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

PROSPECTUS

Initial Public Offering **October 28, 2011**

Canadian Premium Select Income Fund

Maximum: $100,000,000 (8,333,333 Units)

$12.00 per Unit

Canadian Premium Select Income Fund (or CaPS Income Fund) (the "Fund") is a closed-end investment fund established under by the laws of the Province of Ontario which proposes to issue units (the "**Units**") of the Fund (the "**Offering**"), and this prospectus qualifies the issuance of Units, at a price of $12.00 per Unit. Each Unit consists of one transferable trust unit ("**Trust Unit**") and one Trust Unit purchase warrant ("**Warrant**"). The Units will separate into Trust Units and Warrants upon the earlier of the closing of the Over-Allotment Option (as defined herein) and the 30th day following the closing of the Offering. **Each Warrant entitles the holder to purchase one Trust Unit at the subscription price of $12.00 per Trust Unit by notifying the Warrant Agent (as defined herein) during the period between May 15, 2013 and 5:00 p.m. (Toronto time) on May 31, 2013 (the "Warrant Exercise Date"). Such Warrants will be exercised effective at 5:00 p.m. (Toronto time) on and only on May 31, 2013. Warrants not exercised prior to 5:00 p.m. on the Warrant Exercise Date will be void and of no value.**

The value of Trust Units will be reduced if the NAV per Trust Unit exceeds $11.70 and Warrants are exercised. If a holder of Trust Units (the "**Unitholder**") does not exercise Warrants in such circumstances, the Unitholder's pro rata interest in the assets of the Fund will be diluted. In order to maintain a Unitholder's pro rata interest in the assets of the Fund, the Unitholder will be required to pay in connection with the exercise of the Warrants an additional amount equal to the amount originally invested by the Unitholder on the Closing Date (as defined herein). While a Unitholder may sell the Warrants acquired hereunder, no assurance can be given that the proceeds of such sale would compensate the Unitholder for such dilution. As soon as practicable following the exercise of a Warrant, the Fund will pay a fee equal to $0.18 per Warrant to the broker whose client is exercising the Warrant and $0.12 per Warrant to the Agents (as defined herein). Such fees will reduce the Net Asset Value of the Fund by those amounts. See "Warrant Considerations" and "Attributes of the Units, Trust Units and Warrants – Warrants".

The Fund is being established to invest in a diversified portfolio (the "**Portfolio**") of Equity Securities (as defined herein) of 15 Canadian issuers with a market capitalization of at least $1 billion, selected and rebalanced semi-annually on an equally weighted basis by Highstreet Asset Management Inc. (the "**Investment Manager**" or "**Highstreet**") from the S&P/TSX Composite Dividend Index (as defined herein). The S&P/TSX Composite Dividend Index is comprised of all securities from the S&P/TSX Composite Index (as defined herein) with positive indicated annual dividend yields and is currently made up of the securities of approximately 179 issuers.

The investment objectives of the Fund are to provide Unitholders with (i) monthly cash distributions; (ii) the opportunity for capital appreciation; and (iii) lower overall volatility of the Portfolio returns than would otherwise be experienced by owning the Equity Securities held by the Fund directly; by investing in the Portfolio and writing covered call options on no more than 33% of the Equity Securities of each issuer held in the Portfolio. See "Investment Objectives".

Harvest Portfolios Group Inc. (the "**Manager**" or "**Harvest**") will act as the trustee, manager and promoter of the Fund and will provide all administrative services required by the Fund. See "Organization and Management Details of the Fund – The Manager".

Highstreet has been retained as the investment manager for the Fund. See "Organization and Management Details of the Fund – The Investment Manager".

No leverage will be used by the Fund.

Price: $12.00 per Unit
(Minimum Purchase: 200 Units)

	Price to the Public[(1)]	Agents' Fee	Net Proceeds to the Fund[(2)]
Per Unit	$12.00	$0.63	$11.37
Total Minimum Offering[(3)]	$20,000,000	$1,050,000	$18,950,000
Total Maximum Offering[(4)]	$100,000,000	$5,250,000	$94,750,000

Notes:

(1) The Offering price was established by negotiation between the Agents and the Manager.

(2) Before deducting the expenses of this issue (estimated at $650,000) which, subject to a maximum of 1.5% of the gross proceeds of the Offering will, together with the Agents' fees, be paid out of the proceeds of the Offering.

(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 following the date of issuance of a final receipt for this prospectus, the Offering may not continue without the consent of the securities 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 (the "**Closing**"), to purchase an aggregate of up to 15% of the aggregate number of Units issued at the closing of the Offering on the same terms set forth above (the "**Option Units**"). If the Over-Allotment Option is exercised in full, the total price to the public under the maximum offering will be $115,000,000, the Agents' fees will be $6,037,500 and the net proceeds to the Fund will be $108,962,500. This prospectus also qualifies the granting of the Over-Allotment Option and the distribution of the Option Units that may be offered in relation to the Over-Allotment Option. A purchaser who acquires Option Units forming part of the Agents' over-allocation position acquires such Option 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".

The Portfolio would be required to generate a return of approximately 8.38% per annum in order for the Fund to maintain a stable Net Asset Value per Trust Unit (after accounting for the fees and expenses of the Offering) while making the initial cash distributions of $0.78 per annum (assuming an offering size of $100 million and fees and expenses are as disclosed herein). The Fund is expected to generate dividend and distribution income of approximately 4.30% per annum (based on the current cash yield on the Indicative Portfolio which may vary from the actual Portfolio and therefore vary the actual yield). The Portfolio would be required to generate an additional return of approximately 4.08% per annum, including from option premiums, realized capital appreciation and dividend and distribution growth, in order for the Fund to maintain its initial targeted distributions level and a stable NAV (as defined herein). The distributable cash flow and monthly distributions to Unitholders will be substantially based upon the level of premiums realized by the Fund pursuant to the option writing strategy described herein and on the level of dividends and other distributions received on the securities comprising the Portfolio. As the Fund will not write call options on more than 33% of the Equity Securities of each issuer in the Portfolio, if there is a significant decrease in the volatility of the Equity Securities comprising the Portfolio, this could have a significant adverse effect on the distributable cash flow generated by the Fund and accordingly, the distributions, if any paid by the Fund from time to time. **The amount of monthly cash distributions may fluctuate from month to month and there can be no assurance that the Fund will make any distributions in any particular month or months**. If the annual return derived from the Portfolio, including the call option premiums, is less than the amount necessary to fund the monthly distributions and if the Manager chooses nevertheless to ensure that the monthly distributions are paid to Unitholders at the initial Indicative Distribution Amount (as defined herein), this will result in a portion of the capital of the Fund being returned to Unitholders. After the Conversion (as defined herein), the Portfolio would be required to generate a return of approximately 8.98% per annum from option premiums, realized capital appreciation and dividend and distribution growth in order to fund distributions at the initial Indicative Distribution Amount. The use of call options may have the effect of precluding the Fund from participating in returns derived from the securities that are the subject of such options or limiting or reducing the total returns of the Fund, particularly in a rising market since the premiums associated with writing covered call options may be outweighed by the cost of closing out outstanding options. See "Distribution Policy".

The Indicative Distribution Amount is initially targeted to be $0.065 per Trust Unit per month ($0.78 per annum) representing an annual cash distribution of 6.5% based on the $12.00 per Unit issue price. See "Distribution Policy".

There are certain risk factors associated with an investment in Units including that the Fund may not be able to meet its investment objectives. See "Risk Factors" for a discussion of certain factors that should be considered by prospective purchasers of Units.

There is currently no market through which the Units may be sold.

The TSX has conditionally approved the listing of the Units, Trust Units and Warrants. The listing is subject to the Fund fulfilling all the requirements of the TSX on or before January 24, 2012. The Units, Trust Units and Warrants will be listed on the TSX under the symbols HCS.A, HCS.UN and HCS.WT, respectively.

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On November 22, 2013, the Fund will become an open-end mutual fund (the "Conversion"). The Conversion may be implemented either by way of a conversion of the Fund to an open-ended mutual fund or by way of a tax-deferred merger with an open-ended mutual fund managed by the Manager or an affiliate thereof (including a fund formed after the date of this prospectus). On and after the Conversion, the Trust Units will be redeemable at NAV per Trust Unit on a daily basis, and the Fund will become subject to NI 81-102 (as defined herein). Following the Conversion, the Servicing Fee (as defined herein) portion of the Management Fee (as defined herein) will increase. Such increase will require the Portfolio to generate a return of approximately 8.98% per annum to maintain the initial Indicative Distribution Amount as disclosed herein. See "Conversion of the Fund" and "Fees and Expenses".

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.

CIBC World Markets Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., Canaccord Genuity Corp., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., Desjardins Securities Inc., Raymond James Ltd., HSBC Securities (Canada) Inc., Macquarie Private Wealth Inc., Dundee Securities Ltd. and Industrial Alliance Securities Inc. (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 (as defined herein), and subject to the approval of certain legal matters by Borden Ladner Gervais LLP, on behalf of the Fund and the Manager, and Blake, Cassels & Graydon LLP, on behalf of the Agents.

Subscriptions for Units will be received subject to acceptance or rejection in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about November 17, 2011 but no later than December 15, 2011 (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, Trust Units and/or Warrants in accordance with the book-entry only system. Certificates evidencing Units, Trust Units and/or Warrants will not be issued.

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GLOSSARY OF TERMS

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

"**Agency Agreement**" means the agency agreement dated as of October 28, 2011 among the Fund, the Manager, the Investment Manager and the Agents.

"**Agents**" means, collectively, CIBC World Markets Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., Canaccord Genuity Corp., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., Desjardins Securities Inc., Raymond James Ltd., HSBC Securities (Canada) Inc., Macquarie Private Wealth Inc., Dundee Securities Ltd. and Industrial Alliance Securities Inc.

"**Alternative Proposal**" has the meaning ascribed to in "Risk Factors — Taxation of the Fund".

"**Annual Compound Earnings per Share**" means net income available to a company's common shareholders divided by the basic weighted shares outstanding.

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

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

"**Business Day**" means any day on which the TSX is open for trading.

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

"**CDS**" means CDS Clearing and Depository Services Inc.

"**CDS Participants**" means participants in CDS.

"**Closing**" means the closing of the Offering on the Closing Date.

"**Closing Date**" means the date of the Closing, which is expected to be on or about November 17, 2011 or such later date as the Fund and the Agents may agree, but in any event not later than December 15, 2011.

"**Conversion**" means the conversion of the Fund to an open-end mutual fund.

"**Conversion Date**" means November 22, 2013, the date upon which the Conversion will occur.

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

"**CRA**" means the Canada Revenue Agency.

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

"**Declaration of Trust**" means the declaration of trust of the Fund dated October 28, 2011, as it may be amended from time to time.

"**Distribution Payment Date**" means the date that is on or before the 15th day of the month following the applicable distribution date.

"**Earnings per Share**" means the sum of the most recently reported four fiscal quarter earnings from continuing operations, divided by the average number of shares outstanding during the quarter, as reported by Bloomberg or by another widely available source.

"**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, provided that the determination by the Investment Manager and the Manager that a security is an Equity Security shall be conclusive for all purposes herein.

"**Exchange Agent**" means Equity Financial Trust Company, the exchange agent for the Exchange Option.

"**Exchange Eligible Securities**" means each class or series of securities listed under the heading "Purchases of Securities — The Exchange Eligible Securities".

"**Exchange Issuer**" means an issuer of Exchange Eligible Securities in respect of which the Exchange Option Election is made.

"**Exchange Option**" means the option to satisfy the purchase price of the Units under the Offering by exchanging Exchange Eligible Securities at the applicable Exchange Ratio.

"**Exchange Option Election**" means an election by a prospective purchaser of Units to use the Exchange Option.

"**Exchange Ratio**" means the number of Units issuable for an Exchange Eligible Security to be determined by dividing the volume weighted average trading price of such securities on the TSX during the Pricing Period, as adjusted to reflect distributions declared by the applicable Exchange Issuer that will not be received by the Fund, by $12.00.

"**Extraordinary Resolution**" means a resolution passed by the affirmative vote of at least two-thirds of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution.

"**First NAV Redemption Date**" means October 25, 2013.

"**Fund**" means Canadian Premium Select Income Fund, a closed-end investment fund established under the laws of Ontario pursuant to the Declaration of Trust.

"**Indicative Distribution Amount**" means the indicative distribution amount of the Fund, initially $0.065 per Trust Unit per annum for the first 12 months of the Fund, and thereafter as determined by the Manager annually.

"**Indicative Portfolio**" has the meaning ascribed thereto under "Investments of the Fund – Investment Strategy".

"**in-the-money**" means a call option with a strike price less than the current market price of the underlying security.

"**Investment Management Agreement**" means the investment management agreement dated on or before the Closing Date, as it may be amended from time to time.

"**Investment Manager**" or "**Highstreet**" means the investment manager of the Fund, Highstreet Asset Management Inc.

"**Manager**" or "**Harvest**" means the manager of the Fund, Harvest Portfolios Group Inc.

"**Management Agreement**" means the management agreement dated October 28, 2011, as it may be amended from time to time.

"**Maximum Ownership Level**" means the number of Exchange Eligible Securities of any one Exchange Issuer that the Fund may acquire under the Offering pursuant to the Exchange Option, which is the lesser of (i) that number that would constitute 10% of the net assets of the Fund, (ii) that number that, if combined with the other securities of such Exchange Issuer either held, directly or indirectly, or over which control or direction is exercised by the Manager, the Investment Manager or any party acting jointly or in concert with the Manager or the Investment Manager, would result in the Manager, the Investment Manager and any such party directly or indirectly holding or exercising control or direction over 19.9% of the outstanding securities of such Exchange Issuer and (iii) that number of securities with a fair market value that constitutes 9.9% of the equity value of such Exchange Issuer for purposes of section 122.1 of the Tax Act.

"**Monthly Redemption**" means the monthly redemption of Trust Units as described under "Redemption of Trust Units – Monthly Redemption".

"**Monthly Redemption Date**" means the last Business Day of each month in which Trust Units are surrendered for a Monthly Redemption.

"**NAV per Trust Unit**" means the NAV of the Fund divided by the number of Trust Units outstanding at the time the calculation is made.

"**Net Asset Value**" or "**NAV**" means the net asset value of the Fund on a particular date, equal to (i) the aggregate fair value of the assets of the Fund, less (ii) the aggregate fair value of the liabilities of the Fund as more particularly set forth in the Declaration of Trust.

"**NI 81-102**" means National Instrument 81-102 *Mutual Funds* of the Canadian Securities Administrators, as it may be amended from time to time.

"**NI 81-106**" means National Instrument 81-106 *Investment Fund Continuous Disclosure* of the Canadian Securities Administrators, as it may be 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 it may be amended from time to time.

"**Notice Period**" means the period from the first Business Day of October, 2013 until 5:00 p.m. (Toronto time) on the tenth Business Day prior to the last Business Day of October, 2013.

"**October 2003 Proposals**" has the meaning ascribed to in "Risk Factors – Taxation of the Fund".

"**Offering**" means the offering of a minimum of 1,666,667 Units and a maximum of 8,333,333 Units at the Offering Price, as contemplated in this prospectus.

"**Offering Price**" means a price of $12.00 per Unit.

"**Option Premium**" means the purchase price of an option.

"**Option Units**" means Units issued under the Over-Allotment Option.

"**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.

"**out-of-the-money**" means a call option with a strike price greater than the current market price of the underlying security.

"**Over-Allotment Option**" means the option granted by the Fund to the Agents, exercisable for a period of 30 days following Closing, to purchase an aggregate of up to 15% of the aggregate number of Units issued at Closing solely to cover over-allotments, if any.

"**Portfolio**" means the assets held by the Fund from time to time.

"**Price-to-Earnings Ratio**" means the ratio of a stock's current market price to the company's Earnings per Share, calculated by dividing the current market price, at the time of the calculation of the ratio, by the Earnings per Share, as reported by Bloomberg or by another widely available source.

"**Pricing Period**" means the period of the three consecutive trading days ending on, and including, October 20, 2011.

"**Redemption Payment Date**" means the date that is on or before the 15th Business Day in the following month after the applicable Monthly Redemption Date.

"**Registrar and Transfer Agent**" means Equity Financial Trust Company.

"**Return-on-Equity**" means the simple annual return on common equity calculated by dividing the trailing net income (losses) minus the trailing cash preferred dividends (each amount calculated by adding the most recently reported four fiscal quarters) by the average total common equity (based on the most recently reported four fiscal quarters), as reported by Bloomberg or by another widely available source.

"**September 2004 Proposals**" has the meaning ascribed to in "Risk Factors – Taxation of the Fund".

"**SIFT Rules**" mean the provisions of the Tax Act providing for a tax on certain income earned by a specified investment flow through trust or partnership which became law on June 22, 2007.

"**S&P/TSX Composite Dividend Index**" means the index comprised of all securities from the S&P/TSX Composite Index with positive indicated annual dividend yields. If the S&P/TSX Composite Dividend Index ceases to be published, the Manager, in consultation with the Investment Manager will select another published index that focuses on dividend paying Canadian issuers.

"**S&P/TSX Composite Index**" means the headline index for the broader Canadian equity market.

"**strike price**" means, in relation to a call option, the price specified in the option that must be paid by the option holder to acquire the underlying security.

“**Tax Act**” means the *Income Tax Act* (Canada) as amended and the regulations thereunder.

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

“**Trustee**” means initially Harvest, in its capacity as trustee under the Declaration of Trust, and thereafter such successor as may be appointed trustee in accordance with the provisions of the Declaration of Trust.

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

“**Unit**” means one Trust Unit and one Warrant of the Fund.

“**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any state thereof, and the District of Columbia.

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

“**Valuation Time**” means 4:15 p.m. (Toronto time) on each Thursday during the year (or, if a Thursday is not a Business Day, the Business Day following such Thursday) and on the last Business Day of each month, and any other time as may be determined by the Manager from time to time.

“**Warrant**” means a warrant of the Fund issued pursuant to the Warrant Indenture, each whole Warrant entitling the holder thereof to purchase one Trust Unit at a subscription price of $12.00 on or before the Warrant Expiry Time.

“**Warrant Agent**” means Equity Financial Trust Company.

“**Warrant Exercise Date**” means May 31, 2013.

“**Warrant Expiry Time**” means 5:00 p.m. (Toronto time) on the Warrant Exercise Date.

“**Warrant Indenture**” means the warrant indenture to be dated on or before the Closing Date, between the Fund and the Warrant Agent, as it may be amended from time to time.

“**Warrant Notice Period**” means the period between May 15, 2013 and 5:00 p.m. (Toronto time) on May 31, 2013.

“**Yield**” means the sum of the gross cash dividend per share amounts of an Equity Security that have gone ex-dividend over the prior 12 months, divided by the current stock price.

“**$**” means Canadian dollars unless otherwise indicated.

INFORMATION REGARDING PUBLIC INFORMATION

Certain information contained in this prospectus relating to publicly-traded securities and the issuers of those securities is taken from and based solely upon information published by those issuers. In addition, certain information contained in this prospectus was obtained from public sources. Neither the Manager, the Investment Manager, the Fund nor the Agents have independently verified the accuracy or completeness of any such information or assume any responsibility for the completeness or accuracy of such information.

FORWARD LOOKING STATEMENTS

Certain statements included in this prospectus constitute forward looking statements or information, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Fund, the Manager or the Investment Manager. The forward looking statements and information are not historical facts but reflect the Fund's, the Manager and/or the Investment Manager's current expectations regarding future results or events. The prospectus includes, from a number of third party sources forward looking statements or information and although the Fund, the Manager and/or Investment Manager believes such statements or information to be reliable, no assurance can be given that such forward looking statements or information will be accurate. These forward looking statements and information are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under "Risk Factors" and in other sections of this prospectus. Accordingly readers should not place undue reliance on forward looking statements and information. All forward looking statements and information is qualified by this cautionary statement.

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.

THE FUND

The Fund is a closed-end investment fund established under the laws of the Province of Ontario pursuant to the Declaration of Trust.

THE OFFERING

Offering:	The Offering consists of Units of the Fund. Each Unit consists of one Trust Unit and one Warrant. The Units will separate into Trust Units and Warrants upon the earlier of the closing of the Over-Allotment Option and the 30th day following the closing of the Offering. Each Warrant entitles the holder to purchase one Trust Unit at the subscription price of $12.00 per Trust Unit by notifying the Warrant Agent during the period between May 15, 2013 and the Warrant Expiry Time. Such Warrants will be exercised effective at 5:00 p.m. (Toronto time) on and only on May 31, 2013. Warrants not exercised prior to the Warrant Expiry Time will be void and of no value. The value of Trust Units will be reduced if the NAV per Trust Unit exceeds $11.70 and Warrants are exercised. If a Unitholder does not exercise Warrants in such circumstances, the Unitholder's pro rata interest in the assets of the Fund will be diluted. In order to maintain a Unitholder's pro rata interest in the assets of the Fund, the Unitholder will be required to pay in connection with the exercise of the Warrants an additional amount equal to the amount originally invested by the Unitholder on the Closing Date (as defined herein). While a Unitholder may sell the Warrants acquired hereunder, no assurance can be given that the proceeds of such sale would compensate the Unitholder for such dilution. As soon as practicable following the exercise of a Warrant, the Fund will pay a fee equal to $0.18 per Warrant to the broker whose client is exercising the Warrant and $0.12 per Warrant to the Agents. Such fees will reduce the Net Asset Value of the Fund by those amounts. See "Warrant Considerations" and "Attributes of the Units, Trust Units and Warrants – Warrants".
Amount:	Minimum: $20,000,000 (1,666,667 Units) Maximum: $100,000,000 (8,333,333 Units)
Offering Price:	$12.00 per Unit
Minimum Purchase:	200 Units ($2,400)
Investment Objectives:	The investment objectives of the Fund are to provide Unitholders with (i) monthly cash distributions; (ii) the opportunity for capital appreciation; and (iii) lower overall volatility of the Portfolio returns than would otherwise be experienced by owning the Equity Securities held by the Fund directly; by investing in the Portfolio and writing covered call options on no more than 33% of the Equity Securities of each issuer held in the Portfolio. To seek to achieve its investment objectives, the Fund will invest in a diversified Portfolio of Equity Securities of 15 Canadian issuers with a market capitalization of at least $1 billion, selected and rebalanced semi-annually on an equally weighted basis by the Investment Manager from the S&P/TSX Composite Dividend Index. The Investment Manager will select the Equity Securities for the Portfolio and will select and rebalance semi-annually such that the Portfolio will meet the investment characteristics described below.

