



# Confidential Offering Memorandum

Offering Series A, Series F and Series O units of the following RBC QUBE Funds®

**RBC QUBE Market Neutral World Equity Fund**

**RBC QUBE Market Neutral World Equity Fund (CAD Hedged)**

January 10, 2024

---

*This Offering Memorandum (this "Offering Memorandum") constitutes an offering of securities described herein, on a private placement basis only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. This Offering Memorandum is provided to specific prospective investors for the purpose of assisting them and their professional advisers in evaluating the securities offered hereby and is not, and under no circumstances is to be construed as, a prospectus or advertisement or public offering of such securities relating to a distribution of the securities described herein. No securities commission or similar regulatory authority has in any way passed upon the merits of the securities offered hereunder nor has reviewed this Offering Memorandum and any representation to the contrary is an offence. No person is authorized to give any information or make any representation not contained in this Offering Memorandum in connection with the offering of these securities and if given or made, any such information or representation may not be relied upon. The securities described herein are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act, are not insured under the provisions of that Act or any other legislation, and are not guaranteed. Under applicable laws, resale of the units will be subject to indefinite restrictions, other than through redemption of the units or another available exemption.*

*Potential investors should pay particular attention to the information under the heading "General information about the RBC QUBE Funds – Specific risks in respect of the RBC QUBE Funds" in this Offering Memorandum. An investment in the funds requires the financial ability and willingness to accept certain risks. No assurance can be given that the investment objective of the funds will be achieved or that investors will receive a return of their capital.*

## TABLE OF CONTENTS

|  |    |   |    |
|--|----|---|----|
| Summary .....  | i  | Tax reporting to unitholders.....   | 26 |
| Introduction .....   | 1  | Investment by registered plans.....   | 26 |
| General Information about the RBC QUBE Funds.....                | 1  | International information reporting .....                                   | 26 |
| What is an investment fund? .....                                | 1  | Additional Information .....  | 26 |
| What are the risks of investing in an investment fund? .....     | 1  | Settlement and Custody Services .....                                       | 26 |
| Specific risks in respect of the RBC QUBE Funds.....             | 2  | Regulatory relief.....  | 26 |
| Risk rating .....  | 8  | Conflicts of interest .....   | 29 |
| Organization and Management of the RBC QUBE Funds .....          | 10 | Recordkeeping, disclosure and Independent Review Committee involvement..... | 36 |
| Specific Information about Each of the RBC QUBE Funds .....      | 11 | Reliance on prospectus exemptions and certain required disclosure.....      | 36 |
| The quantitative strategy used to manage the RBC QUBE Funds..... | 11 | What are your Legal Rights?.....  | 37 |
| Proxy voting.....  | 12 | Schedule “A” – Purchasers’ Rights of Action for Damages or Rescission ..... | 38 |
| Responsible investment.....                                      | 12 | Schedule “B” – Collection and Use of Personal Information.....              | 50 |
| RBC QUBE Market Neutral World Equity Fund13                      |    |   |    |
| Fund details .....   | 13 |   |    |
| What does the Fund invest in?.....                               | 13 |   |    |
| What are the risks of investing in the Fund? .....               | 14 |   |    |
| Distribution policy .....  | 14 |   |    |
| RBC QUBE Market Neutral World Equity Fund (CAD Hedged) .....     | 15 |   |    |
| Fund details .....   | 15 |   |    |
| What does the Fund invest in?.....                               | 15 |   |    |
| What are the risks of investing in the Fund? .....               | 16 |   |    |
| Distribution policy .....  | 16 |   |    |
| Purchases, Switches and Redemptions .....                        | 17 |   |    |
| The Offering .....   | 17 |   |    |
| Net asset value .....  | 17 |   |    |
| Purchasing units of the Funds.....                               | 19 |   |    |
| Minimum investment.....  | 20 |   |    |
| Switching and redesignation .....                                | 20 |   |    |
| Redeeming units of the Funds .....                               | 20 |   |    |
| Description of Units of the Funds .....                          | 21 |   |    |
| Fees and Expenses.....   | 22 |   |    |
| Fees and expenses that the Funds pay....                         | 22 |   |    |
| Fees and expenses that you pay directly.                         | 23 |   |    |
| Impact of Sales Charges .....                                    | 23 |   |    |
| Income Tax Considerations for Investors .....                    | 23 |   |    |
| Taxation of the Funds .....                                      | 23 |   |    |
| Mark-to-Market Rules .....                                       | 24 |   |    |
| Taxation of unitholders .....                                    | 24 |   |    |
| Switching series.....  | 25 |   |    |
| Units denominated in U.S. dollars.....                           | 25 |   |    |

