the net proceeds of the Offering (including any net proceeds from the exercise of the Over-Allotment Option) to invest in the Portfolio in accordance with the investment objectives and investment restrictions of the Fund.

The net proceeds from the sale of Units (prior to the exercise of the Over-Allotment Option) will be as follows:

	Minimum Offering <sup>(1)</sup>	Maximum Offering <sup>(1)(2)</sup>
Gross proceeds to the Fund	\$20,000,004.00	\$•
Agents' fees <sup>(3)</sup>	\$900,000.18	\$•
Expenses of the Offering <sup>(3)</sup>	\$300,000.00	\$600,000.00
Net proceeds to the Fund	\$18,800,003.82	\$•

Notes:

(1) There will be no Closing unless a minimum of 1,666,667 Units are sold. If subscriptions for a minimum of 1,666,667 Units have not been received within 90 days following the date of issuance of a final receipt for this prospectus, this Offering may not continue unless an amendment to this prospectus is filed.

(2) The Fund has granted to the Agents an Over-Allotment Option, exercisable for a period of 30 days from the Closing Date, to purchase additional Units, at a price of \$12.00 per Unit, in an amount up to 15% of the aggregate number of Units issued at Closing on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents' fees and the net proceeds to the Fund before deducting the expenses of the Offering will be \$•, \$• and \$•, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Agents' over-allocation position acquires such Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

(3) Subject to a maximum of 1.5% of the gross proceeds of the Offering.

To the extent that Exchange Eligible Securities are acquired pursuant to the Exchange Option, the Fund will consider such securities in light of the Fund's investment objectives, strategy and restrictions and the Manager's outlook for the issuers of such securities. In the event the Manager determines to sell any such securities based on the foregoing considerations, the timing and manner of any such sales will be made having regard to maximizing value for the Fund. The Manager will ensure that the holdings of such securities comply with the investment restrictions of the Fund.

## PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents have agreed to conditionally offer the Units for sale, as agents of the Fund, on a best efforts basis, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the Agency Agreement, and subject to approval of certain legal matters by Blake, Cassels & Graydon LLP on behalf of the Fund and McCarthy Tétrault LLP on behalf of the Agents.

The Agents will receive a fee equal to \$0.54 (4.5%) per Unit (either in cash or for Exchange Eligible Securities deposited and accepted pursuant to the Exchange Option) and will be reimbursed for reasonable 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 Units offered hereby, the Agents will not be obligated to purchase Units that are not sold. The Offering price of \$12.00 per Unit (payable in cash or Exchange Eligible Securities pursuant to the Exchange Option) was established by negotiation between the Agents and the Manager. There is currently no market through which the Units can be sold.

The Fund has granted the Agents an option (the “**Over-Allotment Option**”), exercisable for a period of 30 days from the closing of the Offering to purchase up to 15% of the aggregate number of the Units issued at the Closing on the same terms as set forth above. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents’ fee and the net proceeds to the Fund before deducting the expenses of the Offering will be \$•, \$• and \$•, respectively.

If subscriptions for a minimum of 1,666,667 Units (\$20,000,004) (including Exchange Eligible Securities deposited and accepted pursuant to the Exchange Option) have not been received within 90 days following the date of issuance of a final receipt for this prospectus, the Offering may not continue unless an amendment to this prospectus is filed and a receipt therefor has been issued. 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. In the event the minimum offering is not achieved by the Fund and the necessary consents are not obtained or if the Closing does not occur for any reason, subscription proceeds received from prospective purchasers will be returned to such purchasers promptly without interest or deduction. Subscriptions for Units will be received subject to rejection or allotment in whole or in part. Subscription proceeds pursuant to the Offering will be received by the Agents and held in trust in a segregated account until subscriptions for the minimum Offering are received and the other closing conditions of the Offering have been satisfied. The right is reserved to close the subscription books at any time without notice. Closing is expected to occur on or about December •, 2019, but, in any event, not later than 90 days after a receipt for the final prospectus is issued.