See “Investment Objectives.”

Investment Strategy: The Investment Manager will select the Equity Securities for the Portfolio and will select and rebalance the Portfolio semi-annually such that the Portfolio, at the time of initial investment and immediately following each selection and rebalancing, will have the following investment characteristics:

Growth - A median 5-year average compound Earnings per Share growth rate greater than the median for the S&P/TSX Composite Dividend Index;

Value - A median Price-to-Earnings Ratio lower than the median for the S&P/TSX Composite Dividend Index;

Quality - A median 5-year average Return-on-Equity greater than the median for the S&P/TSX Composite Dividend Index; and

Yield - A median Yield greater than the median for the S&P/TSX Composite Dividend Index.

The Portfolio will be selected and rebalanced semi-annually on an equally weighted basis within 15 Business Days following the last Business Day of June and December, but Equity Securities of an issuer within the Portfolio may be changed more frequently if: i) an Equity Security in the Portfolio is no longer listed on the S&P/TSX Composite Dividend Index; ii) an issuer in the Portfolio is the subject of a merger or other fundamental corporate action or change that in the opinion of the Investment Manager requires the issuer to be removed from the Portfolio; or iii) if the Investment Manager, in its discretion, is no longer able to write call options on the Equity Security of an issuer if it determines that conditions render it impracticable to do so on. In such circumstances, the Equity Security that is removed from the Portfolio will be replaced with another Equity Security from the S&P/TSX Composite Dividend Index at the discretion of the Investment Manager such that the Portfolio will meet the growth, value, quality and yield investment characteristics described above. The Investment Manager will not, at any time, select for the Portfolio an Equity Security of an issuer that is an affiliate of the Investment Manager or the Manager. At the time of any rebalancing, it is the Investment Manager’s intention to select a new Equity Security for the Portfolio only when an Equity Security needs to be replaced in order for the Portfolio to meet the investment characteristics (described herein). Accordingly, if the Portfolio meets such investment characteristics at the time of any rebalancing, no changes will be made to the Portfolio.

The Investment Manager will not sell call options on more than 33% of the Equity Securities of each issuer held in the Portfolio. The Investment Manager anticipates that initially it will only be required to sell call options on approximately 20% of the Equity Securities of each issuer held in the Portfolio in order to meet the initial Indicative Distribution Amount. Such call options may be either exchange-traded options or over-the-counter options.

See “Investments of the Fund – Investment Strategy.”

Exchange Option: The price for each Unit purchased may be paid either by cash or by an exchange of freely tradeable Exchange Eligible Securities.

The maximum number of Exchange Eligible Securities of any one Exchange Issuer that the Fund may acquire under the Exchange Option is the lesser of (i) that number that would constitute 10% of the net assets of the Fund, (ii) that number that, if combined with the other securities of such Exchange Issuer either held, directly or indirectly, or over which control or direction is exercised by the Manager, the Investment Manager or any party acting jointly or in concert with the Manager or the Investment Manager, would result in the Manager, the Investment

Manager and any such party directly or indirectly holding or exercising control or direction over 19.9% of the outstanding securities of such Exchange Issuer and (iii) that number of securities with a fair market value that constitutes 9.9% of the equity value of such Exchange Issuer for purposes of section 122.1 of the Tax Act (such lesser number being referred to as the "**Maximum Ownership Level**"). To the extent that the Maximum Ownership Level has been achieved in respect of the securities of any one Exchange Issuer and an excess of securities of such Exchange Issuer above the Maximum Ownership Level has been deposited and not rescinded, then the securities of such Exchange Issuer will be accepted by the Fund up to the Maximum Ownership Level and the balance will be re-credited to purchasers' accounts through CDS. This Exchange Option does not constitute a takeover bid for any Exchange Issuer. See "Purchases of Securities — The Exchange Option".

A prospective purchaser of Units who elected to pay for such Units by using the Exchange Option must have done so by means of a book-entry deposit through CDS. Prospective purchasers intending to use the Exchange Option must have deposited the securities of the Exchange Issuer with the Exchange Agent through CDS prior to 5:00 p.m. (Toronto time) on October 20, 2011. Such book-entry deposits must have been made by a CDS Participant, who may have had an earlier deadline for receiving instructions from its clients to deposit securities into the Exchange Option. Once submitted to the Exchange Agent through CDS, a deposit of Exchange Eligible Securities under the Exchange Option (including the transfer authorized thereby) is, subject to the completion of this Offering, irrevocable unless withdrawn as described under the heading "Purchasers' Statutory Rights of Withdrawal and Rescission".

The Exchange Ratio was determined by dividing the volume weighted average trading price of such securities on the TSX during the Pricing Period, as adjusted to reflect distributions declared by the applicable Exchange Issuer that will not be received by the Fund, by $12.00. The Fund issued a press release on October 20, 2011 announcing for each of the Exchange Eligible Security, the TSX ticker symbol, CUSIP number, volume weighted average trading price and the applicable Exchange Ratio. See "Purchases of Securities – Determination of Exchange Ratios" and "Purchases of Securities – Delivery of Final Prospectus and Issuance of Press Release".

A purchaser who holds Exchange Eligible Securities of an Exchange Issuer as capital property may realize a capital gain or capital loss on the exchange of Exchange Eligible Securities of an Exchange Issuer for Units pursuant to the Exchange Option. See "Income Tax Considerations — The Exchange Option".

Monthly Distributions:

The Fund intends to make monthly cash distributions to Unitholders of record on the last Business Day of each month and pay such cash distributions on or before the 15th day of the following month. Beginning in November, 2012, the Fund will annually determine and announce the Indicative Distribution Amount for the following 12 months based upon the prevailing market conditions. The initial Indicative Distribution Amount will be $0.065 per Trust Unit per month ($0.78 per annum representing an annual cash distribution of 6.5% based on the $12.00 per Unit issue price). The initial cash distribution is anticipated to be payable on or before January 15, 2012 to Unitholders of record on December 31, 2011.

The Portfolio would be required to generate a return of approximately 8.38% per annum in order for the Fund to maintain a stable Net Asset Value per Trust Unit (after accounting for the fees and expenses of the Offering) while making the initial cash distributions of $0.78 per annum (assuming an offering size of $100 million and fees and expenses are as disclosed herein). The Fund is expected to generate dividend and distribution income of approximately 4.30% per annum (based on the current cash yield on the Indicative Portfolio which may vary from the actual

Portfolio and therefore vary the actual yield). The Portfolio would be required to generate an additional return of approximately 4.08% per annum, including from option premiums, realized capital appreciation and dividend and distribution growth, in order for the Fund to maintain its initial targeted distributions level and a stable NAV. The distributable cash flow and monthly distributions to Unitholders will be substantially based upon the level of premiums realized by the Fund pursuant to the option writing strategy described herein and on the level of dividends and other distributions received on the securities comprising the Portfolio. As the Fund will not write call options on more than 33% of the Equity Securities of each issuer in the Portfolio, if there is a significant decrease in the volatility of the Equity Securities comprising the Portfolio, this could have a significant adverse effect on the distributable cash flow generated by the Fund and accordingly, the distributions, if any paid by the Fund from time to time. **The amount of monthly cash distributions may fluctuate from month to month and there can be no assurance that the Fund will make any distributions in any particular month or months**. If the annual return derived from the Portfolio, including the call option premiums, is less than the amount necessary to fund the monthly distributions and if the Manager chooses nevertheless to ensure that the monthly distributions are paid to Unitholders at the initial Indicative Distribution Amount, this will result in a portion of the capital of the Fund being returned to Unitholders. After the Conversion, the Portfolio would be required to generate a return of approximately 8.98% per annum from option premiums, realized capital appreciation and dividend and distribution growth in order to fund distributions at the initial Indicative Distribution Amount. The use of call options may have the effect of precluding the Fund from participating in returns derived from the securities that are the subject of such options or limiting or reducing the total returns of the Fund, particularly in a rising market since the premiums associated with writing covered call options may be outweighed by the cost of closing out outstanding options. See “Distribution Policy”. **See “Risk Factors” for a discussion of certain factors that should be considered by prospective purchasers of Units.**

If, in any year after such distributions, there would otherwise remain in the Fund additional net income or net realized capital gains, 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 the Tax Act will be automatically payable on the last day of that taxation year to Unitholders of record on that date.

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

Redemption of Trust Units on the First NAV Redemption Date:

Unitholders who wish to redeem their Trust Units on the First NAV Redemption Date will receive a redemption price per Trust Unit equal to NAV per Trust Unit as at the First NAV Redemption Date. On and after the Conversion Date, Unitholders may redeem Trust Units on any Business Day at their NAV per Trust Unit.

Prior to Conversion, Trust Units may be surrendered for redemption during the Notice Period by the registered Unitholder to the Registrar and Transfer Agent. Trust Units surrendered for redemption by a Unitholder during the Notice Period will be redeemed on the First NAV Redemption Date and the Unitholder will receive payment on or before the seventh Business Day following the First NAV Redemption Date.

See “Redemption of Trust Units”.

Borrowing: The Fund does not intend to borrow money or employ other forms of leverage. See "Investments of the Fund – Borrowing".

Use of Proceeds: The Fund will use the proceeds from the sale of Units as follows:

	Minimum Offering	Maximum Offering
Gross proceeds to the Fund	$20,000,000	$100,000,000
Agents' fees	$ 1,050,000	$ 5,250,000
Expenses of issue	$ 300,000	$ 650,000
Net proceeds to the Fund	$18,650,000	$ 94,100,000

"See Use of Proceeds".

Conversion to Open-End Mutual Fund: The Manager will implement the Conversion on the Conversion Date. The Conversion may be implemented either by way of a conversion of the Fund to an open-ended mutual fund or by way of a tax-deferred merger with an open-ended mutual fund managed by the Manager or an affiliate thereof (including a fund formed after the date of this prospectus). On and after the Conversion, the Trust Units will be redeemable at NAV per Trust Unit on a daily basis and the Fund will become subject to NI 81-102. Following the Conversion, the Servicing Fee (as defined herein) portion of the Management Fee (as defined herein) will increase. Such increase will require the Portfolio to generate a return of approximately 8.98% per annum to maintain the initial Indicative Distribution Amount as disclosed herein. See "Conversion of the Fund" and "Fees and Expenses".

Manager: Harvest was founded by long term members of the investment management industry and is focused on developing income investment products. Harvest's guiding principles are to seek to provide investment products that are clear and understandable, transparent in portfolio structure and seek to generate consistent income.

Harvest is responsible for providing or arranging for the provision of administration services required by the Fund. See "Organization and Management Details of the Fund – The Manager".

Harvest has taken the initiative in organizing the Fund and accordingly, may be a "Promoter" of the Fund within the meaning of applicable securities legislation. See "Organization and Management Details of the Fund – Promoter".

Investment Manager: Harvest has retained Highstreet Asset Management Inc. to provide portfolio management including option advisory services to the Fund. Founded in 1998, Highstreet is a quantitative investment management firm with client assets, as at July 31, 2011, of approximately $5.2 billion including a family of pooled funds and investments for segregated accounts, pension plans and endowment funds. Highstreet is owned approximately 80% by AGF Investments Inc. (a wholly owned subsidiary of AGF Management Limited) with Highstreet's employees owning the remaining shares. See "Organization and Management Details of the Fund – The Investment Manager".

Agents: The Fund has engaged CIBC World Markets Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., Canaccord Genuity Corp., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., Desjardins Securities Inc., Raymond James Ltd., HSBC Securities (Canada) Inc., Macquarie Private Wealth Inc., Dundee Securities Ltd. and Industrial Alliance Securities Inc. (collectively, the "**Agents**") as agents to offer Units for sale to the public.

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 in an amount up to 15% of the Units issued at the Closing at a price of $12.00 per Unit to cover

over-allotments, if any. If the Over-Allotment Option is exercised in full under the maximum Offering, the total price to the public will be $115,000,000, the Agents' fees will be $6,037,500 and the net proceeds to the Fund will be estimated to be $108,962,500. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Option Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Option Units forming part of the Over-Allotment Option acquires such Option 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".

Agents' Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	1,250,000 Units	Within 30 days following the Closing Date	$12.00 per Unit

Organization and Management of the Fund:

Management of the Fund	Name and Municipality of Residence	Services Provided to Fund
Trustee, Manager and Promoter	Harvest Portfolios Group Inc. 710 Dorval Drive Suite 200 Oakville, Ontario L6K 3V7	Manages the overall business of the Fund
Investment Manager	Highstreet Asset Management Inc. 244 Pall Mall Street Suite 350 London, Ontario N6A 5P6	Provides portfolio management and option advisory services to the Fund
Custodian and Valuation Agent	State Street Trust Company Canada 30 Adelaide Street East Toronto, Ontario M5C 3G6	Provides custody and valuation services to the Fund
Auditor	PricewaterhouseCoopers LLP Suite 3000, Box 82 Royal Trust Tower TD Centre Toronto, Ontario M5K 1G8	Provides audit services to the Fund
Registrar, Transfer Agent, Warrant Agent and Exchange Agent	Equity Financial Trust Company 200 University Avenue Suite 400 Toronto, Ontario M5H 4H1	Maintains the security register and the register of transfers of securities of the Fund; serves as the warrant and exchange agent

See "Organization and Management Details of the Fund".

Eligibility for Investment: 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 that the Trust Units are listed on a designated stock exchange under the Tax Act (which includes the TSX), the Trust Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (each a "plan trust"). Provided that the Warrants are listed and continue at all times to be listed on a designated stock exchange for purposes of the Tax Act (which includes the TSX), or provided that at all times the Trust Units are qualified investments for plan trusts and the Fund is not, and deals at arm's length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of a plan trust, the Warrants will be qualified investments for plan trusts. See "Income Tax Considerations — Status of the Fund" and "Income Tax Considerations — Taxation of Registered Plans".

Notwithstanding the foregoing, if the Trust Units or Warrants are "prohibited investments" for the purposes of a tax-free savings account (or, pursuant to certain proposed amendments to the Tax Act to be effective after March 22, 2011, a registered retirement savings plan or registered retirement income fund), a Unitholder will be subject to a penalty tax as set out in the Tax Act. A "prohibited investment" includes a unit or debt of a trust, or a right to acquire a unit or debt of a trust, which does not deal at arm's length with the holder or annuitant or with a person or partnership in which the holder or annuitant has a significant interest, or in which the holder or annuitant has a significant interest, which in general terms means the ownership of 10% or more of the value of the trust's outstanding units by the holder or annuitant, either alone or together with persons and partnerships with which the holder or annuitant does not deal at arm's length. Unitholders are advised to consult their own tax advisors in this regard. See "Income Tax Considerations — Taxation of Registered Plans".

Income Tax Considerations:

A purchaser of Units who disposes of securities of an Exchange Issuer held as capital property pursuant to the Exchange Option will realize a capital gain (or a capital loss) in the taxation year of the purchaser 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 adjusted cost base to the purchaser of such securities. For this purpose, the proceeds of disposition to the purchaser 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 purchaser of Units so acquired will be equal to their fair market value at the time of exchange.

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

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

A reasonable allocation of the purchase price of the Units between the Trust Units and the Warrants will be required for purposes of the Tax Act. The exercise of Warrants held as capital property will not constitute a disposition of property for purposes of the Tax Act and, consequently, no capital gain or capital loss will be realized on the exercise of Warrants. Upon the disposition of a Warrant held as capital property by a Unitholder, the Unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Warrant to the Unitholder.

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

For possible tax consequences to the Fund of the Conversion, see "Income Tax Considerations – Taxation of the Fund" and for possible tax consequences to the Unitholders of the Conversion, see "Income Tax Considerations – Taxation of the Unitholders".

RISK FACTORS

An investment in Units is subject to various risk factors, including the following risks which prospective purchasers should consider before purchasing Units.

1. possible loss of investment;
2. no guaranteed return;
3. there can be no assurance that the Fund will be able to achieve its investment objectives;
4. the NAV per Trust Unit will vary according to the value of the securities in which the Fund invests;
5. passive management;
6. volatility and distributions;
7. risks associated with the composition and concentration of the Portfolio;
8. risks associated with the use of options;
9. counterparty risk;
10. risks associated with investments in Equity Securities;
11. the NAV of the Fund and the trading price of the Trust Units will be sensitive to interest rate fluctuations;
12. the Trust Units may trade in the market at a premium or a discount to the NAV per Trust Unit and there can be no guarantee that Trust Units will trade at a price equal to the NAV per Trust Unit;
13. recent global financial market developments;
14. reliance on management of the Fund;
15. nature of the Trust Units;
16. risks regarding the Warrants;
17. risks associated with redemptions;
18. the Fund's lack of operating history and the current absence of a public trading market for the Trust Units;
19. the Fund is not subject to regulation as a mutual fund or trust company;
20. risks relating to the Conversion;
21. the potential for conflicts of interest;
22. risks related to the Exchange Option;
23. risks relating to changes in legislation;
24. the scope of the Alternative Proposal has not been released and its scope is uncertain and may increase taxable distributions to Unitholders as well as additional risks associated with taxation of the Fund;
25. there can be no assurance that income tax laws and government incentive programs relating to the treatment of mutual fund trusts under the Tax Act will not be changed in a manner which adversely affects the distributions received by the Fund and the Unitholders and/or the value of the Trust Units or the securities in which the Fund invests;
26. potential application of the SIFT Rules to the Fund; and
27. risks relating to taxation of the Fund and its Unitholders.

See "Risk Factors".

SUMMARY OF FEES AND EXPENSES PAYABLE BY THE FUND

Type of Charge	Amount and Description
Fees Payable to Agents:	$0.63 (5.25%) per Unit.
Expenses of Issue:	The Fund will pay the expenses incurred in connection with the Offering of Units by the Fund, which are estimated to be $650,000, subject to a maximum of 1.5% of the gross proceeds of the Offering.
Management Fee:	The Manager is entitled to a management fee (the "**Management Fee**") at an annual rate of 1.00% of NAV, plus an amount equal to the Servicing Fee (as defined below), 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. The Investment Manager will be remunerated by the Manager out of the Management Fee. In the aggregate, the Management Fee and Servicing Fee paid by the Fund prior to the Conversion will be 1.40% of the NAV per annum and 2.00% of the NAV per annum (or 1.00% of the NAV per annum if the Unitholder elects to convert into a class of units that will not have a Servicing Fee) after the Conversion.
Operating Fees and Expenses:	The Fund will pay for all ordinary expenses incurred in connection with the operation and administration of the Fund. All fees and expenses of the Fund will be paid in cash. It is expected that these expenses will include, without limitation: (a) mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses; (b) fees payable to the Trustee for acting as trustee (except when the Manager is the Trustee); (c) fees payable to the Registrar and Transfer Agent; (d) fees payable to the Custodian for acting as custodian of the assets of the Fund; (e) Independent Review Committee member fees and expenses in connection with the Independent Review Committee; (f) fees payable to the auditors and legal advisors of the Fund; (g) regulatory filing, stock exchange and licensing fees; (h) any expenses in connection with the Conversion (unless the Fund merges with another fund, in which case the Manager will bear the costs); and (i) any expenditures incurred upon the termination of the Fund. The aggregate amount of these fees and expenses is estimated to be $200,000 per annum.
Servicing Fee:	Prior to the Conversion Date, the Manager will pay to registered dealers a servicing fee (the "**Servicing Fee**") equal to 0.40% annually of the NAV per Trust Unit for each Trust Unit held by clients of the registered dealers (calculated and paid at the end of each calendar quarter commencing on the Closing Date, plus applicable taxes). On and after the Conversion Date, the Manager will pay the Servicing Fee equal to 1.00% annually of the NAV per Trust Unit (or 0.00% annually of the NAV per Trust Unit if the Unitholder elects to convert into a class of units that will not have a Servicing Fee) for each Trust Unit held by clients of the registered dealers (calculated and paid at the end of each calendar quarter commencing on the Conversion Date, plus applicable taxes).
Warrant Exercise Fee:	As soon as practicable following the exercise of a Warrant, the Fund will pay a fee (the "**Warrant Fee**") equal to $0.12 per Warrant to the Agents and a fee equal to $0.18 per Warrant to the dealer whose client is exercising the Warrant. See "Fees and Expenses".

THE FUND

Overview of the Legal Structure of the 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 October 28, 2011.

The principal office of the Fund and Harvest is located at 710 Dorval Drive, Suite 200, Oakville, Ontario L6K 3V7.

The Fund is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada until the Conversion is implemented. Consequently, prior to the Conversion, the Fund is not subject to certain policies and regulations that apply to mutual funds under such legislation. Nevertheless, prior to the Conversion, the Fund will comply with all of the provisions of NI 81-102 except sections 3.3, 10.3, 10.4 and 12.1. Following the Conversion, the Fund will be a mutual fund under applicable securities legislation and, subject to any exemptive relief that the Fund may obtain, will comply with all of the policies and regulations that apply to mutual funds under such legislation.