## Summary

*Prospective investors are encouraged to consult their own professional advisers as to the tax and legal consequences of investing in the RBC QUBE Funds® (each, a “Fund” or an “RBC QUBE Fund” and collectively, the “Funds” or the “RBC QUBE Funds”). The following is a summary only and is qualified by the more detailed information contained in this Offering Memorandum. Capitalized terms used in this summary have the same meaning assigned to them in the body of this Offering Memorandum.*

### The RBC QUBE Funds

The RBC QUBE Funds are a group of equity funds that are managed using a quantitative investment process.

Each Fund is established as a trust under the laws of the Province of British Columbia by an amended and restated master trust agreement (alternative funds) dated as of December 16, 2022 between the Manager and the trustee, RBC Investor Services Trust (as amended from time to time, the “Trust Agreement”).

### The Manager

RBC Global Asset Management Inc. (“RBC GAM”) is the manager and principal portfolio adviser of the Funds. RBC GAM’s head office is located in Toronto, Ontario.

Please see *Organization and management of the Funds – The Manager* later in this document for more information.

### Investment Objectives of each of the RBC QUBE Funds

*RBC QUBE Market Neutral World Equity Fund:* The fundamental investment objective of the Fund is to provide consistent absolute returns that are substantially independent of the performance of the global equity market.

*RBC QUBE Market Neutral World Equity Fund (CAD Hedged):* The fundamental investment objective of the Fund is to provide consistent absolute returns that are substantially independent of the performance of the global equity market by investing primarily in units of the RBC QUBE Market Neutral World Equity Fund, while seeking to minimize exposure to currency fluctuations between the U.S. and Canadian dollars.

Please see *Specific information about each of the RBC QUBE Funds* later in this document for more information.

### Risk Factors

Investors should consider a number of factors in assessing the risks associated with investing in units of the Funds. **An investment in the Fund may be considered to be speculative.**

Please see *Specific risks in respect of the RBC QUBE Funds* later in this document for more information.

### Canadian Federal Income Tax Considerations

Unitholders will be required to include in computing their income for Canadian tax purposes each year amounts paid or payable to them out of the income and taxable capital gains of the Funds (including amounts distributed on the redemption of units), notwithstanding that those amounts may be distributed in cash or reinvested in additional units. Such amounts may include income that is imputed to, or deemed to be earned by, the Funds under the *Income Tax Act* (Canada). A prospective unitholder should carefully consider all of the potential tax consequences of an investment in units of the Funds and should consult with their tax

advisor before subscribing for units.

Please see *Income tax considerations for investors* later in this document for more information.

### **Eligibility for Investment**

As at the date of this Offering Memorandum, units of the Funds are qualified investments and are permitted to be held in trusts governed by registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), deferred profit sharing plans ("DPSPs"), registered education savings plans ("RESPs"), registered disability savings plans ("RDSPs"), first home savings accounts ("FHSAs") or tax-free savings accounts ("TFSA").

Please see *Income tax considerations for investors* later in this document for more information.

### **The Offering**

Each of the Funds offers Series A, Series F and Series O units.

Units of a Fund are offered pursuant to certain exemptions from the prospectus requirements of the securities legislation of the provinces and territories of Canada. Subscribers for units of a Fund will be required to execute an investment management agreement or a subscription agreement with RBC GAM, and may be required to execute such certificates and other documents as RBC GAM may reasonably require to evidence their eligibility and entitlement to rely on such exemptions.