Pursuant to policy statements of the Ontario Securities Commission, the Agents may not, throughout the period of distribution under this prospectus, bid for or purchase Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Units. These exceptions include a bid or purchase permitted under the by-laws and rules of the Exchange relating to market stabilization and passive market making activities and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing and applicable laws an Agent may, in connection with this Offering, over-allot or effect transactions in connection with its over-allotted position. Such transactions, if commenced, may be discontinued at any time.

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

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The Manager will receive fees from the Fund for its services and will be reimbursed by the Fund for all reasonable expenses and liabilities incurred in connection with the operation and management of the Fund. See “Fees and Expenses”.

## **PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD**

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

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

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

The Manager’s proxy voting policies and procedures include procedures to ensure that Portfolio Securities held by the Fund are voted in accordance with the Fund’s instructions. The Manager will post the proxy voting record annually at [www.harvestportfolios.com](http://www.harvestportfolios.com). The Fund will send the most recent proxy voting policies and procedures and proxy voting record, without charge, to any Unitholder upon a request made by the Unitholder.

## **MATERIAL CONTRACTS**

The following contracts can reasonably be regarded as material to purchasers of Units:

- (i) the Declaration of Trust described under “Organization and Management Details of the Fund”;
- (ii) the Agency Agreement described under “Plan of Distribution”; and
- (iii) the Custodian Agreement described under “Organization and Management Details of the Fund”.

Copies of the foregoing documents, after the execution thereof, may be inspected during business hours at the principal office of the Fund during the course of distribution of the Units offered hereby. Any of the foregoing contracts that are not executed prior to the filing of this prospectus will be filed with the securities regulatory authorities forthwith after such contract is entered into.

## **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

In September 2013, Michael Kovacs, President and Chief Executive Officer of the Manager, entered into a settlement agreement and order with the OSC with respect to certain personal trades and failing to file insider trading reports in connection with a fund managed by the Manager. Pursuant to the settlement agreement reached between the OSC and Mr. Kovacs, he agreed to an order which included that all of his trades be pre-cleared by the chief compliance officer of the Manager for a period of one year following the date of the settlement agreement. Pursuant to the settlement agreement, Mr. Kovacs paid a voluntary payment of \$15,000 and paid an administrative penalty and costs of the OSC’s investigation in the amount of \$15,000. A copy of the settlement agreement and order of the OSC is available on the OSC’s website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

## **EXPERTS**

The matters referred to under “Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon by Blake, Cassels & Graydon LLP, on behalf of the Fund and McCarthy Tétrault LLP, on behalf of the Agents. As at the date hereof, the partners and associates of Blake, Cassels & Graydon LLP, as a group, and McCarthy Tétrault LLP, as a group, beneficially own, directly or indirectly, none of the securities of the Fund but may subscribe for Units pursuant to the Offering.

The Fund’s auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, who has prepared an independent auditor’s report dated •, 2019 in respect of the Fund’s statement of financial position as at •, 2019. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

None of these professional firms has any registered or beneficial interest, direct or indirect, in the securities of the Fund or of an associate or affiliate of the Fund

## **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. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission, or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the 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 any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal adviser.



## **INDEPENDENT AUDITOR'S REPORT**

### **To the Unitholder and the Trustee of Harvest Canadian Consolidated Energy Fund (the "Fund")**

#### **Our opinion**

In our opinion, the accompanying financial statement of the Fund presents fairly, in all material respects, the financial position of the Fund as at •, 2019 in accordance with those requirements of International Financial Reporting Standards (IFRS) relevant to preparing a statement of financial position.

#### **What we have audited**

The financial statement of the Fund comprises the statement of financial position as at •, 2019 and the notes to the financial statement, which include a summary of significant accounting policies.

#### **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 Fund 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 of the Fund 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 of the Fund 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 the financial statement, management is responsible for assessing the ability of the Fund 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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Fund.