INVESTMENTS OBJECTIVES

The investment objectives of the Fund are to provide Unitholders with (i) monthly cash distributions; (ii) the opportunity for capital appreciation; and (iii) lower overall volatility of the Portfolio returns than would otherwise be experienced by owning the Equity Securities held by the Fund directly; by investing in the Portfolio and writing covered call options on no more than 33% of the Equity Securities of each issuer held in the Portfolio.

To seek to achieve its investment objectives, the Fund will invest in a diversified Portfolio of Equity Securities of 15 Canadian issuers with a market capitalization of at least $1 billion, selected and rebalanced semi-annually on an equally weighted basis by the Investment Manager from the S&P/TSX Composite Dividend Index. The Investment Manager will select the Equity Securities for the Portfolio and will select and rebalance semi-annually such that the Portfolio will meet the investment characteristics described below.

INVESTMENTS OF THE FUND

Investment Strategy

The Investment Manager will select the Equity Securities for the Portfolio and will select and rebalance the Portfolio semi-annually such that the Portfolio, at the time of initial investment and immediately following each selection and rebalancing, will have the following investment characteristics:

Growth – A median 5-year average compound Earnings per Share growth rate greater than the median for the S&P/TSX Composite Dividend Index;

Value – A median Price-to-Earnings Ratio lower than the median for the S&P/TSX Composite Dividend Index;

Quality – A median 5-year average Return-on-Equity greater than the median for the S&P/TSX Composite Dividend Index; and

Yield – A median Yield greater than the median for the S&P/TSX Composite Dividend Index.

If the Fund had been in existence on August 18, 2011, the Portfolio would have included the following securities (the "**Indicative Portfolio**"):

			Growth	Value	Quality
Company	**Ticker**	**Market Capitalization ($ Billions)**	**5-year Average Compound Earnings per Share Growth Rate**	**Price-to-Earnings Ratio**	**5-year Average Return-on-Equity**
Royal Bank of Canada	RY	$71.4	3.1%	12.9	18.3%
Bank of Nova Scotia	BNS	$57.4	8.9%	11.9	19.0%
Bank of Montreal	BMO	$34.9	1.9%	11.7	13.8%
Canadian Imperial Bank of Commerce	CM	$30.2	0.9%	11.5	12.5%
BCE Inc.	BCE	$29.3	8.4%	12.6	16.0%
Cenovus Energy Inc.	CVE	$27.7	17.7%	27.7	8.9%
Thompson Reuters Corporation	TRI	$26.0	13.1%	17.0	9.0%
Enbridge Inc.	ENB	$23.3	8.2%	23.9	17.5%
Great-West Lifeco Inc.	GWO	$21.8	1.4%	10.8	16.4%
TELUS Corporation	T	$17.2	-1.7%	14.6	15.6%
Rogers Communications Inc.	RCI.B	$16.3	32.3%	13.4	24.6%
Canadian Oil Sands Limited	COS	$13.5	4.6%	9.2	22.8%
Shoppers Drug Mart Corporation	SC	$ 8.7	10.0%	13.9	16.4%
Shaw Communications Inc.	SJR.B	$ 7.7	18.4%	14.2	23.1%
RioCan Real Estate Investment Trust	REI.UN	$ 6.7	17.1%	11.5	9.2%
Indicative Portfolio Median			8.4%	12.9	16.4%
S&P/TSX Composite Dividend Index Median			4.1%	14.7	12.0%

Source: Bloomberg August 18, 2011

Note: Past performance is not an indication or guarantee of future performance. The Indicative Portfolio is expected to comprise the initial Portfolio of the Fund but may vary from the Indicative Portfolio both on and after the initial investment of the assets of the Fund.

The Portfolio will be selected and rebalanced semi-annually on an equally weighted basis within 15 Business Days following the last Business Day of June and December, but Equity Securities of an issuer within the Portfolio may be changed more frequently if: i) an Equity Security in the Portfolio is no longer listed on the S&P/TSX Composite Dividend Index; ii) an issuer in the Portfolio is the subject of a merger or other fundamental corporate action or change that in the opinion of the Investment Manager requires the issuer to be removed from the Portfolio; or iii) if the Investment Manager, in its discretion, is no longer able to write call options on the Equity Security of an issuer if it determines that conditions render it impracticable to do so on. In such circumstances, the Equity Security that is removed from the Portfolio will be replaced with another Equity Security from the S&P/TSX Composite Dividend Index at the discretion of the Investment Manager such that the Portfolio will meet the growth, value, quality and yield investment characteristics described above. The Investment Manager will not, at any time, select for the Portfolio an Equity Security of an issuer that is an affiliate of the Investment Manager or the Manager. At the time of any rebalancing, it is the Investment Manager's intention to select a new Equity Security for the Portfolio only when an Equity Security needs to be replaced in order for the Portfolio to meet the investment characteristics (described herein). Accordingly, if the Portfolio meets such investment characteristics at the time of any rebalancing, no changes will be made to the Portfolio.

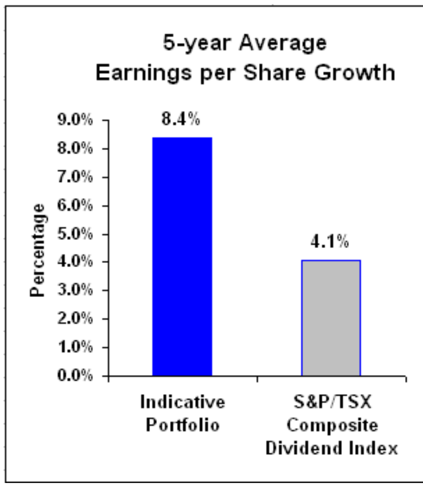
The Investment Manager will not sell call options on more than 33% of the Equity Securities of each issuer held in the Portfolio. The Investment Manager anticipates that initially it will only be required to sell call options on approximately 20% of the Equity Securities of each issuer held in the Portfolio in order to meet the initial Indicative Distribution Amount. Such call options may be either exchange-traded options or over-the-counter options.

Portfolio Selection Process

In selecting the 15 securities for the Portfolio, the Investment Manager will filter out securities that have a market cap of less than $1 billion. The charts below illustrate the investment characteristics of the Indicative Portfolio compared with the S&P/TSX Composite Dividend Index.

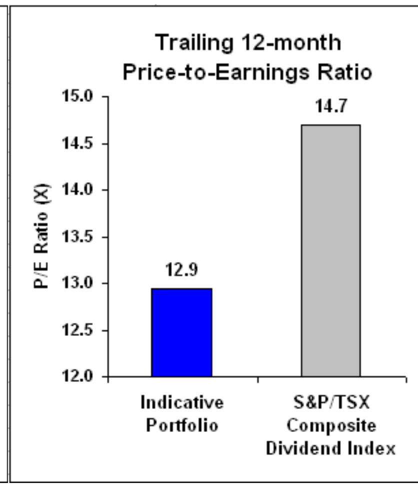
Growth:

Using the 5-year average compound Earnings Per Share growth rate, the Indicative Portfolio has a median of 8.4% versus a median of 4.1% for the S&P/TSX Composite Dividend Index



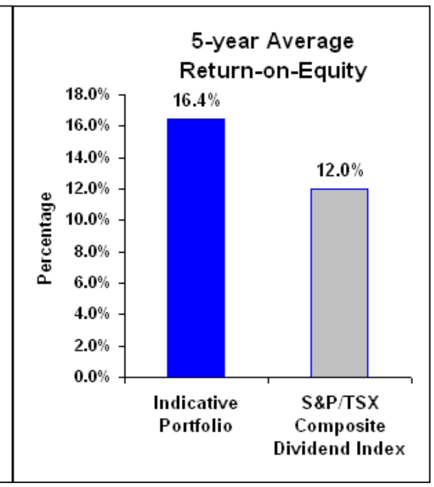
Value:

Using the trailing 12-month Price-to-Earnings Ratio, the Indicative Portfolio has a median of 12.9X versus a median of 14.7X for the S&P/TSX Composite Dividend Index



Quality:

Using the 5-year average Return-on-Equity, the Indicative Portfolio has a median of 16.4% versus a median of 12.0% for the S&P/TSX Composite Dividend Index



Note: The above information has been included to demonstrate the difference with respect to the three metrics between the Indicative Portfolio and the S&P/TSX Composite Dividend Index that can be achieved by applying the four metrics to be used by the Investment Manager. The median values were used to calculate the respective metric values for each of the Indicative Portfolio and the S&P/TSX Composite Dividend Index. This is not performance data. It is not intended as nor should it be construed to be a description of historical performance or a forecast or projection of the future performance of the securities comprising the Portfolio of the Fund or the extent of the difference that can be achieved between the Portfolio and the S&P/TSX Composite Dividend Index in the future. No representation as to the performance of the Fund relative to the S&P/TSX Composite Dividend Index is intended or implied.

Yield: The actual dividend yield on the Indicative Portfolio is 4.3% compared to 3.6% on the S&P/TSX Composite Dividend Index. The Fund's actual Portfolio may vary from the Indicative Portfolio and therefore the initial yield may be different than as disclosed in this prospectus. Actual yields will vary from time to time. See "Risk Factors – Volatility and Distributions".

Portfolio Selection Process Illustration

S&P/TSX Composite Dividend Index

⇓

15 Canadian Dividend Payers

Bank of Montreal	Canadian Imperial Bank of Commerce	Enbridge Inc.	Rogers Communications Inc.	Shoppers Drug Mart Corporation
Bank of Nova Scotia	Canadian Oil Sands Ltd.	Great-West Lifeco Inc.	Royal Bank of Canada	TELUS Corporation
BCE Inc.	Cenovus Energy Inc.	RioCan Real Estate Investment Trust	Shaw Communications Inc.	Thomson Reuters Corporation

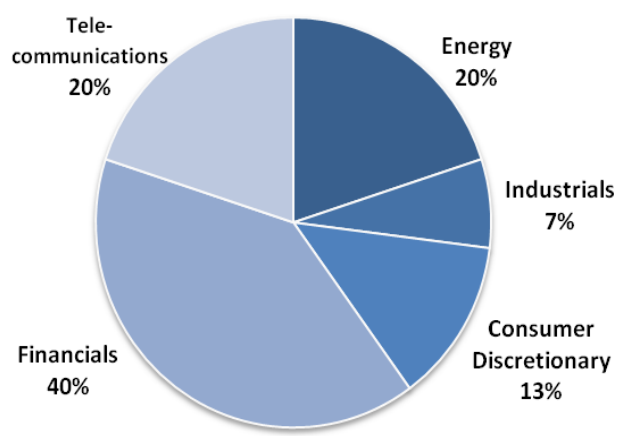
⇓

Dividend Income + Covered Call Income

⇓

6.5% Initial Distribution Target

The Manager believes the Fund will provide investors with income and the potential for capital appreciation by investing the net proceeds of the Offering in a portfolio comprised of dividend-paying Equity Securities selected from the S&P/TSX Composite Dividend Index. Illustrated below is a graph of the Indicative Portfolio's sector diversification:



Canada Stays Triple "A"

Canada attracted net foreign investments of $14 billion in 2010, bringing the total to $561.1 billion according to Statistics Canada. The Manager believes that the Canadian economy continues to perform well when compared to its G7 counterparts and remains an attractive area for investment with an S&P rating of "AAA", a Fitch rating of "AAA" and a recent July 2011 Moody's rating of "Aaa" as evidence of Canada's solid credit rating. These were also Canada's credit ratings throughout the financial crisis of 2008-09. These facts coupled with a relatively strong financial system, a wealth of natural resources and a strong dollar have held Canada in good standing with both domestic and foreign investors.

The Manager believes that in periods of global economic expansion, the growth and earnings ability of established Canadian companies will be positively impacted. Many of these companies have experienced improved balance sheets, cash flows and earning levels and are well positioned to benefit from economic growth in Canada and globally. Through the Fund, Canadian investors will be able to invest in well established Canadian dividend payers and to benefit from the growth these companies experience in both Canada and global markets while seeking to generate income through the option writing strategy which is expected to lower overall volatility.

Canada Stays Triple "A"	
Rating Agency	**Canadian Rating**
S&P	**"AAA"**
Fitch	**"AAA"**
Moody's	**"Aaa"**

Covered Option Writing

The Manager and the Investment Manager believe that option writing may have potential to add value, is an effective way to help lower the level of volatility for an investor and potentially improve returns. All other things being equal, higher volatility in the price of a security results in higher Option Premiums in respect of such security. The Manager believes Equity Securities of issuers are suited for a covered call writing strategy. Each month, covered call options will be written by the Investment Manager on not more than 33% of the Equity Securities of each issuer held in the Portfolio. Such call options may be either exchange-traded options or over-the-counter options. The extent to which any of the individual Equity Securities in the Portfolio are subject to option writing, the terms of such options, including the extent to which such options are written "out-of-the-money", will vary from time to time based on the Manager's or the Investment Manager's assessment of the market.

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

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

When a call option is written on a security in the Portfolio, the amounts that the Fund will be able to realize on the security if it is called on termination of the call option will be limited to the dividends received prior to the exercise of the call option during such period plus an amount equal to the sum of the strike price and the premium received from writing the option. In essence, the Fund will forego potential returns

resulting from any price appreciation of the security underlying the option above the strike price in favour of the certainty of receiving the Option Premium. See “Risk Factors — Use of Options”.

Income from Covered Call Option Writing

The following table sets forth income, expressed as a percentage of the Net Asset Value, net of Fund expenses (excluding any gains or losses on portfolio investments, distribution increases or decreases and any amounts paid to close out “in-the-money” options), generated by writing “at-the-money” covered call options on the indicated proportions of the Equity Securities of each issuer held in the Portfolio at various volatility levels.

Cash Flow from Option Premiums and Dividends
(Net of Fund Expenses[(1)])

Volatility

Percentage of Portfolio	10%	20%	30 day 22.90%	30%	40%	50%	60%	70%	80%	90%	100%
5%	3.26	3.94	4.14	4.63	5.31	5.99	6.68	7.36	8.04	8.72	9.40
10%	3.87	5.24	5.63	6.60	7.97	9.34	10.70	12.07	13.43	14.79	16.14
15%	4.48	6.53	7.13	8.58	10.63	12.68	14.73	16.77	18.82	20.85	22.89
20%	5.09	7.82	8.62	10.56	13.29	16.03	18.76	21.48	24.21	26.92	29.64
25%	5.70	9.12	10.11	12.54	15.95	19.37	22.78	26.19	29.59	32.99	36.38
30%	6.31	10.41	11.60	14.51	18.62	22.71	26.81	30.90	34.98	39.06	43.13
33%	6.68	11.19	12.50	15.70	20.21	24.72	29.22	33.72	38.22	42.70	47.18

(1) Net of Management Fee, Servicing Fee and administrative expenses.

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

The above tables were generated using a modified Black Scholes Model and are based on the following assumptions:

(a) the gross proceeds of the Offering are $100 million and the net proceeds are fully invested in Equity Securities of the issuers comprising the initial Portfolio (which is expected to be the Indicative Portfolio but may vary from the Indicative Portfolio both on and after the initial investment of the assets of the Fund) on an equally weighted basis;

(b) all call options are exercisable only at maturity and are written “at-the-money”;

(c) all call options are written for a term of 30 days (some 1 month periods may be shorter);

(d) the risk-free or benchmark interest rate equals 1.20% per annum;

(e) the average return from dividends paid on the Equity Securities is 4.30% per annum assuming the Fund is invested in the Indicative Portfolio on the date hereof, and assuming an equal weighting among the issuers included in the Portfolio;

(f) there are no realized capital gains or losses on the Equity Securities for the period during which the call options are outstanding; and

(g) annual expenses of the Fund are $200,000 and fees payable to the Manager are 1.00% per annum of the Net Asset Value, plus an amount equal to the annual Servicing Fee of 0.40% of the value of the Trust Units payable to registered dealers whose clients hold Trust Units.

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

Volatility History

The historical average, low, high and current values of the trailing 30-day volatility (expressed in percentages on an annualized basis) for the securities of each of issuer to be included in the Portfolio for the 10 year period ending July 29, 2011 is set out below.

Volatilities - 10 years to July 29, 2011

	Average (%)	Low (%)	High (%)	Current Implied 30 Day (%)
Royal Bank of Canada	22.5	6.5	79.3	20.69
Bank of Nova Scotia	21.2	8.5	81	20.00
Bank of Montreal	22.7	7	77	16.85
Canadian Imperial Bank of Commerce	24.6	7.7	85.5	18.51
BCE Inc.	22.9	6.2	142.4	17.73
Cenovus Energy Inc.	28.4	20.7	40.3	27.76
Thomson Reuters Corporation	23	10.9	70.2	20.39
Enbridge Inc.	19.2	10.2	69.1	18.42
Great-West Lifeco Inc.	22.2	6.9	112.1	21.79
TELUS Corporation	29.5	10	136.8	20.93
Rogers Communications Inc.	30.3	11.1	88.2	17.53
Canadian Oil Sands Limited	35.4	9.9	132.3	34.82
Shoppers Drug Mart Corporation	18.9	9.6	39.1	20.95
Shaw Communications Inc.	27.3	10.8	80.8	19.99
RioCan Real Estate Investment Trust	20.8	6.2	71	15.45
Portfolio	24.5	14.9	74.9	20.79

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

Call Option Pricing

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

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

Price volatility of the underlying security

The volatility of the price of a security measures the tendency of the price of the security to vary during a specified period. The higher the price volatility, the more likely that the price of that security will fluctuate (either positively or negatively) and the greater the Option Premium. Price volatility is generally measured in percentage terms on an annualized basis, based on price changes during a period of time immediately prior to or trailing the date of calculation.

The difference between the strike price and the

The smaller the positive difference (or the larger the

market price of the underlying security at the time the option is written	negative difference), the greater the Option Premium.
The term of the option	The longer the term, the greater the call Option Premium.
The "risk-free" or benchmark interest rate in the market in which the option is issued	The higher the risk-free interest rate, the greater the call Option Premium.
The distributions expected to be paid on the underlying security during the relevant term	The greater the distributions, the lower the call Option Premium.

Borrowing

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

INVESTMENT RESTRICTIONS

The Declaration of Trust contains investment restrictions to the effect that, on and after the initial investment of the assets of the Fund, and prior to the Conversion Date, the Fund may not:

(a) purchase any security issued by any issuer (other than short term debt securities issued or guaranteed by the Government of Canada or any Canadian province or municipality) if as a result more than 10% of the Fund's total assets would consist of securities issued by such issuer;

(b) purchase securities other than Equity Securities of issuers that have a market capitalization of at least $1 billion at the time of investment;

(c) invest in and hold less than 75% of the value of the Portfolio in Equity Securities of issuers listed on a Canadian exchange;

(d) borrow money or employ any other forms of leverage;

(e) write covered call options on more than 33% of the Equity Securities of any issuer held in Portfolio;

(f) write call options unless the security underlying the option is held by the Fund;

(g) invest in an Equity Security of an issuer that is an affiliate of the Investment Manager or the Manager;

(h) make loans or guarantee obligations, except that the Fund may purchase and hold debt obligations (including bonds, debentures or other obligations and certificates of deposit, bankers' acceptances and fixed time deposits) in accordance with its investment objectives;

(i) own more than 10% of the equity value of a subject entity for purposes of the SIFT Rules;

(j) invest in any securities of an entity that would be a foreign affiliate of the Fund within the meaning of the Tax Act;

(k) invest for the purposes of exercising control over management of any issuer in the Portfolio;

(l) 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 income in connection with such interest pursuant to the rules in proposed 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 proposed section 94 of the Tax Act, each as set forth in the proposed amendments to the Tax Act dated August 27, 2010 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);

(m) invest in any security that is a tax shelter investment within the meaning of the Tax Act;

(n) act as an underwriter except to the extent that the Fund may be deemed to be an underwriter in connection with the sale of securities in its Portfolio;

(o) make any investment or conduct any activity that would result in the Fund failing to qualify as a "unit trust" or a "mutual fund trust" within the meaning of the Tax Act; and

(p) make or hold any investments that would result in the Fund itself being subject to the tax for SIFT trusts as provided for in the SIFT Rules.

If a percentage restriction on investment or use of assets set forth above is adhered to at the time of the transaction, later changes to the market value of the investment or the total assets of the Fund will not be considered a violation of the restriction (except for the restrictions in paragraphs (i) or (p)). Investment restrictions that do not provide for a percentage restriction must be adhered to at all times. If the Fund receives from an issuer subscription rights to purchase securities of that issuer, and if the Fund exercises such subscription rights at a time when the Fund's Portfolio holdings of securities of that issuer would otherwise exceed the limits set forth above, it will not constitute a violation if, prior to receipt of securities upon exercise of such 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.

The foregoing investment restrictions may not be changed without the approval of the Unitholders, by an Extraordinary Resolution at a meeting of Unitholders called for such purpose, unless such changes are necessary to ensure compliance with all applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time. See "Unitholder Matters".

On or after the Conversion Date, the Fund will be subject to certain standard investment restrictions and practices contained in NI 81-102 and such other investment restrictions as the Trustee may determine, in its sole discretion, from time to time.

FEES AND EXPENSES

Initial Expenses

The expenses of the Offering (including the costs of creating the Fund, the costs of printing and preparing this prospectus, legal expenses of the Fund, marketing expenses and legal and other out of pocket expenses incurred by the Agents and certain other expenses) will, together with the Agents' fees, be paid from the gross proceeds of the Offering. The Offering expenses are estimated to be $650,000. The Manager has agreed to pay all expenses incurred in connection with the Offering, other than the Agents' fees, that exceed 1.5% of the gross proceeds of the Offering.