Units of the Funds are not available for purchase by non-residents of Canada. Each Fund reserves the right to discontinue the offering of units at any time and from time to time. Pursuant to applicable securities legislation, a report of an exempt trade must be filed with securities regulatory authorities that identifies investors, and the Fund will pay regulatory fees based on the amount invested.

Please see *Purchasing units of the Funds* and *Reliance on prospectus exemptions and certain required disclosure* later in the document for more information.

### **Purchases and Redemptions**

The Funds may only be purchased on a weekly basis on the second valuation day of each week, upon written notice being delivered to us by a cut-off time of 1:00 p.m. (Pacific Time) on the last valuation day of the preceding week. Please see *Purchasing units of the Funds* later in this document for more information.

Subject to certain restrictions described in this document, units of the Funds may only be redeemed on a weekly basis on the second valuation day of each week, upon written notice being delivered to us by a cut-off time of 1:00 p.m. (Pacific Time) on the last valuation day of the preceding week. There are no charges for redeeming units of any Funds.

RBC GAM may, in its sole discretion and in compliance with applicable securities laws, make payment of some or all of the redemption proceeds by making good delivery to the unitholder of portfolio securities of a Fund.

Please see *Redeeming units of the Funds* later in this document for more information.

### **Conflicts of Interest**

There are a number of material conflicts of interest that arise or may arise in our capacity as manager and portfolio adviser of the Funds. These

conflicts of interest create certain risks for investors in the Fund. Please see *General Information about the Funds – Specific risks in respect of the RBC QUBE Funds – Conflicts of interest risk* and for a description of these conflicts, please see *Additional Information – Conflicts of interest*.

## **Fees and Expenses**

*Management fees* - The Funds do not pay us a management fee with respect to Series O units. Investors who are eligible to purchase Series O units pay a negotiated fee directly or indirectly to us for investment counselling services.

The RBC QUBE Market Neutral World Equity Fund and the RBC QUBE Market Neutral World Equity Fund (CAD Hedged) will pay a management fee to the Manager of 2.00% per annum of the series net asset value of the Series A units of the Funds and 1.00% per annum of the net asset value of Series F units of the Funds.

*Operating Expenses and administration fees* – We pay certain operating expenses of the Funds. These expenses include regulatory filing fees and other day to day operating expenses including, but not limited to, annual fees, meeting fees and reimbursements for expenses to members of the Independent Review Committee to the extent that it provides oversight in the context of an application of exemptive relief in relation to the Funds, recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees and the costs of preparing and distributing annual and interim financial reports, statements and investor communications, if any. In return, as of the date of this document, in connection with Series A, Series F and Series O units of a Fund, the Fund is expected to pay us a fee of 0.02% per annum of the series net asset value of the applicable series of units.

*Sales Commissions* – Your dealer may charge you a fee for buying units of the Funds. These fees are negotiated between you and your dealer.

Please see “*Fees and Expenses*” later in this document for more information.

## **Currency**

Units of the Funds, other than the RBC QUBE Market Neutral World Equity Fund, are offered, and distributions and redemption proceeds applicable to the Funds, other than the RBC QUBE Market Neutral World Equity Fund, are paid, only in Canadian dollars. Units of the RBC QUBE Market Neutral World Equity Fund are offered, and distributions and redemption proceeds applicable to the RBC QUBE Market Neutral World Equity Fund are paid, only in U.S. dollars.

The net asset value of a Fund, other than the RBC QUBE Market Neutral World Equity Fund, is calculated in Canadian dollars. The net asset value of the RBC QUBE Market Neutral World Equity Fund is calculated in U.S. dollars.

## **Minimum Investment**

As of the date of this Offering Memorandum, the minimum initial investment for any series of units of a Fund is CAD\$25,000 (or the U.S. dollar equivalent thereof, for the RBC QUBE Market Neutral World Equity Fund), and the minimum subsequent investment is CAD\$5,000 (or the U.S. dollar equivalent thereof, for the RBC QUBE Market Neutral World Equity Fund).