#### **Auditors responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole for the Fund 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 the financial statement of the Fund.

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 of the Fund, 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 internal control of the Fund.
- 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 ability of the Fund 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 of the Fund 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement of the Fund, 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  
•, 2019

**HARVEST CANADIAN CONSOLIDATED ENERGY FUND  
STATEMENT OF FINANCIAL POSITION**

**As at •, 2019**

**ASSETS**

**Current Assets**

Cash .....	\$12.00
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<b>Total Assets</b>	<b>\$12.00</b>
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**Net Assets Attributable to Holders of Redeemable Units** (1 Unit issued and redeemable)

Unit .....	\$12.00
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<b>Total Net Assets Attributable to Holders of Redeemable Units</b>	<b>\$12.00</b>
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**Net Assets Attributable to Holders of Redeemable Units** (per unit)

Unit (Note 5) .....	\$12.00
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Approved by the Manager:

**HARVEST PORTFOLIOS GROUP INC.**

MICHAEL KOVACS  
DIRECTOR

MARY MEDEIROS  
DIRECTOR

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

## **HARVEST CANADIAN CONSOLIDATED ENERGY FUND NOTES TO STATEMENT OF FINANCIAL POSITION**

### **1. GENERAL INFORMATION**

Harvest Canadian Consolidated Energy Fund (the “**Fund**”), a closed-end investment trust, was established under the laws of the Province of Ontario by a declaration of trust made as of •, 2019 (the “**Declaration of Trust**”). The Manager of the Fund is Harvest Portfolios Group Inc. (“**Harvest**” or the “**Manager**”). Pursuant to the Declaration of Trust, Harvest in its capacity as trustee of the Fund, contributed \$12.00 which constitutes the initial trust property of the Fund, and as such is the Fund’s ultimate parent as of that date. The address of the registered office is 710 Dorval Drive, Suite 209, Oakville, Ontario L6K 3V7.

The Fund’s investment objectives are to provide holders of Units with: (i) quarterly cash distributions; and (ii) the opportunity for capital appreciation through investments primarily in listed Equity Securities of companies operating in the Canadian Energy Universe.

In selecting the Canadian Energy Issuers from the Canadian Energy Universe, the Manager may give consideration to: (i) each issuer’s fundamental balance sheet position; (ii) each issuer’s opportunity for financial growth; (iii) production costs for commodity producing issuer; (iv) the experience of the issuer’s management team; (v) oil and natural gas production allocation; and (vi) overall portfolio energy sub-sector diversity. The Manager may reconstitute and rebalance the Canadian Portfolio more frequently if a Canadian Energy Issuer in the Canadian Portfolio is the subject of a merger or other fundamental corporate action that in the opinion of the Manager requires the Canadian Energy Issuer to be removed from the Canadian Portfolio.

The statement of financial position was authorized for issue by the Board of Directors of the trustee of the Fund on •, 2019.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of the statement of financial position are set out below.

#### **Basis of presentation**

The financial statement of the Fund is prepared in accordance with International Financial Reporting Standards (“**IFRS**”), as published by the International Accounting Standards Board (IASB) relevant to preparing a statement of financial position. The statement of financial position has been prepared under the historical cost convention.

#### **Functional and presentation currency**

The financial statement is presented in Canadian dollars, which is the Fund’s functional and presentation currency.

#### **Financial instruments**

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit or loss. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund’s obligation for net assets attributable to the holder of redeemable units is presented at the redemption amount, which approximates fair value.

Cash is held by counsel in trust.

#### **Securities valuation**

The NAV of the Fund on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund, expressed in Canadian dollars on such date. The NAV of the Fund will be calculated using the value of the Fund’s assets and liabilities.

#### **Net assets attributable to holders of redeemable units per unit**

The NAV per Unit on any day will be obtained by dividing the NAV of the Fund divided by the number of Units then outstanding at the time the calculation is made.