Management Fee

Pursuant to the terms of the Management Agreement, Harvest is entitled to a management fee (the "**Management Fee**") at an annual rate of 1.00% of NAV, plus an amount equal to the Servicing Fee (as defined below) 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. In the aggregate, the Management Fee and Servicing Fee paid by the Fund prior to the Conversion will be 1.40% of the NAV per annum and 2.00% of the NAV per annum (or 1.00% of the NAV per annum if the Unitholder elects to convert into a class of units that will not have a Servicing Fee) after the Conversion.

Operating Fees and Expenses

The Fund will pay for all ordinary expenses incurred in connection with the operation and administration of the Fund. All fees and expenses of the Fund will be paid in cash. It is expected that these expenses will include, without limitation: (a) mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses; (b) fees payable to the Trustee for acting as trustee (except when the Manager is the Trustee); (c) fees payable to the Registrar and Transfer Agent; (d) fees payable to the Custodian for acting as custodian of the assets of the Fund; (e) Independent Review Committee member fees and expenses in connection with the Independent Review Committee; (f) fees payable to the auditors and legal advisors of the Fund; (g) regulatory filing, stock exchange and licensing fees; (h) any expenses in connection with the Conversion (unless the Fund merges with another fund, in which case the Manager will bear the costs); and (i) any expenditures incurred upon the termination of the Fund. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which Harvest, or the Trustee, is entitled to indemnity by the Fund.

See “Organization and Management Details of the Fund – The Manager”. The aggregate amount of these fees and expenses is estimated to be $200,000 per annum. The Fund will also be responsible for all commissions and other costs of Portfolio transactions and any extraordinary expenses of the Fund which may be incurred from time to time.

Servicing Fee

Prior to the Conversion Date, the Manager will pay to registered dealers a servicing fee (the “**Servicing Fee**”) equal to 0.40% annually of the NAV per Trust Unit for each Trust Unit held by clients of the registered dealers (calculated and paid at the end of each calendar quarter commencing on the Closing Date, plus applicable taxes). On and after the Conversion Date, the Manager will pay the Servicing Fee equal to 1.00% annually of the NAV per Trust Unit (or 0.00% annually of the NAV per Trust Unit if the Unitholder elects to convert into a class of units that will not have a Servicing Fee) for each Trust Unit held by clients of the registered dealers (calculated and paid at the end of each calendar quarter commencing on the Conversion Date, plus applicable taxes).

Warrant Exercise Fee

As soon as practicable following the exercise of a Warrant, the Fund will pay a fee equal to $0.12 per Warrant to the Agents and a fee equal to $0.18 per Warrant to the dealer whose client is exercising the Warrant.

RISK FACTORS

Certain risk factors relating to the Fund, the Units, the Trust Units and Warrants are described below which prospective investors should consider before purchasing. Additional risks and uncertainties not currently known to the Manager or the Investment Manager, or that are currently considered immaterial, may also impair the operations of the Fund. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Fund and the ability of the Fund to make distributions on the Trust Units could be materially adversely affected.

Loss of Investment

An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some of their investment and who can withstand the effect of no distribution being paid in any period.

No Guaranteed Return

There is no guarantee that an investment in the Fund will earn any positive return in the short term or long term. The Indicative Distribution Amount from year to year may be significantly less than the initial targeted Indicative Distribution Amount. The Manager, on behalf of the Fund, may at any time re-evaluate the Indicative Distribution Amount.

No Assurances of Achieving Investment Objectives

There is no assurance that the Fund will be able to achieve its investment objectives. The funds available for distribution to Unitholders will vary according to, among other things, the levels of dividends or distributions paid on the securities in the Portfolio and the value of the securities in the Portfolio. There is no assurance that the Portfolio will earn any return. No assurance can be given as to the amount of distributions in future years. No assurance can be given that the NAV per Trust Unit will appreciate. It is possible that, due to declines in the market value of the securities in the Portfolio, the Fund will have insufficient Portfolio assets to achieve its investment objectives.

Performance of the Portfolio

The NAV per Trust Unit will vary as the fair value of the securities in the Portfolio varies. The Fund has no control over the factors that affect the fair value of the securities in the Portfolio, including factors that affect the equity markets generally, such as general economic and political conditions and fluctuations in interest rates, and factors unique to 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 recessions. No assurance can be given that diminished availability of credit and significant equity devaluations will not adversely affect the markets into which the Fund will invest in.

Passive Management Risk

An investment in Units or Trust Units, as applicable, should be made with an understanding that the value of the Portfolio securities may fluctuate in accordance with the financial condition of the issuer from time to time, the value of the securities generally and other factors. Because it is the Fund's intention to invest in the Portfolio securities on a passive basis, the Portfolio will not be actively managed by traditional methods and, accordingly, will not be repositioned to attempt to take defensive positions in declining markets. At the time of any rebalancing, it is the Investment Manager's intention to select a new Equity Security for the Portfolio only when an Equity Security needs to be replaced in order for the Portfolio to meet the investment characteristics (described herein). Accordingly, the Investment Manager will not select an optimal portfolio at the time of each rebalancing.

Volatility and Distributions

The amount of distributions may fluctuate from month to month and there can be no assurance that the Fund will make any distribution in any particular month. The current yield on the securities comprising the initial Portfolio is approximately 4.3%, net of fees (based on the current cash yield on the Indicative Portfolio which may vary from the actual Portfolio and therefore vary the actual yield). The distributable cash flow and monthly distributions to Unitholders will be substantially based upon the level of premiums realized by the Fund pursuant to the option writing strategy described herein as opposed to the level of dividends received on the securities comprising the Portfolio. The Portfolio would be required to generate a return of approximately 8.38% per annum in order for the Fund to maintain a stable Net Asset Value per Trust Unit (after accounting for the fees and expenses of the Offering) while making the initial cash distributions of $0.78 per annum (assuming an offering size of $100 million and fees and expenses are as disclosed herein). As the Fund will not write call options on more than 33% of the Equity Securities of each issuer in the Portfolio, if there is a significant decrease in the volatility of the Equity Securities comprising the Portfolio, this could have a significant adverse effect on the distributable cash flow generated by the Fund and accordingly, the distributions, if any paid by the Fund from time to time. If the return from writing covered call options is less than the amount necessary to fund the monthly distributions, the Manager may supplement the amounts needed through capital gains from the Portfolio, or may return a portion of the capital of the Fund to Unitholders to ensure that the distribution is paid, in which case the Net Asset Value per Trust Unit would be reduced. In the event it does not do so in such circumstances distributions will be reduced.

Composition and Concentration of Portfolio

The composition of the Portfolio taken as a whole may vary widely from time to time but will be concentrated by geography and may be concentrated by type of security, commodity or industry. Therefore, the Portfolio may be considered less diversified.

Use of Options

The Fund is subject to the full risk of its investment position in the securities comprising its Portfolio, including those securities that are subject to outstanding call options, should the market price of such securities decline. In addition, the Fund will not participate in any gain on the securities that are subject to outstanding call options above the strike price of such options. See "Investments of the Fund – Covered Option Writing".

The use of derivative instruments involves risks different from and possibly greater than the risks associated with investing directly in such securities and other traditional investments. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, leveraging risk, counterparty risk, trading execution risk. Derivatives also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index.

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

In purchasing call options or entering into forward contracts, the Fund is subject to the credit risk that its counterparty (a clearing corporation, in the case of exchange traded instruments) may be unable to meet its obligations. In addition, there is risk of loss by the Fund of margin deposits in the event of the bankruptcy of the dealer with whom the Fund has an open position in an option. The ability of the Fund to close out its positions may also be effected by exchange imposed daily trading limits on options and futures contracts. If the Fund is unable to close out a position it will be unable to realize its profit or limit its losses until such time as the option becomes exercisable or expires. The inability to close out options, futures and forward positions could also have an adverse impact on the Fund's ability to use derivatives instruments to effectively hedge its Portfolio or implement its Investment Strategy.

The use of options may have the effect of limiting or reducing the total returns of the Fund. In addition, the income associated with writing covered call options may be outweighed by the foregone opportunity of remaining invested directly in the securities comprising the Portfolio. In such an event, the Fund would have to increase the percentage of the Portfolio that is subject to covered call options in order to meet its targeted distributions.

Counterparty Risk

In writing call options or entering into forward or future contracts, the Fund is subject to the credit risk that the counterparties (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet their respective obligations and that the Fund may incur losses as a result.

Equity Risk

Equities such as common shares or units of income trusts give the holder part ownership in the issuer. The value of an equity security changes with the fortunes of the issuer that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. Equity related securities that provide indirect exposure to the Equity Securities of an issuer, such as convertible debentures, can also be affected by equity risk. Present economic conditions may adversely affect issuers and the pricing of their securities. Further continued volatility or illiquidity could impair materially the profitability of these issuers.

Interest Rate Fluctuations

As the Fund is targeting monthly distributions representing a yield on the Offering Price of the Units of 6.5% per annum, the trading price of the Trust Units may be affected by the level of interest rates prevailing from time to time. In addition, any decrease in the NAV resulting from an increase in interest rates may also negatively affect the trading price of the Trust Units. Changes in interest rates may also adversely affect the business of the issuers in which the Fund invests or the trading price of the securities of such issuers.

Trading Price of the Trust Units Relative to Net Asset Value

Trust Units of certain closed-end funds in Canada have traded at a discount from their net asset values. This risk associated with Trust Units of a closed-end fund is a risk separate and distinct from the risk that the Fund's NAV may decrease. The Fund cannot predict whether the Trust Units will trade at a discount from, a premium to, or at the NAV per Trust Unit.

Recent Global Financial Market Developments

Global financial markets have experienced significant volatility during recent months. This has been, in part, the result of the European debt crisis, the downgrading of the United State's debt rating and the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to higher borrowing costs in general in the global economy, reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as governments are attempting to address the debt crisis in Europe and restore liquidity to the global economies, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not materially and adversely affect economies around the world in the near to medium term. No assurance can be given that this stimulus will continue or if it is continued, that it will be successful or that these economies won't be adversely affected by the inflationary pressures resulting from such stimulus, or central banks' efforts to slow inflation. Some of these economies have experienced significantly diminished growth and others have experienced or are experiencing a recession. These market conditions and unexpected volatility or illiquidity in capital markets may also adversely affect the prospects of the Fund and the value of the such issuers in the Portfolio.

Reliance on Management

Unitholders will be dependent on the management of the Manager and Investment Manager. Investors who are not willing to rely on the management of the Manager and Investment Manager should not invest in the Units, Trust Units or Warrants.

Nature of Trust Units

The Trust Units share certain attributes common to both Equity Securities and debt instruments. Trust Units are dissimilar to debt instruments in that there is no principal amount owing to Unitholders. The Trust Units represent a fractional interest in the assets of the Fund. 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.

Warrants

If a Unitholder does not exercise, or sells, the Warrants, then the value of the Trust Units held by that Unitholder may be diluted as a result of the exercise of Warrants by others.

Redemptions

If holders of a substantial number of Trust Units exercise their redemption right, the number of Trust Units outstanding and the NAV of the Fund could be significantly reduced with the effect of increasing the management expense ratio of the Fund.

Operating History

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

Status of the Fund

The Fund is not a “mutual fund” for securities law purposes until the Conversion. As a result, some of the protections provided to investors in mutual funds under such laws will not be available to investors in the Trust Units and restrictions imposed on mutual funds under Canadian securities laws, including NI 81-102, will not apply to the Fund until the Conversion Date.

Conversion

After Conversion, Unitholders will not have the right to approve changes to the investment strategy of the Fund.

There may be a time between the de-listing of the Trust Units on the TSX and the Conversion Date where Unitholders may not be able to sell or redeem their Trust Units.

Potential Conflicts of Interest

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

Exchange Option

A significant portion of the proceeds realized pursuant to the Offering may be by way of deposits under the Exchange Option. Accordingly, the Portfolio may be initially exposed to the value of the securities of a limited number of Exchange Issuers. To achieve the desired Portfolio, the Manager may be required to dispose of securities 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. This may have a negative impact on NAV during the period in which the Portfolio is being established. No assurance can be given that this will not adversely and materially affect the performance of the Fund in the near term. Additionally, the price of these securities on the Closing Date may be higher or lower than the price that was used to calculate the Exchange Ratios for such securities. Notwithstanding any such change, the Exchange Ratios will not, unless otherwise disclosed, change from the date on which they are established and, accordingly, if the price of an Exchange Eligible Security on the Closing Date is less than the price used to calculate the Exchange Ratio, the Fund will in effect pay more to acquire the Exchange Eligible Securities than it would if it had acquired the same security in the market on the Closing Date.

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 received by the Fund or by the Unitholders.

Taxation of the Fund

On October 31, 2003 the Department of Finance released tax proposals (the "October 2003 Proposals") relating to the deductibility of losses under the Tax Act. Under the October 2003 Proposals, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If the October 2003 Proposals were to apply to the Fund, certain losses of the Fund may be limited with after-tax returns to Unitholders reduced as a result. On February 23, 2005, the Minister of Finance (Canada) announced that an alternative proposal to replace the October 2003 Proposals would be released (the "Alternative Proposal"). To date, the Alternative Proposal has not been released and no assurance can be given that it will not adversely affect the Fund.

If certain tax proposals released on September 16, 2004 are enacted as proposed (the "September 2004 Proposals"), the Fund would cease to qualify as a mutual fund trust for purposes of the Tax Act if, at any time after 2004, the fair market value of all Trust Units held by non-residents, or partnerships that are not Canadian partnerships, or any combination of the foregoing, is more than 50% of the fair market value of all issued and outstanding Trust Units unless not more than 10% (based on fair market value) of the Fund's property is at any time "taxable Canadian property" within the meaning of the Tax Act and certain other types of specified property. Restrictions on the ownership of Trust Units are intended to limit the number of Trust Units held by non-residents such that non-residents, partnerships that are not Canadian partnerships, or any combination of the foregoing, may not own Trust Units representing more than 50% of the fair market value of all Trust Units. The September 2004 Proposals were not included in Bill C-52, which received Royal Assent on June 22, 2007. Pursuant to an amendment to the Tax Act, the Fund would be deemed not to be a mutual fund trust after any time when it can reasonably be considered that the Fund was established or is maintained primarily for the benefit of non-resident persons unless at that time, all or substantially all of its property is property other than taxable Canadian property. It is not clear whether this amendment supersedes the September 2004 Proposals.

If the Fund 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 on the disposition of securities in the Portfolio, Option Premiums received on covered call options and any loss sustained on closing out options as capital gains and losses. 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.

The SIFT Rules will apply to a mutual fund 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 the Trust 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.

Certain issuers of securities included in the Portfolio may be or may become SIFT trusts or SIFT partnerships. In such event, the after-tax returns realized by Unitholders may be reduced to the extent that the Fund receives distributions of income or capital gains from such SIFT trusts or allocations of income or capital gains from such SIFT partnerships. In addition, as a result of the SIFT Rules, it is possible that SIFT trusts or SIFT partnerships may seek to restructure their affairs and organizational structures in a manner that could have an impact upon the returns to the Fund.

DISTRIBUTION POLICY

The Fund intends to make monthly cash distributions to Unitholders of record on the last Business Day of each month and pay such cash distributions on or before the 15th day of the following month. Beginning in November, 2012, the Fund will annually determine and announce the Indicative Distribution Amount for the following 12 months based upon the prevailing market conditions. The initial Indicative Distribution Amount will be $0.065 per Trust Unit per month ($0.78 per annum representing an annual cash distribution of 6.5% based on the $12.00 per Unit issue price). The initial cash distribution is anticipated to be payable on or before January 15, 2012 to Unitholders of record on December 31, 2011.

The Portfolio would be required to generate a return of approximately 8.38% per annum in order for the Fund to maintain a stable Net Asset Value per Trust Unit (after accounting for the fees and expenses of the Offering) while making the initial cash distributions of $0.78 per annum (assuming an offering size of $100 million and fees and expenses are as disclosed herein). The Fund is expected to generate dividend and distribution income of approximately 4.30% per annum (based on the current cash yield on the Indicative Portfolio which may vary from the actual Portfolio and therefore vary the actual yield). The Portfolio would be required to generate an additional return of approximately 4.08% per annum, including from option premiums, realized capital appreciation and dividend and distribution growth, in order for the Fund to maintain its initial targeted distributions level and a stable NAV. The distributable cash flow and monthly distributions to Unitholders will be substantially based upon the level of premiums realized by the Fund pursuant to the option writing strategy described herein and on the level of dividends and other distributions received on the securities comprising the Portfolio. As the Fund will not write call options on more than 33% of the Equity Securities of each issuer in the Portfolio, if there is a significant decrease in the volatility of the Equity Securities comprising the Portfolio, this could have a significant adverse effect on the distributable cash flow generated by the Fund and accordingly, the distributions, if any paid by the Fund from time to time. **The amount of monthly cash distributions may fluctuate from month to month and there can be no assurance that the Fund will make any distributions in any particular month or months**. If the annual return derived from the Portfolio, including the call option premiums, is less than the amount necessary to fund the monthly distributions and if the Manager chooses nevertheless to ensure that the monthly distributions are paid to Unitholders at the initial Indicative Distribution Amount, this will result in a portion of the capital of the Fund being returned to Unitholders. After the Conversion, the Portfolio would be required to generate a return of approximately 8.98% per annum from option premiums, realized capital appreciation and dividend and distribution growth in order to fund distributions at the initial Indicative Distribution Amount. The use of call options may have the effect of precluding the Fund from participating in returns derived from the securities that are the subject of such options or limiting or reducing the total returns of the Fund, particularly in a rising market since the premiums associated with writing covered call options may be outweighed by the cost of closing out outstanding options. However, the Manager believes that in a slightly rising, flat or downward trending market, a portfolio that is subject to covered call option writing will generally provide higher relative returns and lower volatility than one on which no options are written.

If, in any year after such distributions, there would otherwise remain in the Fund additional net income or net realized capital gains, a special distribution (either in cash or Trust Units) 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 the Tax Act will be automatically payable on the last day of that taxation year to Unitholders of record on that date. Immediately after a pro rata distribution of Trust Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Trust Units may be consolidated such that each Unitholder will hold, after the consolidation, the same number of Trust Units as the Unitholder held before the non-cash distributions, except in the case of a non-resident Unitholder to the extent tax was required to be withheld in respect of the distribution.

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

PURCHASES OF SECURITIES

Prospective purchasers may subscribe for Units through any one of the Agents or any member of a sub-agency group that the Agents may form. Closing of the Offering will take place on or about November 17, 2011, or such later date as may be agreed upon by the Fund and the Agents that is on or before December 15, 2011. The distribution price was determined by negotiation between the Agents and the Fund. See "Plan of Distribution".

The Exchange Option

The maximum number of Exchange Eligible Securities of any one Exchange Issuer that the Fund may acquire under the Exchange Option is the lesser of (i) that number that would constitute 10% of the net assets of the Fund, (ii) that number that, if combined with the other securities of such Exchange Issuer either held, directly or indirectly, or over which control or direction is exercised by the Manager, the Investment Manager or any party acting jointly or in concert with the Manager or the Investment Manager, would result in the Manager, the Investment Manager and any such party directly or indirectly holding or exercising control or direction over 19.9% of the outstanding securities of such Exchange Issuer and (iii) that number of securities with a fair market value that constitutes 9.9% of the equity value of such Exchange Issuer for purposes of section 122.1 of the Tax Act (such lesser number being referred to as the "**Maximum Ownership Level**"). **The Exchange Option does not constitute, and is not to be construed as, a take-over bid for any Exchange Issuer.** To the extent that the Maximum Ownership Level has been achieved in respect of the securities of any one Exchange Issuer and an excess of securities of such Exchange Issuer above the Maximum Ownership Level has been deposited and not rescinded, then the securities of such Exchange Issuer will be accepted by the Fund up to the Maximum Ownership Level and the balance will be re-credited to purchasers' accounts through CDS.

The transfer of Exchange Eligible Securities to the Fund will result in a taxable disposition of such securities by the prospective purchaser who has made an Exchange Option Election. See "Income Tax Considerations – The Exchange Option".

Procedure for the Exchange Option

A prospective purchaser of Units who elected to pay for such Units by using the Exchange Option must have done so by means of an Exchange Option Election through CDS. Prospective purchasers intending to use the Exchange Option must have ensured an Exchange Option Election was received by the Exchange Agent through CDS prior to 5:00 p.m. (Toronto time) on October 20, 2011. Such book-entry deposits had to be made by a CDS Participant. Once submitted to the Exchange Agent through CDS, a deposit of securities under the Exchange Option (including the transfers authorized thereby) is, subject to the completion of the Offering, irrevocable unless rescinded as described under the "Purchasers' Statutory Rights of Withdrawal and Rescission". By authorizing a deposit of securities under the Exchange Option through CDS, a prospective purchaser will have authorized the transfer to the Fund of each such security and represents and warrants that the prospective purchaser has the full right and authority to transfer the securities 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 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 to accept or reject, in whole or in part, any deposit of securities made pursuant to the Exchange Option. The Manager also reserves the right to accept or 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 or rating of an Exchange Eligible Security.

If, for any reason, at the discretion of the Manager, the 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 the Offering, as the case may be, and such securities will be re-credited to their accounts through CDS and the CDS Participants.

Determination of Exchange Ratios

The Exchange Ratio was determined by dividing the volume weighted average trading price of such securities on the TSX during the Pricing Period, as adjusted to reflect distributions declared by the applicable Exchange Issuer that will not be received by the Fund, by $12.00. The Exchange Ratios were rounded down to four decimal places. Fractional Units will not be issued by the Fund. Allocation of cash in respect of fractional Units to purchasers who have authorized the deposit of Exchange Option Elections through CDS will be at the discretion of the CDS Participant.