## **Unit Certificates**

No certificates for units of any of the Funds will be issued.

**Statutory Rights**

Investors resident in certain provinces and territories of Canada are entitled to the benefit of certain statutory rights of action.

Please see *What are your legal rights?* and *Schedule A - Purchasers' rights of action for damages or rescission* later in this document for more information.

## Introduction

This confidential offering memorandum (this “Offering Memorandum”) contains important information to help you make an informed investment decision and understand your rights as an investor in the RBC QUBE Funds®.

In this Offering Memorandum, “you” and “your” mean the investor, and “we”, “us”, “our”, the “Manager” and “RBC GAM” mean RBC Global Asset Management Inc. In this Offering Memorandum, we refer to the RBC QUBE Market Neutral World Equity Fund and the RBC QUBE Market Neutral World Equity Fund (CAD Hedged) collectively, as the “Funds” or the “RBC QUBE Funds” and to each of them as a “Fund” or a “RBC QUBE Fund”. In this Offering Memorandum, we refer to the RBC QUBE Market Neutral World Equity Fund and the RBC QUBE Market Neutral World Equity Fund (CAD Hedged) collectively, as the “Market Neutral Funds” and to each of them as a “Market Neutral Fund”. In this Offering Memorandum, “Business Day” means any day on which the Toronto Stock Exchange is open for business.

Additional information about the Funds will be available in the annual financial statements of the Funds and any interim financial statements of the Funds prepared thereafter. These financial statements are available from us upon request.

Unless otherwise specifically stated, all dollar amounts in this Offering Memorandum are stated in Canadian dollars, except when dollar amounts are used in connection with the RBC QUBE Market Neutral World Equity Fund, for which all dollar amounts are stated in U.S. dollars.

RBC GAM is the manager of the Funds and an indirect wholly owned subsidiary of Royal Bank of Canada.

## General Information about the RBC QUBE Funds

The RBC QUBE Funds are a group of equity funds managed by RBC GAM using a quantitative investment process. Please see *The quantitative strategy used to manage the RBC QUBE Funds* later in this document for more information.

## What is an investment fund?

An investment fund is an investment vehicle that invests assets into a portfolio of financial instruments such as stocks, bonds and other securities. Investment funds offer investors the chance to have a professionally managed and diversified basket of financial instruments.

When you invest in an investment fund, you are combining your money with that of other investors. We use this pool of money to buy a wide variety of investments on behalf of the entire group of investors. We follow a set of guidelines outlined in the investment objectives and investment strategies of each of the Funds that are described below under *What does the Fund invest in?* in respect of each Fund.

The Funds are sold in units, which are issued in series. Each unit of a series represents an undivided share of a Fund’s net assets, equal to the share of every other unit of the series. There is no limit to the number of units a Fund can issue. However, a Fund may be closed to new investors from time to time.

## What are the risks of investing in an investment fund?

There is no such thing as risk-free investing. For investors, risk is the possibility of losing money or not making any money. The same is true with investment funds. The value of the investment fund may change every day, reflecting changes in interest rates, economic conditions, financial markets and company news. Therefore, when you redeem your units in the investment fund, you may receive less than the full amount you originally invested. The full amount of your investment in an investment fund is not guaranteed. Unlike bank accounts or guaranteed investment certificates, investment fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

One risk of an investment fund is that, in exceptional circumstances, requests to redeem units of the investment fund may not be accepted or delivery of redemption proceeds may be delayed.

The value of an investment fund is directly related to the value of the investments held by the fund. The value of the investments in the

investment fund can change due to, among other things, general market conditions, political and economic developments.

It is very important that you be aware of the risks associated with the RBC QUBE Funds and their relative returns over time. The principal risks that may be associated with investing in the Funds are described below.

### **Specific risks in respect of the RBC QUBE Funds**

An investment in the RBC QUBE Funds is not intended as a complete investment program for an investor. We strongly recommend that you consult with an experienced adviser prior to investing.