## Redeemable units

The Fund's outstanding redeemable unit's entitlements include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset. Prior to conversion, the Fund's units are redeemable monthly at 95% of their market price. As a result, the Fund's unit contains multiple contractual obligations and is presented as a financial liability in accordance with the requirements of International Accounting Standard 32 Financial Instruments: Presentation.

### 3. FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of cash and the Fund's obligation for net assets attributable to the holder of redeemable units approximate their fair values.

### 4. REDEEMABLE UNITS

The authorized capital of the Fund consists of an unlimited number of transferable units, each of which represents an equal, undivided interest in the net assets of the Fund. Except as provided in the Declaration of Trust, all units have equal rights and privileges. Each unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally in any and all distributions made by the Fund.

The Manager intends that on or about June 15, 2021 (approximately 18 months following the Closing Date) the Fund will, subject to applicable law, which may require Unitholder and/or regulatory approval, convert into or merge by way of a tax-deferred merger with an exchange-traded mutual fund (the "**Conversion**"), in each case managed by the Manager (or an affiliate) (any such converted or merged fund being the "**Converted Fund**"). It is the Manager's intention that the Converted Fund have substantially similar investment strategy to that of the Fund and accordingly, it will invest primarily in securities of companies in the energy sector. The expenses associated with the Conversion will be paid by the Manager and not the Fund.

All issued redeemable units are fully paid. In accordance with the objectives outlined in Note 1, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of securities held where necessary.

## Redemptions

Units may be surrendered prior to 5:00 p.m. (Toronto time) on the 10th business day before the last business day of the applicable month by the holders for monthly redemption. Upon receipt by the Fund of the redemption notice, the holder of a unit shall be entitled to receive a price per unit (the "**Monthly Redemption Price**") equal to the lesser of:

- (i) 95% of the Market Price; and
- (ii) 100% of the Closing Market Price of a Unit on the applicable Monthly Redemption Date less, in each case, any costs associated with the redemption including commissions and such other costs, if any.

Notwithstanding the Monthly Redemption Price formula above, at no time will the Fund pay out redemption proceeds greater than the NAV per unit as determined on the Monthly Redemption Date for each unit being redeemed on such Monthly Redemption Date. After Conversion, Units may be redeemed on a daily basis.

In the event the Conversion does not occur, Units may be redeemed annually on the second last Business Day of July for each year commencing in 2021 ("**Annual Redemption Date**") for a redemption price equal to the NAV per Unit as of such Annual Redemption Date (less any costs and expenses associated with the redemption).

### 5. MANAGEMENT FEES AND OTHER EXPENSES

Harvest is responsible for providing or arranging for required general and administrative services to the Fund.

Pursuant to the Declaration of Trust, the Manager is entitled to a management fee at an annual rate of 0.75% of NAV (the "**Management Fee**") plus applicable taxes. Fees payable to Harvest will be calculated and payable monthly in arrears based on the average NAV

calculated at each Valuation Time during that month. The Management Fee will be paid in cash. No management fees shall be payable by the Fund that would duplicate a fee payable by the Global Energy Fund for the same services and no sales or redemption fees shall be payable by the Fund in relation to its purchases or redemptions of the units of the Global Energy Fund.

In consideration for the services provided by the trustee of the Fund (except when the Manager is the trustee of the Fund), the Fund will pay a monthly fee to be agreed upon between the trustee of the Fund and Harvest.

The Fund will pay for all ordinary expenses incurred in connection with its operation and administration and any applicable taxes, including HST. It is expected that the expenses for the Fund will include, without limitation: fees payable to the Custodian and other third party services providers, legal, accounting, audit and valuation fees and expenses, fees and expenses of the members of the Independent Review Committee (“**IRC**”), expenses related to compliance with NI 81-107 – *Independent Review Committee for Investment Funds*, fees and expenses relating to the voting of proxies by a third party, premiums for insurance coverage for the officers and directors of the members of the IRC, costs of reporting to Unitholders, registrar, transfer and distribution agency costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements, website maintenance costs, taxes, 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 including any costs associated with the printing and mailing costs of any documents that the securities regulatory authorities require be sent or delivered to investors in the Fund and extraordinary expenses that the Fund may incur. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Fund, the Manager, the Custodian, the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund. The aggregate annual amount of these expenses is estimated to be \$250,000. The Fund will also be responsible for all commissions and other costs of Portfolio transactions including in connection with the disposition of securities acquired pursuant to the Exchange Option and any extraordinary expenses of the Fund which may be incurred from time to time.