Delivery of Final Prospectus and Issuance of Press Release

Each prospective purchaser who authorized the deposit of securities of an Exchange Eligible Securities through CDS by 5:00 p.m. (Toronto time) on October 20, 2011 will be furnished with a copy of the final prospectus relating to this Offering.

The Fund issued a press release on October 20, 2011 announcing for each of the Exchange Eligible Security, the TSX ticker symbol, CUSIP number, volume weighted average trading price and the applicable Exchange Ratio.

The Exchange Eligible Securities

The table below sets out the Exchange Eligible Securities. The name of the Exchange Eligible Security, TSX ticker symbol, CUSIP number, volume weighted average trading price and Exchange Ratio are listed.

Exchange Eligible Securities	TSX Ticker Symbol	CUSIP Number	Volume Weighted Average Trading Price	Exchange Ratio
Aecon Group Inc.	ARE	00762V109	7.6794	0.6399
Agnico-Eagle Mines Ltd.	AEM	008474108	47.7954	3.9829
Agrium Inc.	AGU	008916108	75.2455	6.2704
Alamos Gold Inc.	AGI	011527108	16.7220	1.3935
Alimentation Couche-Tard Inc.	ATD.B	01626P403	30.2415	2.5201
Allied Properties Real Estate Investment Trust	AP.UN	01945610C	23.2693	1.9299
AltaGas Ltd.	ALA	02136110C	28.4717	2.3634
ARC Resources Ltd.	ARX	00208D40C	24.6660	2.0471
Artis Real Estate Investment Trust	AX.UN	04315L10C	13.0085	1.0765
Astral Media Inc.	ACM.A	046346201	35.2907	2.9408
Atco Ltd.	ACO.X	046789400	61.9214	5.1601
Atlantic Power Corporation	ATP	04878Q86C	13.8335	1.1451
Bank of Montreal	BMO	06367110C	58.6545	4.8295
Bank of Nova Scotia	BNS	064149107	51.6567	4.3047
Barrick Gold Corporation	ABX	06790108	45.9515	3.8292
Baytex Energy Corp.	BTE	07317Q10C	50.2514	4.1709
BCE Inc.	BCE	05534B76C	39.4286	3.2857
Bell Aliant Inc.	BA	07786R20C	27.7272	2.3106
Boardwalk Real Estate Investment Trust	BEI.UN	09663110C	47.2641	3.9261
Bombardier Inc.	BBD.B	097751200	3.9344	0.3278
Bonavista Energy Corporation	BNP	09784Y10C	25.1903	2.0891
Bonterra Energy Corp.	BNE	09854610C	50.5711	4.2142
Brookfield Asset Management	BAM	112585104	27.4815	2.2792
Brookfield Renewable Power Fund	BRC.UN	11283413C	26.5252	2.2104

Exchange Eligible Securities	TSX Ticker Symbol	CUSIP Number	Volume Weighted Average Trading Price	Exchange Ratio
CAE Inc.	CAE	124765108	10.3308	0.8609
Calfrac Well Services Ltd.	CFW	129584108	29.8000	2.4833
Calloway Real Estate Investment Trust	CWT.UN	13125320C	25.6295	2.1250
Cameco Corporation	CCO	13321L108	20.5268	1.7105
Canadian Natural Resources Limited	CNQ	136385101	32.4458	2.7038
Canadian Pacific Railway Limited	CP	13645T100	56.6516	4.7209
Canadian Tire Corporation, Limited	CTC.A	136681202	58.0349	4.8133
Canadian Utilities Limited	CU	136717832	62.8791	5.2063
Canadian Western Bank	CWB	13677F101	27.0037	2.2503
Capital Power Corporation	CPX	14042M10C	25.4924	2.1243
Capital Power Income L.P.	CPA.UN	14042N10C	18.5324	1.5321
CCL Industries Inc.	CCL.B	124900309	28.5562	2.3796
Canadian Apartment Properties Real Estate Investment Trust	CAR.UN	13492110C	20.0663	1.6646
Canadian Imperial Bank Of Commerce	CM	13606910C	75.0246	6.2520
Canadian Oil Sands Limited	COS	13643E10C	22.1316	1.8443
Canadian Real Estate Investment Trust	REF.UN	13650J10C	34.4771	2.8630
Centerra Gold Inc.	CG	152006102	20.4392	1.7032
Chartwell Seniors Housing REIT	CSH.UN	16140U10C	7.1006	0.5879
Chorus Aviation Inc.	CHR.B	17040T20C	3.7964	0.3163
CI Financial Income Fund	CIX	12549110C	19.9092	1.6528
Cineplex Inc.	CGX	17245410C	25.0302	2.0768
CML HealthCare Inc.	CLC	12582Q10C	9.5158	0.7877
Cogeco Cable Inc.	CCA	19238V105	48.6363	4.0530
Cominar Real Estate Investment Trust	CUF.UN	19991010C	21.4218	1.7751
Corus Entertainment Inc.	CJR.B	220874101	19.7824	1.6485
Crescent Point Energy Corp.	CPG	22576C10C	42.7734	3.5452
Davis + Henderson Corporation	DH	23905710C	16.4598	1.3716
Daylight Energy Ltd.	DAY	23959020C	9.8079	0.8173
Dorel Industries Inc.	DII.B	25822C205	23.7755	1.9812
Dundee Real Estate Investment Trust	D.UN	26527020C	31.9577	2.6478
Eldorado Gold Corporation	ELD	284902103	17.0217	1.4184
Emera Incorporated	EMA	29087610C	32.8026	2.7054
Empire Company Limited	EMP.A	291843407	58.3207	4.8600
Enbridge Inc.	ENB	29250N105	34.8268	2.9022
EnCana Corporation	ECA	292505104	20.4547	1.7045
Enerflex Ltd.	EFX	29268J104	9.1885	0.7657
Enerplus Corporation	ERF	29276610C	27.0783	2.2565
Ensign Energy Services Inc.	ESI	293570107	14.6377	1.2198
Extendicare Real Estate Investment Trust	EXE.UN	30225110C	7.0040	0.5778
Fairfax Financial Holdings Limited	FFH	303901102	399.1510	33.2625
Finning International Inc.	FTT	318071404	21.1644	1.7637
First Capital Realty Inc.	FCR	31943B10C	16.2957	1.3579
First Quantum Minerals Ltd.	FM	335934105	15.3097	1.2758
Fortis Inc.	FTS	349553107	33.3932	2.7586
Franco-Nevada Corporation	FNV	351858105	38.0595	3.1682
Freehold Royalties Ltd.	FRU	35650010C	17.6083	1.4556
Genworth MI Canada Inc.	MIC	37252B10C	20.6908	1.7242
George Weston Limited	WN	961148509	68.6315	5.7192

Exchange Eligible Securities	TSX Ticker Symbol	CUSIP Number	Volume Weighted Average Trading Price	Exchange Ratio
Gildan Activewear Inc.	GIL	375916103	26.1563	2.1796
GMP Capital Inc.	GMP	380134106	6.8604	0.5717
Goldcorp Inc.	G	380956409	45.7823	3.8151
Great-West Lifeco Inc.	GWO	39138C10C	21.3728	1.7810
Groupe Aeroplan Inc.	AER	39945310C	11.2127	0.9343
H&R Real Estate Investment Trust	HR.UN	40442820C	20.3129	1.6854
Home Capital Group Inc.	HCG	436913107	45.1046	3.7587
HudBay Minerals Inc.	HBM	443628102	10.6888	0.8907
Husky Energy Inc.	HSE	44805510C	24.7061	2.0588
IAMGOLD Corporation	IMG	450913108	19.4790	1.6232
IGM Financial Inc.	IGM	44958610C	42.2356	3.5196
Imperial Oil Corporation	IMO	453038408	40.6540	3.3878
Industrial Alliance Insurance	IAG	455871103	30.6978	2.5581
Inmet Mining Corporation	IMN	457983104	49.6268	4.1355
Intact Financial Corporation	IFC	45823T106	56.8971	4.7414
Inter Pipeline Fund	IPL.UN	45833P10C	16.5752	1.3812
Jean Coutu Group (PJC) Inc.	PJC.A	47215Q104	12.3977	1.0331
Just Energy Group Inc.	JE	48213W10C	11.0885	0.9240
Keyera Corp.	KEY	49327110C	45.7484	3.8123
Kinross Gold Corporation	K	496902404	14.0175	1.1681
Labrador Iron Ore Royalty Corporation	LIF.UN	504904103	32.1273	2.6772
Laurentian Bank of Canada	LB	51925D106	43.6912	3.6409
Linamar Corporation	LNR	53278L107	15.0841	1.2570
Loblaw Companies Limited	L	539481101	38.3533	3.1961
MacDonald, Dettwiler and Associates Ltd.	MDA	554282103	42.7039	3.5586
Magna International Inc.	MGA	559222401	36.7548	3.0629
Major Drilling Group International Inc.	MDI	560909103	11.7498	0.9791
Manitoba Telecom Services Inc.	MBT	56348610C	31.7342	2.6445
Manulife Financial Corporation	MFC	56501R106	12.4592	1.0382
Maple Leaf Foods Inc.	MFI	564905107	10.5333	0.8777
Methanex Corporation	MX	59151K108	24.8379	2.0698
Metro Inc.	MRU.A	59162N109	47.8362	3.9703
Mullen Group Ltd.	MTL	62528410C	19.4923	1.6243
NAL Energy Corporation	NAE	62875E10C	8.5171	0.7097
National Bank of Canada	NA	633067103	70.2346	5.8528
Nevsun Resources Ltd.	NSU	64156L101	4.8656	0.4054
Nexen Inc.	NXY	65334H102	16.7137	1.3928
Niko Resources Ltd.	NKO	653905109	50.0144	4.1678
Northland Power Inc.	NPI	66651110C	15.7288	1.3032
ONEX Corporation	OCX	68272K103	33.5962	2.7996
Pan American Silver Corp.	PAA	697900108	27.5524	2.2960
Pason Systems Inc.	PSI	702925108	13.0326	1.0860
Pembina Pipeline Corporation	PPL	70632710C	25.9948	2.1554
Pengrowth Energy Corporation	PGF	70706P10C	10.1116	0.8426
Penn West Petroleum Ltd.	PWT	70788710C	15.7472	1.3122
Perpetual Energy Inc.	PMT	71427010C	1.6809	0.1400
PetroBakken Energy Ltd.	PBN	71645A10C	8.2569	0.6814
Petrominerales Ltd.	PMG	P7914K108	25.2130	2.1010
Peyto Exploration & Development Corp.	PEY	717045108	21.2514	1.7659

Exchange Eligible Securities	TSX Ticker Symbol	CUSIP Number	Volume Weighted Average Trading Price	Exchange Ratio
Potash Corporation of Saskatchewan Inc.	POT	73755L107	49.3538	4.1128
Power Corporation of Canada	POW	73923910C	24.1746	2.0145
Power Financial Corporation	PWF	73927C10C	26.4921	2.2076
Primaris Retail Real Estate Investment Trust	PMZ.UN	74157U10C	20.0662	1.6637
Progress Energy Resources Corp.	PRQ	74326Y107	13.9178	1.1598
Provident Energy Ltd.	PVE	74386V10C	9.1726	0.7643
Quebecor Inc.	QBR.B	748193208	34.4432	2.8702
Reitman's (Canada) Limited	RET.A	75940420C	14.4362	1.2030
Research in Motion Limited	RIM	760075102	22.9886	1.9157
RioCan Real Estate Investment Trust	REI.UN	76691010C	25.0015	2.0738
Rogers Communications Inc.	RCI.B	77510920C	36.5298	3.0441
RONA Inc.	RON	776249104	9.3449	0.7787
Royal Bank of Canada	RY	78008710C	47.6077	3.9223
Russel Metals Inc.	RUS	78190360C	21.9263	1.8271
Saputo Inc.	SAP	802912105	40.9538	3.4128
Shaw Communications Inc.	SJR.B	82028K20C	20.9571	1.7400
ShawCor. Ltd	SCL.A	82028K10	23.5748	1.9645
Sherritt International Corporation	S	823901103	4.5974	0.3831
Shoppers Drug Mart Corporation	SC	82509W103	41.4610	3.4550
Silver Wheaton Corp.	SLW	828336107	30.2013	2.5167
Silvercorp Metals Inc.	SVM	82835P103	8.2034	0.6836
SNC-Lavalin Group Inc.	SNC	78460T105	46.9699	3.9141
Sun Life Financial Inc.	SLF	86679610C	23.9231	1.9935
Suncor Energy Inc.	SU	867229106	30.1396	2.5116
Superior Plus Corp.	SPB	86828P10C	7.0769	0.5814
Talisman Energy Inc.	TLM	87425E103	13.6939	1.1411
Teck Resources Limited	TCK.B	878742204	34.5383	2.8781
TELUS Corp.	T	87971M10C	54.8688	4.5724
The North West Company Inc.	NWC	66327810C	18.9413	1.5784
Thomson Reuters Corporation	TRI	884903105	28.3300	2.3350
Tim Hortons Inc.	THI	88706M103	49.5681	4.1306
TMX Group Inc.	X	87261X108	41.5309	3.4609
Toromont Industries Ltd.	TIH	891102105	18.5605	1.5467
Toronto-Dominion Bank	TD	891160509	73.8325	6.1527
TransAlta Corporation	TA	89346D10C	22.1627	1.8468
TransCanada Corporation	TRP	89353D10C	43.3773	3.6147
Transcontinental Inc.	TCL.A	893578104	11.6298	0.9691
TransForce Inc.	TFI	89366H103	10.9723	0.9143
Trican Well Service Ltd.	TCW	895945103	18.1394	1.5116
Trilogy Energy Corp.	TET	89619Y101	32.4976	2.7052
Trinidad Drilling Ltd.	TDG	896356102	6.7728	0.5644
Veresen Inc.	VSN	92340R10C	14.4551	1.1976
Vermilion Energy Inc.	VET	92372510C	46.3912	3.8501
Viterra Inc.	VT	92849T108	10.5859	0.8821
West Fraser Timber Co. Ltd.	WFT	952845105	42.6171	3.5514
WestJet Airlines Ltd.	WJA	960410207	12.6303	1.0525
Westshore Terminals Investment Corporation	WTE.UN	96145A10C	22.8800	1.9066
Wi-LAN Inc.	WIN	928972108	6.1125	0.5093
Yamana Gold Inc.	YRI	98462Y100	14.6072	1.2172

REDEMPTION OF TRUST UNITS

Monthly Redemption

Prior to the Conversion Date, Trust Units may be surrendered prior to 5:00 p.m. (Toronto time) on the tenth Business Day before the last Business Day of the applicable month (the "**Monthly Redemption Notice Period**") by Unitholders thereof for redemption ("**Monthly Redemption**"). Upon receipt by the Fund of the redemption notice, in the manner described below, the Unitholder shall be entitled to receive a price per Trust Unit (the "**Monthly Redemption Price**") equal to the lesser of:

(a) 95% of the "market price" of the Trust Units on the principal market on which the Trust Units are quoted for trading during the 20 trading day period ending immediately before the Monthly Redemption Date; and

(b) 100% of the "closing market price" on the principal market on which the Trust Units are quoted for trading on the Monthly Redemption Date.

For the purposes of this calculation, "market price" will be an amount equal to the weighted average of the closing price of the Trust Units for each of the trading days on which there was a closing price; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the Trust Units traded on a particular day, the "market price" shall be an amount equal to the average of the highest and lowest prices for each of the trading days on which there was a trade; and provided further that if there was trading on the applicable exchange or market for fewer than 10 of the 20 trading days, the "market price" shall be the average of the following prices established for each of the 20 trading days: the average of the last bid and last asking prices of the Trust Units for each day there was no trading; the closing price of the Trust Units for each day that there was trading if the exchange or market provides a closing price; and the average of the highest and lowest prices of the Trust Units for each day that there was trading if the market provides only the highest and lowest prices of Trust Units traded on a particular day. The "closing market price" shall be an amount equal to the closing price of the Trust Units if there was a trade on the date and the exchange or market provides a closing price; an amount equal to the average of the highest and lowest prices of the Trust Units if there was trading and the exchange or other market provides only the highest and lowest prices of Trust Units traded on a particular day; or the average of the last bid and last asking prices of the Trust Units if there was no trading on that date.

The Monthly Redemption Price payable by the Fund in respect of any Trust Units surrendered for redemption shall be satisfied by way of a cash payment on the Redemption Payment Date, provided that the entitlement of Unitholders to receive cash upon the redemption of their Trust Units may be suspended if: (i) at the time such Trust Units are tendered for redemption, the outstanding Trust Units are not listed for trading on a stock exchange or traded or quoted on another market which provides representative fair market value prices for the Trust Units; or (ii) the normal trading of Trust Units is suspended or halted on any stock exchange on which the Trust Units are listed (or, if not listed on a stock exchange, on any market on which the Trust Units are quoted for trading) on the Monthly Redemption Date or for more than 10 trading days during the 20 day trading period ending immediately before the Monthly Redemption Date. Any payment so made shall, unless a cheque is not honoured on presentation, discharge the Fund and the Trustee from all liability to the Unitholder in respect of the amount thereof plus any amount required by law to be withheld, and the Trust Units so redeemed shall be cancelled and not reissued.

It is anticipated that the Monthly Redemption will not be the primary mechanism for Unitholders to dispose of their Trust Units.

Redemption of Trust Units on the First NAV Redemption Date

Unitholders who wish to redeem their Trust Units on the First NAV Redemption Date will receive a redemption price per Trust Unit equal to NAV per Trust Unit as at the First NAV Redemption Date. On and after the Conversion Date, Unitholders may redeem Trust Units on any Business Day at the NAV per Trust Unit.

Trust Units may be surrendered for redemption during the Notice Period by the registered Unitholder to the Registrar and Transfer Agent. Trust Units surrendered for redemption by a Unitholder during the Notice Period will be redeemed on the First NAV Redemption Date and the Unitholder will receive payment on or before the seventh Business Day following the First NAV Redemption Date. Any payment so made shall, unless a cheque is not honoured on presentation, discharge the Fund and the Trustee from all liability to the Unitholder in respect of the amount thereof plus any amount required by law to be withheld, and the Trust Units so redeemed shall be cancelled and not reissued.

Exercise of Redemption Privilege

The Monthly Redemption or redemption on the First NAV Redemption Date must be exercised by causing written notice (the "**Redemption Notice**") to be given within the Monthly Redemption Notice Period or the Notice Period, as applicable, in the manner described below. Such surrender will be irrevocable upon the delivery of the Redemption Notice to CDS through a CDS Participant, except with respect to those Trust Units which are not paid for by the Fund on the relevant Redemption Payment Date or First NAV Redemption Date, as applicable.

A Unitholder who desires to exercise redemption privileges must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto), on behalf of the Unitholder, the Redemption Notice. A Unitholder who desires to redeem Trust Units should ensure that the CDS Participant is provided with the Redemption 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 the Redemption Notice to CDS and so as to permit CDS to deliver notice to the Registrar and Transfer Agent, in advance of the required time. Any expense associated with the preparation and delivery of Redemption Notices will be for the account of the Unitholder exercising the redemption privilege.

Except as provided under "Suspension of Redemptions" below, by causing a CDS Participant to deliver to CDS a notice of the Unitholder's intention to redeem Trust Units, a Unitholder shall be deemed to have irrevocably surrendered his or her Trust Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of 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 a Unitholder'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 Unitholder's instructions will not give rise to any obligations or liability on the part of the Fund to the CDS Participant or to the Unitholder.

Redemption of Trust Units On and After Conversion Date

On and after the Conversion Date, Unitholders may redeem Trust Units on any Business Day without charge. To do so, Unitholders must complete a written redemption request. If the redemption request is deposited with a dealer, the dealer must send the redemption request to the Toronto office of the Registrar and Transfer Agent on the same day. If the dealer receives the redemption request after the close of business (usually 4:00 p.m. Toronto time) or on a day that is not a Business Day, the dealer must send it to the Registrar and Transfer Agent on the next Business Day.

A redemption request received by the Registrar and Transfer Agent before the close of business (usually 4:00 p.m. Toronto time) on a Business Day will be processed at the NAV per Trust Unit calculated at the close of business on that Business Day. A redemption request received by the Registrar and Transfer Agent after the close of business on a Business Day or on a day which is not a Business Day will be processed at the NAV per Trust Unit determined at the close of business on the next Business Day.

Whenever practicable, a dealer must send such redemption request by courier or fax, to ensure that the Registrar and Transfer Agent receives it as quickly as possible. The cost of sending the redemption request must be paid by the dealer. A redemption request sent by fax directly by an investor will not be accepted.

For the protection of Unitholders in the Fund, a Unitholder's signature on any redemption request must be guaranteed by a bank, trust company or a dealer. This procedure must be followed carefully. Other documentation may be required for redemption by corporations or other Unitholders that are not individuals.

If all necessary redemption documents have been properly completed and sent to the Registrar and Transfer Agent with the redemption request, the Manager will pay the redemption amount within three Business Days of the day on which the redemption request was placed. Otherwise, the redemption amount will be paid within three Business Days after the Registrar and Transfer Agent receives the missing documentation. If all necessary documents are not received by the Registrar and Transfer Agent within ten Business Days following the date on which the redemption was requested, the Manager will reverse the redemption order by processing a purchase order on the tenth Business Day after the redemption order for the number of Trust Units that were redeemed. The redemption proceeds will be used to pay for the Trust Units purchased. Any excess proceeds belong to the Fund. Any shortfall will initially be paid to the Fund by the Manager, but the Manager will be entitled to collect the shortfall, plus any costs involved, from the dealer who placed the redemption request. The dealer may, in turn, collect the shortfall plus any costs involved from the Unitholders who placed the redemption request. Where no dealer has been involved, the Manager will be entitled to collect the shortfall and costs from the Unitholders who placed the redemption request.