The Funds are not subject to the disclosure requirements or investment restrictions applicable to publicly offered investment funds, which includes limits on such investment funds' ability to concentrate investments and engage in short selling, among other restrictions.

Investment funds own different types of investments, depending on their investment objectives.

Any reference to a Fund in this section is, with respect to the RBC QUBE Market Neutral World Equity Fund (CAD Hedged), intended to also refer to the securities of the underlying RBC QUBE Market Neutral World Equity Fund in which the RBC QUBE Market Neutral World Equity Fund (CAD Hedged) will invest.

The principal risks associated with an investment fund are the same risks that affect the value of the investments held by that fund.

The particular risks associated with each of the RBC QUBE Funds are described under each Fund description in the section *Specific information about each of the RBC QUBE Funds* later in this document. The principal risks that may be associated with investing in the Funds are outlined below in alphabetical order.

#### **Concentration risk**

The Funds are not subject to applicable securities laws that require them to diversify portfolio holdings such that no more than a fixed

percentage of their assets are invested in any specific issuer. There are risks associated with any investment fund that concentrates its investments in or exposure to any particular security, including concentrating in any of the following: (i) a particular issuer or issuers; (ii) the credit of a particular counterparty or counterparties; and/or (iii) interest rates or fixed-income securities having a particular duration. This concentration allows the Funds to focus on a particular issuer's potential or execute a particular strategy or achieve a desired balance of risk and return. It also means that the value of the Funds tend to be more volatile than the value of a more diversified investment fund because the concentrated fund's value is affected more by the performance of that particular issuer, counterparty or exposure.

#### **Conflicts of interest risk**

There are a number of material conflicts of interest that arise or may arise in our capacity as manager and portfolio adviser of the Funds. These conflicts of interest create certain risks for investors in the Fund. For a description of these conflicts, please see *Additional information – Conflicts of interest*.

#### **Counterparty risk**

To the extent that the Funds use derivatives, the Funds may be exposed to counterparty risk. In the event that one or more counterparties become bankrupt or insolvent or fail to meet their obligations to the Funds, the Funds will be exposed to potential losses, including those resulting from non-collateralized mark-to-market in their favour, and potential market risk quantified as the movement in market value of the security during the period of time where the Funds will be required to replace the economic (market) exposure provided by the derivatives contracts held with the defaulting counterparty.

Where there is direct counterparty exposure, over-and-above credit exposure through non-collateralized market-to-market amounts, there is the risk of having to replace the economic exposure of outstanding derivatives positions since they will no longer be in effect with the defaulted counterparty.

The Funds will enter into derivatives contracts only with approved counterparties with whom we have a negotiated agreement and counterparty



exposures will be managed in accordance with the policies of Phillips, Hager & North. Counterparty exposures in the Funds will be monitored according to our compliance processes and procedures and notification of any failure to comply with our policies will be reported to and acted on by us.

### **Currency risk**

A Fund may be exposed to currency exchange risk where the assets and income are denominated in currencies other than the reference currency of the Fund. Changes in exchange rates between currencies or the conversion from one currency to another may cause the value of a Fund's investments to decline or increase. Currency exchange rates may fluctuate significantly over short periods of time. They are generally determined by supply and demand in the currency exchange markets and the relative merits of investment in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates can also be affected unpredictably by intervention (or failure to intervene) by governments or central banks, or by currency controls or political developments.

A Fund may enter into currency exchange transactions in an attempt to protect against changes in a country's currency exchange rates. A Fund may enter into forward contracts to hedge against a change in such currency exchange rates that would cause a decline in the value of existing investments denominated or principally traded in a currency other than the reference currency of that Fund. To do this, the Fund would enter into a forward contract to sell the currency in which the investment is denominated or principally traded in exchange for the reference currency of the Fund.

Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, at the same time they limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the forward contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the forward contract is entered into and the date when it matures. Therefore, the successful

execution of a hedging strategy which matches exactly the profile of the investments of a Fund cannot be assured.