The Fund will pay the expenses incurred in connection with the Offering of Units by the Fund, subject to a maximum of 1.5% of the gross proceeds of the Offering. The expenses of the Offering, together with the Agent’s fees, payable by the Fund, will be reflected as a reduction of net assets attributable to the holder of redeemable units.

## **6. AGENCY AGREEMENT**

The Fund and the Manager have entered into an agency agreement with BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Canaccord Genuity Corp., GMP Securities L.P., Raymond James Ltd., Desjardins Securities Inc., Echelon Wealth Partners Inc., Industrial Alliance Securities Inc., Mackie Research Capital Corporation, Manulife Securities Incorporated and PI Financial Corp. (collectively, the “**Agents**”) dated as of •, 2019 pursuant to which the Fund has agreed to create, issue and sell, and the Agents have agreed to offer for sale to the public, a minimum of 1,666,667 Units and a maximum of • Units at \$12.00 per Unit (in cash or pursuant to the Exchange Option as further described in the prospectus of the Fund). The Agents’ fee will be \$0.54 (4.5%) for each Unit sold.

The Fund has granted to the Agents an option exercisable for a period of 30 days following the closing of the Offering to purchase additional Units in an amount up to 15% of the aggregate number of Units issued at the closing of the Offering on the same terms as the offering of Units to cover over allotments, if any.

**CERTIFICATE OF THE FUND, THE MANAGER AND THE PROMOTER**

Dated: October 29, 2019

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.

**Harvest Portfolios Group Inc.**  
**(as Manager and Promoter of the Fund)**

(signed) MICHAEL KOVACS  
Chief Executive Officer and President

(signed) DANIEL LAZZER  
Chief Financial Officer

**On behalf of the Board of Directors of Harvest Portfolios Group Inc.**  
**(as Manager and Promoter of the Fund)**

(signed) NICK BONTIS  
Director

(signed) MARY MEDEIROS  
Director

## CERTIFICATE OF THE AGENTS

Dated: October 29, 2019

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.

**BMO NESBITT BURNS INC.**

(signed) ROBIN G. TESSIER

**CIBC WORLD MARKETS INC.**

(signed) VALERIE TAN

**RBC DOMINION  
SECURITIES INC.**

(signed) CHRISTOPHER BEAN

**SCOTIA CAPITAL INC.**

(signed) ROBERT HALL

**NATIONAL BANK FINANCIAL  
INC.**

(signed) GAVIN BRANCATO

**TD SECURITIES INC.**

(signed) ADAM LUCHINI

**CANACCORD GENUITY CORP.**

(signed) MICHAEL D. SHUH

**GMP SECURITIES L.P.**

(signed) PAUL BISSETT

**RAYMOND JAMES LTD.**

(signed) MATTHEW COWIE

**DESJARDINS  
SECURITIES INC.**

(signed) NIKOLAS  
JAVAHERI

**ECHELON  
WEALTH  
PARTNERS INC.**

(signed) BETH  
SHAW

**INDUSTRIAL  
ALLIANCE  
SECURITIES INC.**

(signed) RICHARD  
KASSABIAN

**MACKIE RESEARCH  
CAPITAL  
CORPORATION**

(signed) DAVID  
KEATING

**MANULIFE  
SECURITIES  
INCORPORATED**

(signed) STEPHEN  
ARVANITIDIS

**PI FINANCIAL  
CORP.**

(signed) TRINA  
WANG