There is no charge for redemptions of Trust Units that were acquired before the Conversion Date.

Suspension of Redemptions

The Manager may direct the Trustee to suspend the redemption of Trust Units or payment of redemption proceeds: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Fund are listed and traded, 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) with the prior permission of the applicable securities regulatory authorities, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Trustee to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension but as 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.

CONVERSION OF THE FUND

The Trust Units will be redeemable at NAV per Trust Unit on the First NAV Redemption Date. See “Redemption of the Trust Units – Redemption of Trust Units on the First NAV Redemption Date.”

The Fund will become an open-ended mutual fund on November 22, 2013. On and after the Conversion, the Trust Units will be redeemable at NAV per Trust Unit on a daily basis, at such time the Trust Units will become subject to NI 81-102. The Fund will provide all Unitholders with written notice at least 60 days prior to the Conversion Date. Following the Conversion, the Servicing Fee portion of the Management Fee will increase. Such increase will require the Portfolio to generate a return of approximately 8.98% per annum to maintain the initial Indicative Distribution Amount as disclosed herein.

The Conversion may be implemented either by way of a conversion of the Fund to an open-end mutual fund or by way of a tax deferred merger with an open-end mutual fund managed by the Manager or an affiliate thereof (including a fund formed after the date of this prospectus).

On the Conversion Date, the Fund will become subject to NI 81-102. The Declaration of Trust provides that certain provisions thereof that apply before the Conversion Date will cease to apply and those provisions that apply pursuant to NI 81-102 will thereafter be applicable. For example, the Fund will be able to issue different classes and series of units. The circumstances under which Unitholders will be entitled to a vote will be reduced and certain matters which require approval by an Extraordinary Resolution will, after the Conversion Date, require the approval of the holders of a simple majority of the Trust Units voting thereon. Following the conversion of the Fund to an open-end mutual fund on the Conversion Date, it will be subject to NI 81-102 and Unitholders will be entitled to redeem their Trust Units daily. Except with respect to redemptions, the Trust Units will generally have the same characteristics before and after the Conversion Date. On and after the Conversation Date, the Manager may create different classes of units into which the Trust Units would be convertible, at the option of the holder, including a class of units that would not have a Servicing Fee. On the Conversion Date, Trust Units will automatically be converted into Class A units of the Fund unless a Unitholder elects to convert into a class of units that would not have a Servicing Fee, by causing their registered dealer to notify the Manager of such election no less than 15 Business Days prior to the Conversion Date. The conversion of the Fund will not affect the Fund's investment objectives or strategy. See "Unitholder Matters – Matters Requiring Unitholder Approval".

INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Trust Units and Warrants by a Unitholder who acquires Trust Units and Warrants 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 Trust Units and Warrants as capital property. Generally, the Trust Units and Warrants will be considered to be capital property to a purchaser provided that the purchaser does not hold such Trust Units and Warrants 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 Trust Units as capital property may, in certain circumstances, be entitled to have such Trust Units (but, for greater certainty, not Warrants) 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 is based on the current provisions of the Tax Act, counsel's understanding of the current administrative policies and assessing practices of the CRA published in writing by it prior to the date hereof and 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 (such proposals referred to hereafter as the "**Tax Proposals**") 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. 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 and 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 Trust Units and Warrants and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Trust Units and Warrants. Moreover, the income and other tax consequences of acquiring, holding or disposing of Trust Units and Warrants 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 Trust Units and Warrants, 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, that the Fund has not been established and will not be maintained primarily for the benefit of non-residents and that not more than 50% (based on fair market value) of the Trust Units will be held by non-residents of Canada, partnerships that are not "**Canadian partnerships**" as defined in the Tax Act, or any combination thereof.

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 Trust 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 material 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 that the Trust Units are listed on a designated stock exchange under the Tax Act (which includes the TSX), the Trust Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (each a "**plan trust**"). Provided that the Warrants are listed and continue at all times to be listed on a designated stock exchange for purposes of the Tax Act (which includes the TSX), or provided that at all times the Trust Units are qualified investments for plan trusts and the Fund is not, and deals at arm's length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of a plan trust, the Warrants will be qualified investments for plan trusts. For certain consequences of holding Trust Units and Warrants in a plan trust, see "Income Tax Considerations — Taxation of Registered Plans".

Taxation of the Fund

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 the amount paid or payable to Unitholders in the year. The Manager has advised counsel that the Fund intends to make distributions 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 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.

Premiums received on covered call options written by the Fund that are not exercised prior to the end of the year will constitute capital gains of the Fund in the year received, unless such premiums are received by the Fund as income from a business of buying and selling securities or the Fund has engaged 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 the Portfolio with the objective of earning dividends thereon over the life of the Fund and will write covered call options with the objective of increasing the yield on the Portfolio beyond the dividends received on the Portfolio. Thus, having regard to the foregoing and in accordance with the CRA's published administrative practices, transactions undertaken by the Fund in respect of options on shares comprising the Portfolio will be treated and reported by the Fund as arising on capital account.

Premiums received by the Fund on covered call options that are subsequently exercised will be added in computing the proceeds of disposition to the Fund of the securities disposed of by the Fund upon the exercise of such call options, unless the premium was in respect of an option granted in a previous year so that it constituted a capital gain of the Fund in the previous year in which case, if such exercise results in the Fund disposing of securities, such capital gain will be reversed.

With respect to an issuer that is a trust resident in Canada whose units are included in the Portfolio and held as capital property for the purposes of the Tax Act, and that is not subject in a taxation year to the tax under the SIFT Rules, the Fund is required to include in its income such portion of the net income and the taxable portion of net realized capital gains of such issuer as is paid or becomes payable to the Fund in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the issuer. Provided appropriate designations are made by the issuer, any net taxable capital gains realized by the issuer and taxable dividends received by the issuer from taxable Canadian corporations that are paid or become payable to the Fund and are designated by the issuer in respect of the Fund will effectively retain their character as such in the hands of the Fund.

The Fund is generally required to reduce the adjusted cost base of the units of such issuer structured as a trust resident in Canada to the extent that all amounts paid or payable in a year by such issuer to the Fund exceed the sum of the amounts included in the income of the Fund for the year and the Fund's share of the non-taxable portion of capital gains of such issuer for the year. To the extent that the adjusted cost base to the Fund of the unit of such issuer would otherwise be less than zero, the negative amount is deemed to be a capital gain realized by the Fund and the Fund's adjusted cost base of such unit is increased by the amount of such deemed capital gain to zero.

Under the SIFT Rules, each issuer in the Portfolio that is a "**SIFT trust**" or "**SIFT partnership**" as defined under the SIFT Rules (which will generally include income trusts, other than certain REITs, and certain partnerships, the units of which are listed or traded on a stock exchange or other public market) will be subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains respecting "non-portfolio properties" (collectively, the "**Non-Portfolio Earnings**"). Non-Portfolio Earnings that are earned by a SIFT partnership or are distributed by a SIFT trust to its unitholders will be taxed at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial tax. Any Non-Portfolio Earnings that become payable by a SIFT trust or are allocated by a SIFT partnership will be taxed as though they were a taxable dividend from a taxable Canadian corporation and will be deemed to be an "eligible dividend" eligible for the enhanced gross-up and tax credit rules under the Tax Act.

The Fund will also 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.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, including interest payable by the Fund on borrowed funds used to purchase securities to be included in the Portfolio, subject to the October 2003 Proposals. The Fund may generally deduct the costs and expenses of this Offering (including the Warrant exercise fee) 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 (including the October 2003 Proposals).

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 amounts included as interest on the disposition of the security and 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 securities in the Portfolio with the objective of receiving 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 included 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 Trust 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 securities included in the Portfolio in connection with the redemption of Trust Units.

The Fund will be deemed to realize a capital gain equal to the amount of the purchase price for a Unit allocated to a Warrant which expires unexercised on the Warrant Expiry Time.

If the Conversion occurs by way of a tax-deferred merger involving the Fund and an open-end mutual fund, the taxation year of each of the merging funds (one of the funds being the "**continuing fund**" and the other fund being the "**terminating fund**") during which the merger occurs (the "**Merger Year**") will be deemed to end on the date of the merger. 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 Merger Year to ensure the Fund will not be liable for non-refundable income tax on such amounts under the Tax Act. Any unused accumulated loss carryforwards of each merging fund will expire at the end of the Merger Year 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 reasonable allocation of the purchase price of the Units between the Trust Units and the Warrants will be required for tax purposes. The Manager has advised counsel that the Fund will allocate $0.18 to each Warrant. Such allocation is not binding on the CRA and the CRA may not agree with such allocation. For the purposes of determining the adjusted cost base to a Unitholder of a Warrant, when Warrants are acquired, the cost of newly acquired Warrants will be averaged with the adjusted cost base of all Warrants owned by the Unitholder as capital property before that time.

The exercise of a Warrant will not constitute a disposition of property for purposes of the Tax Act and, consequently, no gain or loss will be realized by a holder upon the exercise of a Warrant. The cost to the holder of a Trust Unit acquired upon the exercise of a Warrant will be equal to the aggregate of the adjusted cost base of the Warrant so exercised and the subscription price paid by such holder for the Trust Unit. The cost of a Trust Unit acquired by a holder upon the exercise of a Warrant will be averaged with the adjusted cost base of all other Trust Units already held as capital property by the holder at the time of the exercise of the Warrant in order to determine the adjusted cost base of each such Trust Unit to the Unitholder.

On the disposition or deemed disposition of a Warrant, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder’s proceeds of disposition exceed (or are exceeded by) the aggregate adjusted cost base of the Warrant and any reasonable costs of disposition. The expiry of an unexercised Warrant will generally give rise to a capital loss equal to the adjusted cost base to the holder of the expired Warrant. Any such capital gains or capital losses will be treated as described below in the discussion of disposition of Trust Units.

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, including net realized taxable capital gains, paid or payable to the Unitholder (whether in cash or in Trust Units) in the taxation year. The non-taxable portion of the Fund’s net realized capital gains paid or payable and designated to a Unitholder in a 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 in the year will not generally be included in the Unitholder’s income, but will generally reduce the adjusted cost base of the Unitholder’s Trust Units. To the extent that the adjusted cost base of a Trust Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Trust 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 and (ii) 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 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.

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

On the disposition or deemed disposition of a Trust Unit (whether on a sale, redemption or otherwise), the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder’s proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Trust Unit and any reasonable costs of disposition. If, at any time, the Fund delivers securities from the Portfolio to any Unitholder upon a redemption of a Unitholder's Trust Units on the termination of the Fund, the Unitholder's proceeds of disposition of the Trust 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 plan trusts. If such securities are not qualified investments for plan trusts, such plan trusts (and, in the case of certain plan trusts, the annuitants, subscribers or beneficiaries thereunder or holders thereof) may be subject to adverse tax consequences including, in the case of registered education savings plans, revocation of such plan trusts.

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

If the Conversion from a closed-end mutual fund to an open-end mutual fund occurs by way of a conversion, the Conversion will not result in a disposition of Trust Units by the Unitholders. If the Conversion to an open-end mutual fund occurs by way of a merger on a tax-deferred basis, the disposition by a holder of units of the terminating 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 terminating fund.

One-half of any capital gain (a "taxable capital gain") realized on the disposition of Trust Units 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 Unitholder on the disposition of Trust Units may increase the Unitholder's liability for alternative minimum tax.

The Exchange Option

A purchaser who disposes of securities of an Exchange Issuer ("**Exchanged Securities**") held as capital property pursuant to the Exchange Option will realize a capital gain (or a capital loss) in the taxation year of the purchaser in which the disposition of Exchanged Securities takes place to the extent that the proceeds of disposition for such Exchanged Securities, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the purchaser of such Exchanged Securities. For this purpose, the proceeds of disposition to the purchaser 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 purchaser of Units so acquired will be equal to their fair market value at the time of exchange.

A purchaser who realizes a capital gain or capital loss upon the disposition of Exchanged Securities will be required to include in computing the purchaser's income one-half of any such capital gain ("**taxable capital gain**") and generally will be entitled to deduct one-half of any such capital loss (an "**allowable capital loss**") against taxable capital gains realized in the year of disposition. Subject to 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 purchaser in any of the three years preceding the year of disposition or in any year following the year of disposition.

Taxable capital gains realized by a purchaser may give rise to alternative minimum tax depending on the purchaser's circumstances.

Taxation of Registered Plans

Amounts of income and capital gains included in a plan trust's income are generally not taxable under Part I of the Tax Act, provided that the Trust Units are qualified investments for the plan trust. 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.

Notwithstanding the foregoing, if the Trust Units or Warrants are "prohibited investments" for the purposes of a tax-free savings account (or, pursuant to certain proposed amendments to the Tax Act to be effective after March 22, 2011, a registered retirement savings plan or registered retirement income fund), a Unitholder will be subject to a penalty tax as set out in the Tax Act. A "prohibited investment" includes a unit or debt of a trust, or a right to acquire a unit or debt of a trust, which does not deal at arm's length with the holder or annuitant or with a person or partnership in which the holder or annuitant has a significant interest, or in which the holder or annuitant has a significant interest, which in general terms means the ownership of 10% or more of the value of the trust's outstanding units by the holder or annuitant, either alone or together with persons and partnerships with which the holder or annuitant does not deal at arm's length. Unitholders are advised to consult their own tax advisors in this regard. See "Income Tax Considerations— Taxation of Registered Plans".

Tax Implications of the Fund's Distribution Policy

The NAV per Trust 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 Trust Units are acquired. A Unitholder who acquires Trust Units may become taxable on the Unitholder's share of income and gains of the Fund that accrued before the Trust Units were acquired notwithstanding that such amounts may have been reflected in the price paid by the Unitholder for the Trust Units. Since the Fund intends to make monthly distributions as described under "Distribution Policy", the consequences of acquiring Trust Units late in a calendar year will generally depend on the amount of monthly distributions throughout the year and whether one or more special distributions to Unitholders are necessary late in the calendar year to ensure that the Fund will not be liable for income tax on such amounts under the Tax Act.

ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND

The Manager

Harvest is a Canadian investment fund manager and was founded by long term members of the investment management industry. 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. Harvest is the manager of Harvest Banks & Buildings Income Fund, Harvest Canadian Income & Growth Fund, Harvest Sustainable Income Fund, Global Advantaged Telecom & Utilities Income Fund and Brand Leaders Income Fund which are investment funds that publicly trade on the TSX under the symbols HBB.UN, HCF.UN, HSI.UN, HGI.UN and HBL.UN, respectively.

The Manager will perform the management functions of the Fund pursuant to the Management Agreement. 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 200, Oakville, Ontario L6K 3V7.

Duties and Services to be Provided by the Manager

Pursuant to the Management Agreement, Harvest is the manager of the Fund and, as such, is responsible for delegating 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 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 the Fund's reports to Unitholders and the Canadian securities regulatory authorities; determining the 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.

The Manager will retain the Investment Manager to provide investment advisory and portfolio management services with respect to the Portfolio and will monitor the Fund's investment strategy and ensure compliance with the Fund's investment restrictions.

Details of the Management Agreement

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

Unless the Manager resigns or is removed as described below, the Manager will continue as Manager until the termination of the Fund. The Manager may resign if the Fund is in breach or default of the provisions of the Management Agreement and, if capable of being cured, any such breach or default has not been cured within 30 days' notice of such breach or default to the 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 (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 Management Agreement and, if capable of being cured, any such breach or default has not been cured within 30 days' notice of such breach or default to the Manager, the Trustee shall give notice thereof to Unitholders and Unitholders may direct the Trustee to remove the Manager and appoint a successor Manager.

The Management Agreement may not be terminated by the Fund without the consent of the Manager unless the Manager is in material breach of the Management Agreement and the material breach where capable of being cured has not been cured within 30 Business Days after such material breach.

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 — Operating Fees and Expenses". In addition, the Manager and each of its directors, officers, employees, shareholders and agents 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, employees, shareholders or agents in the exercise of its duties as Manager, except those resulting from the Manager's wilful misconduct, bad faith, negligence, disregard of the Manager's standard of care or material breach or default by the Manager of its obligations under the Management Agreement.

Officers and Directors of the Manager of the Investment Fund

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

Name and Municipality of Residence	Office	Principal Occupation
Michael Kovacs Oakville, Ontario	President and Chief Executive Officer, Chairman of the Board of Directors, Chief Compliance Officer, and Corporate Secretary	President and Chief Executive Officer, Harvest Portfolios Group Inc.
Townsend Haines Toronto, Ontario	Chief Investment Officer, Managing Director and Director	Chief Investment Officer, Managing Director, Harvest Portfolios Group Inc.
Mark Riden Toronto, Ontario	Chief Financial Officer	Chief Financial Officer, Harvest Portfolios Group Inc.

Name and Municipality of Residence	Office	Principal Occupation
Nick Bontis Ancaster, Ontario	Director	Associate Professor, Strategic Management & Director, Undergraduate Programs, DeGroote School of Business, McMaster University
Mary Medeiros Oakville, Ontario	Vice President, Operations and Director	Vice President, Operations, Harvest Portfolios Group Inc.

The following is a brief description of the background of the key management of Harvest.

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

Michael is the founder of Harvest Portfolios Group Inc. and a 26 year veteran of the Investment management business. Since 1991 he has held senior management positions with 4 companies, the latest as Managing Director of Sentry Select Mutual Funds and Senior Vice President of Sentry Select Capital Inc. from 2002 - 2009. He was a Vice President with Guardian Capital Group from 1991 - 1995, Vice President of National Sales with AIC Funds from 1995 - 2000 and Vice President of Distribution with ING Funds from 2000 – 2002. In 1983 he obtained his BA from York University, and has also completed the Canadian Securities Course, Canadian Options Course, Canadian Branch Managers Course and the Officers, Partners and Directors exam.

***Townsend Haines*, Chief Investment Officer, Managing Director and Director**

Townsend has developed extensive experience in sales, sales management, product development and strategic planning during his 30 years in the investment industry. Townsend has been Vice President of Sales at AGF, Guardian Group of Funds, Franklin Templeton and the Executive Director of Global Strategy. Townsend's board and committee memberships have included the Investment Funds Institute of Canada, University of Western Ontario Senate and Board of Governors and the Board of Trustees of the Toronto School of Theology at University of Toronto. He is currently a member of the Investment Committee of the Board of Regents of Victoria University at University of Toronto. Townsend holds a Bachelor of Economics from the University of Western Ontario, and a Masters of Theological Studies degree from the University of Toronto. He has also successfully completed numerous industry courses including CFA Level I, the Partners, Directors and Senior Officers Qualifying Examination. Townsend has held various registrations and designations including Compliance Officer, Senior Officer, Senior Portfolio Manager and the Charter Financial Planner designation. Townsend previously served as Chief Financial Officer with Harvest until his current role as Chief Investment Officer and Managing Director.

***Mark Riden*, Chief Financial Officer**

Mark has over 25 years' experience in the investment management industry, specializing in finance, compliance, operational controls and systems. Prior to joining Harvest, Mark was Chief Financial Officer at Stellation Asset Management LLC, a US hedge fund of funds manager, and Chief Financial Officer at Burgundy Asset Management, a Canadian investment management firm. Earlier executive experience in building investment management operations includes Vice President at The Royal Trust Company (now RBC Dexia), from 1994-1999, and Director of Administration at Fidelity Investments Canada from 1990-1994. Early in his career, Mark worked with two Canadian bank owned mutual fund companies to integrate and automate their fund operations. Mark has a BA in Commerce & Economics from the University of Toronto and received his Canadian Chartered Accountant designation in 1988 with Coopers & Lybrand (now PricewaterhouseCoopers) where he specialized in financial services and brokerage audits. He has attended Columbia University's Executive Business Administration Program and has served on industry committees with IFIC, PMAC and the CSA.

***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.

***Mary Medeiros*, Vice President, Operations and Director**

Mary is a financial executive with over 17 years in the investment management business. Prior to joining Harvest in 2009 as Vice President, Operations, Mary managed national administration and sales systems for a Canadian mutual fund company and the 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.

The Investment Manager

Highstreet Asset Management Inc. has been retained as the investment manager to invest the net proceeds of the Offering to purchase securities for the Portfolio, to rebalance the Portfolio and hedge the Portfolio to Canadian dollars in accordance with the "Investment Objectives", "Investment Strategy" and "Investment Restrictions" and to execute and maintain the option writing program of the Fund. Highstreet is an investment management firm with total assets under management, as at July 31, 2011, of approximately $5.2 billion including a family of pooled funds and investments for numerous accounts, pension plans and endowment funds. Highstreet's principal office is located at 244 Pall Mall Street, Suite 350, London, Ontario, N6A 5P6. Highstreet is owned approximately 80% by AGF Management Limited with Highstreet's employees owning the remaining shares.

Highstreet is registered as a Portfolio Manager, Exempt Market Dealer, Investment Fund Manager and Commodity Trading Manager in the Province of Ontario.

The principal advisors of Highstreet Asset Management Inc. who are responsible for investing the net proceeds of the Offering to purchase securities for the Portfolio and rebalancing and hedging the Portfolio in accordance with the "Investment Objectives", "Investment Strategy" and "Investment Restrictions" and for the Fund's selective call option writing and trading are:

Name and Municipality of Residence	Position with the Investment Manager	Current Occupation
Robert L. Jackson London, Ontario	Chief Risk Officer	Chief Risk Officer, Highstreet Asset Management Inc.
Bruce Graham London, Ontario	Vice President, Investments	Vice President, Investments, Highstreet Asset Management Inc.