For the RBC QUBE Market Neutral World Equity Fund, the Canada Revenue Agency ("CRA") requires that capital gains and losses be reported in Canadian dollars. As a result, when you redeem units in a U.S. dollar denominated mutual fund, you need to calculate gains or losses based on the Canadian dollar value of your units when they were purchased and sold. Additionally, if the RBC QUBE Market Neutral World Equity Fund distributes any income as cash, it will be distributed in U.S. dollars but must be reported in Canadian dollars for Canadian tax purposes. Consequently, all investment income will be reported to you in Canadian dollars for income tax purposes.

In each of the cases above, changes in the value of the Canadian dollar relative to the U.S. dollar may affect your income tax payable. You may want to consult your tax adviser.

### **Currency hedging risk – RBC QUBE Market Neutral World Equity Fund (CAD Hedged)**

The RBC QUBE Market Neutral World Equity Fund (CAD Hedged) will enter into currency exchange transactions intended to hedge against the fluctuations of the U.S. dollar relative to the Canadian dollar. However, there is no guarantee that the use of derivatives will fully protect the Fund's assets against losses from exposure to the U.S. dollar. The use of derivatives to protect the Fund against a rise in the value of the Canadian dollar relative to the U.S. dollar will not eliminate the fluctuations in the price of portfolio securities nor prevent losses should the prices of portfolio securities decline. These strategies will also limit the opportunity for gain as a result of an increase in the value of the U.S. dollar relative to the Canadian dollar.

### **Cyber security risk**

As the use of technology has become more prevalent in the course of business, mutual funds like the Funds have become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause a Fund to lose proprietary information or other information subject to privacy laws, suffer data corruption, or lose operational

capacity. This in turn could cause a Fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Cyber security breaches may involve unauthorized access to a Fund's digital information systems (e.g., through "hacking" or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cyber security breaches of a Fund's third-party service providers (e.g., administrators, transfer agents, custodians and sub-advisors) or of issuers that a Fund invests in can also subject a fund to many of the same risks associated with direct cyber security breaches. Like with operational risk in general, the Funds have established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed, especially since the Funds do not directly control the cyber security systems of issuers or third-party service providers.

### **Derivatives risk**

*The RBC QUBE Market Neutral World Equity Fund and the RBC QUBE Market Neutral World Equity Fund (CAD Hedged) may use derivatives for hedging purposes (e.g., for currency hedging, see 'Currency hedging risk') or for non-hedging purposes (e.g., as a substitute for direct investment, to generate income) The Manager reserves the right to use these investment techniques without prior notice to achieve a Fund's investment objectives.*

A derivative is a type of investment whose value is derived from the performance of other investments or from the movement of exchange rates or market indices. There are many different types of derivatives – they usually take the form of a contract to buy or sell a specific commodity, currency, stock or market index.

Derivatives have their own special risks. Here are some of the common ones associated with derivatives that may be used by the Funds:

- Since over-the-counter derivatives may be used by the Funds, counterparty risk is an important consideration. See *Counterparty risk*.

- Although the Funds intend to secure obligations owed to the Funds by counterparties in connection with derivative transactions by requiring counterparties to post collateral to support such obligations, not all amounts owed to the Funds are required to be fully supported by collateral and, in some cases, there may be a delay in collateral being posted (as a result of a dispute with a counterparty or due to settlement processes). A Fund may also be required to post collateral in certain circumstances and grant a security interest in favour of its counterparties in some of its assets, and there may be a risk that such counterparties may enforce their security against the Fund's assets.
- There is no guarantee that a Fund can close out a derivative contract when it wants to or when an existing derivative contract is scheduled to terminate. There is no guarantee that a Fund can enter into another derivatives contract that will maintain the desired market exposure (at all, or at an acceptable price). The inability to close out derivative positions or implement new derivative positions (at all, or on a timely basis) could prevent a Fund from implementing its investment objectives and strategies and could result in losses for the Fund.
- There is no guarantee that the Funds will be able to find suitable counterparties at all, or on a timely basis.
- The Funds' ability to terminate derivative transactions is subject, in all cases, to the terms of the contractual arrangements established between a Fund and each counterparty, the adherence of counterparties to the terms of such contracts, the prompt exercise of contractual rights, the availability of dispute resolution mechanisms and the ability to require market intermediaries and services providers to promptly act on instructions, among other factors. As a result, in cases where the Funds attempt to terminate a derivative transaction, there may be a delay. During that delay, the value of the Funds, collateral posted by or to the Funds and/or the Funds' exposure under a derivatives contract may fluctuate dramatically and, as a result, the Funds may suffer significant losses or be unable to meet its investment objectives.