The following individuals provide a supporting role to the principal advisors of Highstreet in the investment management of the Fund:

Name and Municipality of Residence	Position with the Investment Manager	Current Occupation
Shaun Arnold London, Ontario	Chief Investment Officer	Chief Investment Officer, Highstreet Asset Management Inc.
Ajay Virk London, Ontario	Manager, Investments	Manager, Investments, Highstreet Asset Management Inc.
Jeffery Kay London, Ontario	Manager, Investments	Manager, Investments, Highstreet Asset Management Inc.

A description of the experience and background for each of these individuals is set out below.

***Robert L. Jackson,* Chief Risk Officer**

Mr. Jackson leads Highstreet's investment team together with the Chief Investment Officer. He is responsible for the firm's research, fixed income, balanced and alternative strategies, including derivative overlays. Mr. Jackson has been a strategic member of the investment team since the firm's inception in 1998 and played an integral role in the development of the firm's proprietary models and risk management processes. He has over 15 years of experience in portfolio and risk management. Prior to 1998, Mr. Jackson was a risk analyst within the investment management team at a large Canadian life insurance company. He earned an Honours Bachelor of Arts degree in statistics from the University of Western Ontario in 1987 and a Master of Mathematics degree from the University of Waterloo in 1988.

***Bruce Graham,* Vice President, Investments**

Mr. Graham is the portfolio manager for Highstreet's option overlay strategies. He is also a key member of the Canadian Growth and Small Cap portfolio management team. In addition, he oversees the completion of all qualitative assessments for existing and prospective holdings in Highstreet's Canadian equity portfolios. Mr. Graham joined Highstreet's investment team in 2007. He has over 32 years of portfolio management experience having previously worked as a portfolio manager for asset management firms, a large Canadian public pension fund and a life insurer. Mr. Graham is a graduate of the Ivey School of Business at the University of Western Ontario where he earned a Masters of Business Administration in 1990. Mr. Graham also earned a Chartered Financial Analyst designation in 1987.

***Shaun Arnold,* Chief Investment Officer**

Mr. Arnold leads the investment team together with the Chief Risk Officer and is also the portfolio leader of Highstreet's core Canadian equity portfolios. Mr. Arnold has been a strategic member of the investment team since the firm's inception in 1998 and has played an integral role in enhancing Highstreet's portfolio management techniques and processes. He has over 17 years of portfolio management experience. Prior to joining Highstreet, Mr. Arnold was a portfolio manager with a large Canadian financial institution. Mr. Arnold received a Bachelor of Arts degree in economics from the University of Western Ontario in 1990. He also earned a Chartered Financial Analyst designation in 2000 having previously earned a Chartered Accountant designation in 1994.

***Ajay Virk,* Manager, Investments**

Mr. Virk supports Highstreet's alternative equity portfolio team, focusing on the research of Highstreet's option overlay strategy. He is also closely involved with Highstreet's risk management and research activities related to the enhancement and validation of its quantitative models. Mr. Virk joined Highstreet's investment team in 2006. Prior to joining Highstreet, Mr. Virk was responsible for the operation of NASDAQ's premier stock market surveillance system. Mr. Virk earned his Master of Business Administration from the University of Toronto in 2006 where he specialized in financial engineering and risk management. He also completed a Master of Mathematics from the University of Waterloo in 2003 and a Bachelor of Engineering (Computer Engineering) in 1997 at the Thapar Institute of Engineering & Technology, India.

The Chief Risk Officer oversees the Investment Management's option overlay strategies from a strategic standpoint. In addition, Mr. Jackson provides functional oversight to all securities activity in the Fund and reporting oversight to Mr. Graham and Mr. Virk. The option overlay program is executed by Mr. Graham with administrative support from Mr. Virk. Rebalancing of the Portfolio is executed by the Investment Manager under the Manager's direction.

***Jeffery Kay,* Manager, Investments**

Mr. Kay assists with the execution and management of Highstreet's option overlay strategy as well as with quantitative analysis and continuing strategy research. Mr. Kay, in conjunction with Highstreet's Chief Risk Officer, is also responsible for the ongoing development and execution of Highstreet's risk management processes. Prior to joining Highstreet in 2011, Mr. Kay worked in portfolio management, risk methodologies development and quantitative analytic roles for large Canadian financial institutions. Mr. Kay has 9 years of quantitative finance/risk management and modelling experience in the areas of market, credit and operational risk. He was also previously involved in validating and vetting complex derivative pricing models. Mr. Kay is a graduate of the University of Western Ontario having earned a Master of Science (Applied Mathematics) in 2003 with a focus on quantitative finance and derivative pricing, Bachelor of Science (Applied Mathematics) in 1997, and a Bachelor of Engineering Science (Mechanical) in 1996.

Details of the Investment Management Agreement

The Investment Manager provides investment advisory and portfolio management services to the Fund with respect to the Portfolio pursuant to the Investment Management Agreement. Decisions regarding the purchase and sale of securities and the execution of transactions for the Portfolio will be made by the Investment Manager, in accordance with and subject to the terms of the Investment Management Agreement. Subject to the terms of the Investment Management Agreement, the Investment Manager will implement the investment strategy for the Portfolio on an ongoing basis.

Under the Investment Management Agreement, the Investment Manager covenants to act at all times on a basis which is fair and reasonable to the Manager and the Fund, to act honestly and in good faith with a view to the best interests of the Fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. Provided Highstreet has acted in accordance with the standard of care, diligence and skill set forth above, Highstreet and its directors, officers, employees, agents or affiliate shall not be held liable for any act, omission or mistake of judgment in the course of, or connected with, the performance of its obligations under the Investment Management Agreement, nor for the making, retention or sale of any investment under the Investment Management Agreement, nor for any resultant or other loss to or diminution of the assets of the Fund, except as is caused by the negligence, lack of good faith or wilful misconduct of Highstreet.

Pursuant to the Investment Management Agreement, the Investment Manager and its officers, directors, employees, agents and affiliate shall not be held liable to the Fund, Harvest, Unitholders or any other party for any loss or damage relating to the Fund and shall be indemnified from the assets of the Fund against all actions, proceedings, claims, costs, losses (other than loss of profits), damages or expenses, including legal costs, in connection herewith brought, commenced or prosecuted against such party for or in respect of any act, deed, matter or thing whatsoever, made, done, acquiesced in or omitted in or about or in relation to the execution of Highstreet’s duties as investment manager and also from and against all other costs, including legal costs, charges and expenses which it sustains or incurs in or about or in relation to the business and affairs of the Fund unless any such indemnified person is finally adjudicated to have committed a material breach or default of its obligations under the Investment Management Agreement or an act or omission involving bad faith, negligence, fraud, wilful misconduct or reckless disregard of such person’s duties under the Investment Management Agreement.

The Investment Manager or Manager may terminate the Investment Management Agreement in the following circumstances: (i) upon not less than 90 days’ written notice to the other party; or (ii) by written notice taking immediate effect if the other party is in breach of any of the terms of the Investment Management Agreement and has not remedied the breach within 30 days of receipt of written notice requiring the breach to be remedied.

The Investment Management Agreement may be terminated immediately if any of the following events take place: (i) in the event Highstreet or Harvest is subject to a material regulatory issue that would affect the ability of Highstreet or Harvest to fulfill its obligations under the Investment Management Agreement or if Highstreet is unable to provide the investment management services contemplated in the Investment Management Agreement; (ii) in the event that Highstreet or Harvest becomes bankrupt, or a petition for bankruptcy is filed against either party and such petition is not dismissed within 60 days; or (iii) in the event that Highstreet or Harvest makes any assignment for the benefit of its creditors, files any notice under or takes any other benefits of any insolvency law, or if a receiver is appointed for Highstreet or Harvest.

Any termination of either the Investment Management Agreement shall not affect the liability of the parties in respect of any action undertaken before such notice was given. During the time period between the date of notice of termination is given and the effective date of termination, Highstreet agrees to continue to provide investment advisory or management services to the Fund to the best of its ability in accordance with the standard of care set out above.

The Manager is responsible for payment of the investment management fees of the Investment Manager out of the Management Fee. See “Fees and Expenses”.

Conflicts of Interest

The management services of Harvest under the Management Agreement are not exclusive and nothing in the Management Agreement 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. The investment management services of Highstreet under the Investment Management Agreement are not exclusive and nothing in the Investment Management Agreement prevents Highstreet from providing similar investment 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 Investment Manager on behalf of the Fund and other investment funds or trusts managed by the Investment 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 Management Agreement acknowledge 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.

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 Jane Davis, Don Hathaway and Adam Conyers. 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 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 under the Declaration of Trust, and is responsible for managing all of the Fund's activities. The address of the Trustee where it principally provides services to the Fund is at 710 Dorval Drive, Suite 200, Oakville, Ontario L6K 3V7.

Pursuant to the Declaration of Trust, Harvest is the trustee of the Fund (the "**Trustee**") and will be responsible for certain aspects of the day-to-day administration of the Fund as described in the Declaration of Trust.

The Trustee may resign upon 60 days' notice to Unitholders. The Trustee must be removed if the Trustee is no longer resident in Canada for purposes of the Tax Act, 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 the 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 and the NAV per Trust 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.

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".

Auditor

The Fund's auditor is PricewaterhouseCoopers LLP, Chartered Accountants at its principal office located at Suite 3000, Box 82, Royal Trust Tower TD Centre, Toronto, Ontario, M5K 1G8.

Registrar and Transfer Agent, Warrant Agent and Exchange Agent

Equity Financial Trust Company will be appointed the registrar and transfer agent for the Units, Trust Units and the Warrants. Equity Financial Trust Company will also be the Warrant Agent and Exchange Agent.

CALCULATION OF NET ASSET VALUE

The NAV 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 applicable exchange rate on such date. The NAV will be calculated using the fair value of the Fund's assets and liabilities. The NAV per Trust Unit on any day will be obtained by dividing the NAV of the Fund on such day by the number of Trust Units then outstanding; provided however, that where as a result of such calculation the basic NAV per Trust Unit is greater than $11.70 then a diluted NAV per Trust Unit will be calculated. The diluted NAV per Trust Unit shall be calculated by adding to the denominator the total number of Trust Units issuable pursuant to the exercise of the Warrants then outstanding and by adding to the numerator the product of such number of Warrants and the net proceeds realized by the Fund pursuant to the exercise of the Warrants. The diluted NAV per Trust Unit shall be deemed to be the resulting quotient.

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:

(a) 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;

(b) bonds, debentures, notes, money market instruments and other debt securities shall be valued by taking the bid price at the Valuation Time;

(c) any security that is listed or dealt in on a stock exchange shall be valued at the sale price applicable to a board lot last reported at the Valuation Time on the principal stock exchange on which such security is traded, or if no sale price is available at that time, the last closing price quoted for the security, but if bid and ask quotes are available, at the average of the latest bid and ask price rather than the last quoted closing price;

(d) 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;

(e) 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;

(f) any security sold but not delivered, pending receipt of the proceeds, shall be valued at the net sale price;

(g) 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;

(h) 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;

(i) 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

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

Except as described below, NI 81-106 requires an investment fund, such as the Fund, to calculate its net assets in accordance with Canadian GAAP. Canadian GAAP was modified by the introduction of section *3855 Financial Instruments – Recognition and Measurement of the handbook of the Canadian Institute of Chartered Accountants*. Section 3855 defines fair value as being the closing bid price for long positions and the closing ask price for short positions, in lieu of the closing or last trade price for all positions. Therefore, the combined effect of NI 81-106 and section 3855 would require the Fund to determine the value of securities listed on a recognized public securities exchange or on NASDAQ using the fair value as defined by section 3855. However, since September 8, 2008, NI 81-106 permits investment funds, such as the Fund, to calculate its net asset value in accordance with Canadian GAAP without giving effect to section 3855 for purposes other than issuing annual or interim financial statements, such as the issue and redemption of Trust Units.

Reporting of Net Asset Value

Prior to the Conversion Date, the NAV, the NAV per Trust Unit and diluted NAV per Trust Unit, if applicable, will be calculated on each Thursday (or if a Thursday is not a Business Day, the Business Day following such Thursday). On or after the Conversion Date, the NAV per Trust Unit will be calculated on each Business Day. Such information will be provided by the Manager to the Unitholders on request by calling toll-free 1-866-998-8298 or daily via the internet at www.harvestporfolios.com, as applicable.

WARRANT CONSIDERATIONS

Each investor in this Offering will purchase Units and each Unit consists of one Trust Unit and one Warrant. Following the closing of the Offering and the separation of the Units, the Trust Units and the Warrants may be dealt with separately by the investor with the result that the investor may retain both securities or may elect to sell some or all of their Trust Units or Warrants.

The value of Trust Units will be reduced if the NAV per Trust Unit exceeds $11.70 (being the Warrant exercise price less the Warrant exercise fee of $0.30 in the aggregate — see “Fees and Expenses — Warrant Exercise Fee”) and Warrants are exercised. If the NAV per Trust Unit exceeds $11.70 then a Unitholder will face dilution of its investment. If a Unitholder does not exercise Warrants in such circumstances, the Unitholder’s pro rata interest in the assets of the Fund will be diluted.

As the number of Warrants equal the number of Trust Units, the potential dilution per Trust Unit is up to one-half of all gains in the NAV per Trust Unit of the Fund in excess of $11.70. The potential dilution per Trust Unit, assuming the Warrants are exercised in full, is illustrated in the following table:

Pro Forma Dilution Per Unit

Non-diluted NAV of the Fund before the exercise of Warrants

$13.00	$13.50	$14.00	$14.50
$0.65	$0.90	$1.15	$1.40

Due to the dilutive effect on the value of the Trust Units when Warrants are exercised, an investor in this Offering should carefully consider the exercise of the Warrants or the sale of the Warrants prior to the Warrant Expiry Time and the failure to take either such action in these circumstances will result in the loss of value to an investor. In order to maintain a Unitholder's pro rata interest in the assets of the Fund, the Unitholder would be required to pay in connection with the exercise of the Warrants an additional amount equal to the amount originally invested by the Unitholder on the Closing Date. While a Unitholder may sell the Warrants acquired hereunder, no assurance can be given that the proceeds of such sale would compensate the Unitholder for such dilution. The factors that would be expected to influence the price of a Warrant include the difference between the Exercise Price and the fully diluted NAV per Unit, price volatility, distributions payable on the Trust Units and the remaining time to expiry of the Warrant.

The NAV per Trust Unit on any day will be obtained by dividing the NAV of the Fund on such day by the number of Trust Units then outstanding; provided, however, that where as a result of such calculation on the basic NAV per Trust Unit is greater than $11.70 then a diluted NAV per Trust Unit will be calculated. The diluted NAV per Trust Unit shall be calculated by adding to the denominator the total number of Trust Units issuable pursuant to Warrants then outstanding and by adding to the numerator the product of such number of Warrants and the net proceeds realized by the Fund pursuant to the exercise of the Warrants. See "Calculation of Net Asset Value".

ATTRIBUTES OF THE UNITS, TRUST UNITS AND WARRANTS

Units

Each purchaser will purchase Units and each Unit consists of one Trust Unit and one Warrant. The Units will separate into Trust Units and Warrants upon the earlier of the closing of the Over-Allotment Option and the 30th day following the closing of the Offering.

Trust Units

The Fund is authorized to issue an unlimited number of Trust Units.

Except as provided under "Unitholder Matters – Non-Resident Unitholders", all Trust Units have equal rights and privileges. Each Trust 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. Trust Units are issued only as fully paid and are non-assessable. Trust Units will only be issued through the book-entry only system administered by CDS as described below.

The Declaration of Trust provides that the Fund may not issue additional Trust Units following completion of the Offering, and prior to the Conversion Date, except: (i) at a price that yields net proceeds of not less than 100% of NAV per Trust Unit calculated as of the close of business on the Business Day immediately prior to the pricing of such offering; (ii) by way of a distribution paid in additional Trust Units; (iii) with the approval of Unitholders; or (iv) upon the exercise of the Warrants. Immediately after a pro rata distribution of Trust Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Trust Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Trust Units 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.

Registration of interests in and transfers of the Units and Trust 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 Trust Units immediately following the closing of the Offering. Trust Units must be purchased, transferred and surrendered for retraction only through a CDS Participant. All rights of an owner of Trust 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 Trust Units. Upon purchase of any Trust Units, the owner will receive only the customary confirmation. References in this prospectus to a holder of Trust Units means, unless the context otherwise requires, the owner of the beneficial interest in such Trust Units.

Neither the Fund, the Trustee, the Custodian, the Manager, the Investment Manager, nor the Agents will have any liability for (i) records maintained by CDS relating to the beneficial interests in the Trust 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 Trust Units to pledge such Trust Units or otherwise take action with respect to such owner's interest in such Trust Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

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

Market Purchases

The Fund may purchase Trust Units through the facilities of the TSX if the Manager determines that such purchases are in the best interest of the Fund. Purchases of Trust Units by the Fund will be subject to compliance with any applicable regulatory requirements and limitations.

Warrants

The following is a summary only and subject to, and is qualified in its entirety by reference to, the detailed provisions in the Warrant Indenture to be dated the date of the closing of the Offering between the Fund and the Warrant Agent.

Subscription Basis and Warrant Expiry Time

Each Warrant entitles the holder to purchase one Trust Unit at the subscription price of $12.00 per Trust Unit by notifying the Warrant Agent during the period between May 15, 2013 and 5:00 p.m. (Toronto time) on May 31, 2013 ("**Warrant Notice Period**"). Such Warrants will be exercised effective at 5:00 p.m. (Toronto time) on and only on May 31, 2013. Holders who exercise the Warrants will become holders of Trust Units issued through the exercise of the Warrants. **WARRANTS NOT EXERCISED PRIOR TO 5:00 P.M. (TORONTO TIME) ON MAY 31, 2013 WILL BE VOID AND OF NO VALUE.** As soon as practicable following the exercise of a Warrant, the Fund will pay a fee equal to $0.18 per Warrant to the broker whose client is exercising the Warrant and $0.12 per Warrant to the Agents.

The Warrant Agent

The Warrant Agent has been appointed the agent of the Fund to receive subscriptions and payments from holders of Warrants, to act as registrar and transfer agent for the Warrants and to perform certain services relating to the exercise and transfer of Warrants pursuant to the Warrant Indenture. Holders of Warrants desiring to exercise such Warrants and purchase Trust Units should ensure that subscriptions and payment in full of the subscription price therefor is received during the Warrant Notice Period by the Warrant Agent.

Delivery Form and Denomination of the Warrants

All Unitholders hold their Trust Units through a CDS Participant in CDS. As a result, one global warrant certificate representing the Warrants will be issued in registered form to CDS and will be deposited with CDS within 30 days of the closing of the Offering. The Fund expects that each purchaser of Units under the Offering will receive a confirmation of the number of Warrants issued to it from its CDS Participant in accordance with the practices and procedures of that CDS Participant. CDS will be responsible for establishing and maintaining book-entry only accounts for its participants holding Warrants. Certificates evidencing Warrants will not be issued.

None of the Fund, the Manager, the Investment Manager, the Agents or the Warrant Agent will have any liability for (i) the records maintained by CDS or CDS Participants relating to the Warrants or the book-entry only accounts maintained by them, (ii) maintaining, supervising or reviewing any records relating to such Warrants, or (iii) any advice or representations made or given by CDS or CDS Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or its participants.

The ability of a person having an interest in Warrants held through a CDS Participant to pledge such interest or otherwise take action with respect to such interest (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Holders must arrange purchases or transfers of Warrants through CDS Participants.

Subscription Right

A subscriber may subscribe for the resulting whole number of Trust Units or any lesser whole number of Trust Units by instructing the CDS Participant holding the subscriber's Warrants to exercise all or a specified number of such Warrants and forwarding $12.00 per Warrant for each Trust Unit subscribed for in accordance with the terms of this Offering to the CDS Participant which holds the subscriber's Warrants. Registration of interests in and transfers of the Warrants will be made only through the book-entry only system of CDS.

The subscription price is payable in Canadian funds by certified cheque, bank draft or money order drawn to the order of a CDS Participant, by direct debit from the subscriber's brokerage account, or by electronic funds transfer or other similar payment mechanism. All payments must be forwarded to the appropriate office of the CDS Participant. The entire subscription price for Trust Units subscribed for must be paid at the time of subscription and must be received by the Warrant Agent during the applicable Warrant Notice Period. Accordingly, a subscriber subscribing through a CDS Participant must deliver its payment and instructions sufficiently in advance of the applicable Warrant Exercise Date to allow the CDS Participant to properly exercise the Warrants on its behalf. Unitholders are encouraged to contact their broker or other CDS Participant as each CDS Participant may have a different cut-off time.

Payment of the subscription price will constitute a representation to the CDS Participant that the subscriber is not a citizen or resident of the United States of America, its territories or possessions or the agent of any such person and is not purchasing the Trust Units for resale to any such person.

Subscriptions for Trust Units made through a CDS Participant will be irrevocable and subscribers will be unable to withdraw their subscriptions for Trust Units once submitted.

Holders of Warrants who wish to exercise their Warrants and receive Trust Units are reminded that because Warrants must be exercised through a CDS Participant, a significant amount of time may elapse from the date of exercise and the date the Trust Units issuable upon the exercise thereof are issued to the holder.

Sale or Transfer of Warrants

Holders of Warrants in Canada may, instead of exercising their Warrants to subscribe for Trust Units, sell or transfer their Warrants. Holders of Warrants through CDS Participants who wish to sell or transfer their Warrants must do so in the same manner in which they sell or transfer Trust Units namely, by providing instructions to the CDS Participant holding their Warrants in accordance with the policies and procedures of the CDS Participant.

Dilution to Existing Unitholders

If a Unitholder wishes to retain its current percentage ownership in the Fund and assuming that all Warrants are exercised, it should purchase all of the Trust Units for which it may subscribe pursuant to the Warrants delivered under the Offering. If that Unitholder does not do so and other holders of Warrants exercise any of their Warrants, that Unitholder's current percentage ownership in the Fund will be diluted.

The subscription rights in effect under the Warrants for Trust Units of the Fund issuable upon the exercise of the Warrants shall be subject to adjustment from time to time if, prior to the Warrant Expiry Time, the Fund shall:

(a) subdivide, re-divide or change its outstanding Trust Units into a greater number of Trust Units;

(b) reduce, combine or consolidate its outstanding Trust Units into a smaller number of Trust Units;

(c) distribute to holders of all or substantially all of the Fund's outstanding Trust Units any securities of the Fund including rights, options or warrants to acquire Trust Units or securities convertible into or exchangeable for Trust Units or property or assets, including evidence of indebtedness (other than in connection with the distribution and exercise of the Warrants);

(d) reclassify the Trust Units or reorganize the capital of the Fund; or

(e) consolidate, amalgamate, or merge the Fund with or into any other trust or other entity, or sell or convey the property and assets of the Fund as an entirety or substantially as an entirety (other than in connection with the redemption or retraction of Trust Units).

UNITHOLDER MATTERS

Meetings of Unitholders

A meeting of Unitholders may be convened by the Trustee or Manager at any time and must be convened if requisitioned by the holders of not less than 25% of the Trust 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 Management Agreement. Prior to the Conversion Date, not less than 21 days and not more than 50 days' notice will be given of any meeting of Unitholders. The quorum at any such meeting is two Unitholders present in person or by proxy except for the purpose of any meeting called by Unitholders to consider item (c) under "Unitholder Matters — Matters Requiring Unitholder Approval" in which case the quorum shall be Unitholders holding 25% of the outstanding Trust Units. If no quorum is present at such meeting when called, the meeting, if called on the requisition of Unitholders, will be terminated and otherwise will be adjourned for not less than 10 days and at the adjourned meeting the Unitholders then present in person or represented by proxy will form the necessary quorum. At any such meeting, each Unitholder will be entitled to one vote for each Trust Unit registered in the Unitholder's name.

The Fund does not intend to hold annual meetings of Unitholders.

Matters Requiring Unitholder Approval

Prior to the Conversion, 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:

(a) a change in the investment objectives 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;

(b) any change in the basis of calculating fees or other expenses that are charged to the Fund that could result in an increase in charges to the Fund other than a fee or expense charged by a person or company that is at arm's length to the Fund and for which Unitholders are sent a written notice of such change at least 60 days before the effective date of such change;

(c) a change of the manager of the Fund, other than to an affiliate of the Manager;

(d) the issuance of additional Trust Units other than (i) at a price that yields net proceeds of not less than 100% of NAV per Trust Unit calculated as of the close of business on the Business Day immediately prior to the pricing of such offering; (ii) by way of a distribution paid in additional Trust Units; or (iii) upon the exercise of the Warrants;

(e) other than in connection with the Conversion, a reorganization with, or transfer of assets to, another entity if the Fund ceases to continue after the reorganization or transfer of assets;

(f) other than in connection with the Conversion, a reorganization with, or acquisition of assets of, another entity if the Fund continues after the reorganization or acquisition of assets and the transaction would be a material change to the Fund;

(g) any proposal made by the Manager to amend the terms of, or to not implement, the Conversion, provided that Unitholders are given the right to redeem their Trust Units at the NAV per Trust Unit prior to the implementation of the amended Conversion or in connection with the decision not to implement the Conversion, as the case may be; or

(h) a termination of the Fund, other than as described under "Termination of the Fund" or in connection with the Conversion.

On and after the Conversion Date, Unitholders will be permitted to vote on all matters that require Unitholder approval under NI 81-102. These matters include, in respect of the Fund:

(a) any (i) change in the basis of the calculation of a fee or expense charged to the Fund that could result in an increase in charges to the Fund, or (ii) a new fee or expense is introduced that could result in an increase in charges to the Fund (except as disclosed elsewhere in this prospectus);

(b) a change of the Manager, unless the new manager is an affiliate of the Manager;

(c) a change in the fundamental investment objectives of the Fund;

(d) a change of the auditor of the Fund;

(e) a decrease in the frequency of the calculation of the Net Asset Value per Trust Unit of the Fund; and

(f) a material reorganization of the Fund.

The Unitholders will also be permitted to vote on any modification, amendment, alteration or deletion of rights, privileges or restrictions attaching to the Trust 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:

(a) 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;

(b) 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;

(c) 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;

(d) 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;

(e) change the name of the Fund;

(f) provide added protection or benefit to Unitholders;

(g) make such modifications as may be necessary or desirable for the purpose of implementing the Conversion;

(h) divide the capital of the Fund into one or more series of Trust Units and to establish the attributes of each series, provided that the rights of existing Unitholders are not changed in an adverse manner; or

(i) on and after the Conversion Date, to delete any provisions which have application only prior to the Conversion Date.

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 NI 81-106.

Non-Resident Unitholders

The Fund was not established and shall not be maintained for the benefit of one or more non-resident persons within the meaning of the Tax Act. At no time may non-residents of Canada and partnerships (other than

“Canadian partnerships” as defined in the Tax Act) be the beneficial owners of more than 50% of the Trust Units and the Trustee shall inform the Registrar and Transfer Agent of this restriction. The Trustee may require a declaration as to the jurisdiction in which a beneficial owner of Trust Units is resident and, if a partnership, as to its status as a “Canadian partnership”. If the Trustee becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% or more of the Trust Units then outstanding are, or may be, non-residents and/or partnerships (other than “Canadian partnerships”), or that such a situation is imminent, the Trustee may make a public announcement thereof and the Trustee may send a notice to such non-resident Unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Trustee may consider equitable and practicable, requiring them to dispose of their Trust Units or a portion thereof to residents of Canada within a specified period of not less than 30 days. If the Unitholders receiving such notice have not disposed of the specified number of Trust Units or provided the Trustee with satisfactory evidence that they are not non-residents or partnerships (other than “Canadian partnerships”) within such period, the Trustee may redeem or, on behalf of such Unitholders, dispose of such Trust Units. Upon such redemption or sale, the affected Unitholders shall cease to be beneficial Unitholders of Trust Units and their rights shall be limited to receiving the redemption price or the net proceeds of sale of such Trust Units.

TERMINATION OF THE FUND

The Fund does not have a fixed termination date. However, the Fund may be terminated 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 a majority vote 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. The Fund will also issue a press release ten 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 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 or any unliquidated assets may be distributed in specie rather than in cash, subject to compliance with any securities or other laws applicable to such distributions.

USE OF PROCEEDS

The Fund will use the proceeds from the sale of Units as follows (excluding the Units sold pursuant to the exercise of the Over Allotment Option):

	Minimum Offering	**Maximum Offering**
Gross proceeds to the Fund	$20,000,000	$100,000,000
Agents’ fees	$1,050,000	$5,250,000
Expenses of issue	$300,000	$650,000
Net proceeds to the Fund	$18,650,000	$94,100,000

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 securities in accordance with the investment objectives and restrictions of the Portfolio as described herein. See “Investments Objectives” and “Investment Restrictions”. Harvest anticipates that the net proceeds of the Offering will be substantially invested within 30 days from the Closing Date. Pending such investment, the cash portion of the net proceeds will be invested in money market instruments.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement between the Agents, Harvest, the Investment Manager and the Fund, the Agents have agreed to offer the Units for sale, as agents of the Fund, on a best efforts basis, if, as and when issued by the Fund. The Agents will receive a fee equal to $0.63 (5.25%) for each Unit sold 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 Fund has granted the Agents an Over-Allotment Option, exercisable in whole or in part at any time and from time to time during the period of 30 days following the Closing, to purchase an aggregate of up to 15% of the aggregate number of Trust Units and to purchase an aggregate of up to 15% of the aggregate number of Warrants issued at the Closing on the same terms set forth above, which additional Trust Units and Warrants are qualified for sale hereunder. To the extent that the Over-Allotment Option is exercised, the additional Trust Units and Warrants will be purchased at the Offering Price and the Agents will be entitled to a fee of $0.63 per Unit in respect of each Unit purchased.

The TSX has conditionally approved the listing of the Units, Trust Units and Warrants. The listing is subject to the Fund fulfilling all the requirements of the TSX on or before January 24, 2012. The Units, Trust Units and Warrants will be listed on the TSX under the symbols HCS.A, HCS.UN and HCS.WT, respectively.

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 the prospectus, the Offering may not continue without the consent of the securities authorities and those who have subscribed for Units on or before such date. 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. Cash proceeds from subscriptions will be held by the Agents until Closing. If the minimum Offering is not achieved and the necessary consents are not obtained or if the Closing does not occur for any reason, subscription proceeds received from prospective purchasers 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. The right is reserved to close the subscription books at any time without notice. Closing is expected to take place on or about November 17, 2011, or such later date that is on or before December 15, 2011, as may be agreed upon by the Fund and the Agents.

Pursuant to policy statements of certain Canadian securities regulators, the Agents may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to certain exceptions, on the conditions that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Units. Such exceptions include a bid or purchase permitted under applicable by laws and rules of the relevant self regulatory authorities relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Agents may over allot and may effect transactions to cover their over allotted position. Such transactions, if commenced, may be discontinued at any time.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Harvest will receive the fees described under “Fees and Expenses” for its services to the Fund and will be reimbursed by the Fund for all expenses incurred in connection with the operation and administration of the Fund.

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

(a) the Investment 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;

(b) the Investment 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

(c) the Investment Manager has the discretion whether or not to vote on routine or non-routine matters. In cases where the Investment Manager determines that it is not in the best interests of Unitholders to vote, the Investment Manager will not be required to vote.

The Manager will post the proxy voting record annually at 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:

(a) the Declaration of Trust described under "Organization and Management Details of the Fund";

(b) the Warrant Indenture referred to under "Attributes of the Units, Trust Units and Warrants";

(c) the Management Agreement described under "Organization and Management Details of the Fund";

(d) the Investment Management Agreement as described under "Organization and Management Details of the Fund";

(e) the Agency Agreement described under "Plan of Distribution"; and

(f) the Custodian Agreement described under "Organization and Management Details of the Fund".

Copies of the foregoing agreements, 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.

EXPERTS

Borden Ladner Gervais LLP and Blake, Cassels & Graydon LLP have prepared the opinion as to certain tax matters as described under "Income Tax Considerations".

The Fund's auditors are PricewaterhouseCoopers LLP, Chartered Accountants, who have prepared an independent auditor's report dated October 28, 2011 in respect of the Fund's statement of financial position as at October 28, 2011. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Institute of Chartered 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 damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

AUDITOR'S CONSENT

We have read the prospectus of Canadian Premium Select Income Fund (the "**Fund**") dated October 28, 2011 relating to the issue and sale of units of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above mentioned prospectus of our report to the Unitholder and the Trustee of the Fund on the statement of financial position of the Fund as at October 28, 2011 and the related notes, which are comprised of a summary of significant accounting policies and other explanatory information. Our report is dated October 28, 2011.

Toronto, Canada
October 28, 2011

(Signed) "PricewaterhouseCoopers LLP"
Chartered Accountants
Licensed Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Unitholder and Trustee of Canadian Premium Select Income Fund (the "Fund")

We have audited the accompanying statement of financial position of the Fund as at October 28, 2011 and the related notes which are comprised of a summary of significant accounting policies and other explanatory information (the "financial statement").

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with Canadian generally accepted accounting principles, 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Fund as at October 28, 2011 in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
October 28, 2011

(Signed) "PricewaterhouseCoopers LLP"
Chartered Accountants
Licensed Public Accountants

CANADIAN PREMIUM SELECT INCOME FUND
STATEMENT OF FINANCIAL POSITION

As at October 28, 2011

ASSETS	
Cash	$12
UNITHOLDER'S EQUITY	
Unitholder's Equity (Notes 1 and 2): 1 Unit	$12

Approved by the Board of Directors of Harvest Portfolios Group Inc.:

(Signed) "MICHAEL KOVACS"
Director

(Signed) "TOWNSEND HAINES"
Director

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

CANADIAN PREMIUM SELECT INCOME FUND
NOTES TO STATEMENT OF FINANCIAL POSITION

1. NATURE OF OPERATIONS

Canadian Premium Select Income Fund (or CaPS Income Fund) (the "**Fund**") is a closed-end fund governed by the laws of the Province of Ontario pursuant to a declaration of trust (the "**Declaration of Trust**") dated October 28, 2011, by Harvest Portfolios Group Inc. ("**Harvest**" or the "**Manager**"), as manager and trustee of the Fund. Pursuant to the Declaration of Trust, Harvest in its capacity as trustee of the Fund, is holding in trust the sum of $12.00 which Harvest has contributed and which constitutes the initial trust property of the Fund. Highstreet Asset Management Inc. ("**Highstreet**" or the "**Investment Manager**") has been retained as the investment manager for the Fund.

The Fund is authorized to issue an unlimited number of units of the Fund (the "**Units**"). This prospectus qualifies the issuance of the Units (the "**Offering**") at a price of $12.00 per Unit. Each Unit consists of one transferable trust unit ("**Trust Unit**") and one Trust Unit purchase warrant ("**Warrant**"). The Units will separate into Trust Units and Warrants upon the earlier of the closing of the Over-Allotment Option (as defined herein) and the 30th day following the closing of the Offering. Each Warrant entitles the holder to purchase one Trust Unit at the subscription price of $12.00 per Trust Unit by notifying the Warrant Agent (as defined herein) during the period between May 15, 2013 and 5:00 p.m. (Toronto time) on May 31, 2013 (the "Warrant Exercise Date"). Such Warrants will be exercised effective at 5:00 p.m. (Toronto time) on and only on May 31, 2013. Warrants not exercised prior to 5:00 p.m. on the Warrant Exercise Date will be void and of no value.

The investment objectives of the Fund are to provide Unitholders with (i) monthly cash distributions; (ii) the opportunity for capital appreciation; and (iii) lower overall volatility of the Portfolio returns than would otherwise be experienced by owning the Equity Securities held by the Fund directly; by investing in the Portfolio and writing covered call options on no more than 33% of the Equity Securities of each issuer held in the Portfolio. Such call options may be either exchange-traded options or over-the-counter options.

To seek to achieve its investment objectives, the Fund will invest in a diversified Portfolio of Equity Securities of 15 Canadian issuers with a market capitalization of at least $1 billion, selected and rebalanced semi-annually on an equally weighted basis by the Investment Manager from the S&P/TSX Composite Dividend Index. The Investment Manager will select the Equity Securities for the Portfolio and will select and rebalance semi-annually such that the Portfolio will meet certain investment characteristics.

The Fund will become an open-end mutual fund on November 22, 2013. On and after the Conversion, the Trust Units will be redeemable at NAV per Trust Unit on a daily basis, at such time the Trust Units will be delisted and the Fund will become subject to NI 81-102.

The Fund intends to make monthly cash distributions to Unitholders of record on the last Business Day of each month and pay such cash distributions on or before the 15^{th} day of the following month. Beginning in November, 2012 the Fund will annually determine and announce the Indicative Distribution Amount for the following 12 months based upon the prevailing market conditions. The initial Indicative Distribution Amount will be $0.065 per Unit per month ($0.78 per annum representing an annual cash distribution of 6.5% based on the $12.00 per Unit issue price). The initial cash distribution is anticipated to be payable on or before January 15, 2012 to Unitholders of record on December 31, 2011.

The NAV per Trust Unit will be calculated as of 4:15 p.m. (Toronto time) on each Thursday during the year (or, if a Thursday is not a Business Day, the Business Day following such Thursday) and on the last Business Day of each month (the "**Valuation Time**"). 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 applicable exchange rate on such date.

Prior to the Conversion, Unitholders may redeem their Trust Units monthly as described in the Declaration of Trust. After the Conversion, Unitholders may redeem their Trust Units at the net asset value (the "**NAV**") on a daily basis.

If, in any year after such distributions, there would otherwise remain in the Fund additional net income or net realized capital gains, a special distribution (either in cash or Trust Units) 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 income tax under the Tax Act will be automatically payable on the last day of that taxation year to Unitholders of record on that date. Immediately after a pro rata distribution of Trust Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Trust Units may be consolidated such that each Unitholder will hold, after the consolidation, the same number of Trust Units as the Unitholder held before the non-cash distributions, except in the case of a non-resident Unitholder to the extent tax was required to be withheld in respect of the distribution.

2. MANAGEMENT FEES AND OTHER EXPENSES

Pursuant to the Management Agreement, Harvest is the manager of the Fund and, as such, is responsible for providing or arranging for required general and administrative services to the Fund.

Harvest is entitled to a management fee (the "**Management Fee**") at an annual rate of 1.00% of NAV, plus an amount equal to the Servicing Fee (as defined below) 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 and the Investment Manager will be remunerated by the Manager out of the Management Fee.

Prior to the Conversion Date, the Manager will pay to registered dealers a servicing fee (the "**Servicing Fee**") equal to 0.40% annually of the NAV per Trust Unit for each Trust Unit held by clients of the registered dealers (calculated and paid at the end of each calendar quarter commencing on the Closing Date, plus applicable taxes). On and after the Conversion Date, the Manager will pay the Servicing Fee equal to 1.00% annually of the NAV per Trust Unit (or 0.00% annually of the NAV per Trust Unit if the Unitholder elects to convert into a class of units that will not have a Servicing Fee) for each Trust Unit held by clients of the registered dealers (calculated and paid at the end of each calendar quarter commencing on the Conversion Date, plus applicable taxes).

State Street Trust Company Canada (the "**Custodian**") acts as custodian of the assets of the Fund and is also responsible for certain aspects of the Fund's day to day operations. In consideration for the services provided by the Custodian, the Fund will pay a monthly fee to be agreed upon between the Custodian and Harvest.

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.

Pursuant to the Declaration of Trust, the Fund will pay for all ordinary expenses incurred in connection with the operation and administration of the Fund. All fees and expenses of the Fund will be paid in cash. It is expected that these expenses will include, without limitation: (a) mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses; (b) fees payable to the Trustee for acting as trustee (except when the Manager is the Trustee); (c) fees payable to the Registrar and Transfer Agent; (d) fees payable to the Custodian for acting as custodian of the assets of the Fund; (e) Independent Review Committee member fees and expenses in connection with the Independent Review Committee; (f) fees payable to the auditors and legal advisors of the Fund; (g) regulatory filing, stock exchange and licensing fees; (h) any expenses in connection with the Conversion (unless the Fund merges with another fund, in which case the Manager will bear the costs); and (i) any expenditures incurred upon the termination of the Fund. The aggregate amount of these fees and expenses is estimated to be $200,000 per annum.

The expenses of the Offering (including the costs of creating the Fund, the costs of printing and preparing this prospectus, legal expenses of the Fund, marketing expenses and legal and other out of pocket expenses incurred by the Agents and certain other expenses) will, together with the Agents' fees ($0.63 per Unit), be paid from the gross proceeds of the Offering. The Offering expenses are estimated to be $650,000. The Manager has agreed to pay all expenses incurred in connection with the Offering, other than the Agents' fees, that exceed 1.5% of the gross proceeds of the Offering. The expenses of the Offering, together with the Agents' fees, payable by the Fund, will be reflected as a reduction of Unitholders' Equity.

As soon as practicable upon the exercise of a Warrant, the Fund will pay a fee equal to $0.12 per Warrant to the Agents and a fee equal to $0.18 per Warrant to the broker whose client is exercising the Warrant.

CERTIFICATE OF THE FUND, THE MANAGER AND THE PROMOTER

Dated: October 28, 2011

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 province and territory of Canada.

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

(Signed) "MICHAEL KOVACS"
Chief Executive Officer and President

(Signed) "MARK RIDEN"
Chief Financial Officer

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

(Signed) "TOWNSEND HAINES"
Director

(Signed) "MARY MEDEIROS"
Director

CERTIFICATE OF THE AGENTS

Dated: October 28, 2011

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 province and territory of Canada.

CIBC WORLD MARKETS INC.	**BMO NESBITT BURNS INC.**	**RBC DOMINION SECURITIES INC.**
(Signed) "MICHAEL D. SHUH"	*(Signed)* "ROBIN G. TESSIER"	*(Signed)* "EDWARD V. JACKSON"

CANACCORD GENUITY CORP.	**NATIONAL BANK FINANCIAL INC.**	**SCOTIA CAPITAL INC.**	**TD SECURITIES INC.**
(Signed) "RON SEDRAN"	*(Signed)* "TIMOTHY EVANS"	*(Signed)* "BRIAN D. MCCHESNEY"	*(Signed)* "CAMERON GOODNOUGH"

DESJARDINS SECURITIES INC.	**RAYMOND JAMES LTD.**
(Signed) "BETH SHAW"	*(Signed)* "J. GRAHAM FELL"
HSBC SECURITIES (CANADA) INC.	**MACQUARIE PRIVATE WEALTH INC.**
(Signed) "JAY LEWIS"	*(Signed)* "JAMES PRICE"
DUNDEE SECURITIES LTD.	**INDUSTRIAL ALLIANCE SECURITIES INC.**
(Signed) "AARON UNGER"	*(Signed)* "HERVÉ PIZEM"

HARVEST
PORTFOLIOS GROUP