- Using derivatives for hedging may not always work and it could limit a Fund's potential to make a gain.
- Costs relating to entering, maintaining and unwinding derivative contracts may reduce the returns of the Funds, particularly in illiquid markets.
- The price of a derivative may not accurately reflect the value of the underlying currency or security.
- The other party to a derivative contract may not be willing to or not be able to live up to its agreement to complete the transaction. In general, credit ratings are relied on as indications of the ability of the other party to live up to its agreement.
- Changes to the legal or regulatory environment for derivative instruments may affect the way derivatives are used by the Funds. See *Legal, tax and regulatory risk*.

### ***ESG integration risk***

A Fund or an underlying fund may integrate material environmental, social and governance ("ESG") factors as a component of its investment process from time to time as described under *Responsible investment*. These considerations will vary by investment teams as each team has developed its own methods to integrate material ESG factors into their investment analysis and decision making. ESG considerations may affect the exposure of a Fund or an underlying fund to certain issuers or industries and a Fund or an underlying fund may forgo certain investment opportunities. There is no assurance that the integration of material ESG factors will positively contribute to the long-term performance of a Fund or an underlying fund.

RBC GAM's determination of the ESG criteria to apply, and the assessment of the ESG characteristics of an issuer or industry, may differ from the criteria or assessment applied by other investors. As a result, the Funds or underlying funds may invest in issuers that do not reflect what may be considered to be positive ESG characteristics or ESG values of any particular investor. Moreover, the methodology used to integrate material ESG factors may not eliminate the possibility of a Fund or an underlying fund having exposure to issuers that exhibit negative ESG characteristics, and may change over time.

Funds or underlying funds may use third-party research as well as proprietary research to evaluate the ESG characteristics, risks and opportunities regarding an issuer. Such research information and data may be incomplete, inaccurate or unavailable, resulting in incorrect assessments of the ESG practices of an issuer. Legislative and regulatory changes, market developments and/or changes in data availability and reliability could also materially affect the quality and comparability of such research information and data.

### ***Foreign investment risk***

The Funds may invest in companies that operate or are listed on stock exchanges in countries other than Canada. Investments in these companies may be affected by global economic and political factors, as well as the economic and political factors of the particular country or geographic region in which the issuer operates. Many countries have less stringent accounting, auditing and reporting standards than we do in Canada. Some foreign stock markets have less

trading volume, which may make it more difficult to sell an investment or make prices more volatile. Certain countries may also have foreign investment or exchange laws that make it difficult to sell an investment or may impose withholding or other taxes that could reduce the return on the investment. Different financial, political and social factors could hurt the value of foreign investments, and companies operating in foreign markets may have limited product lines, markets or resources available to them. As a result, mutual funds that specialize by investing in securities of companies that are listed on stock exchanges in countries other than Canada, or in companies that operate in countries other than Canada, may experience larger and more frequent price changes in the short term.

The risks of foreign investments are generally higher in emerging markets.

### ***Large investor risk***

The securities of certain Funds, including an underlying fund, may be held in significant percentages by an investor, including another investment fund. In order to meet purchase and redemption requests by the investor, the Fund may have to alter its holdings significantly and purchase or sell investments at unfavourable prices and incur capital gains and transaction costs. This can reduce the returns of the Fund.

A Fund that experiences a “loss restriction event” (i) will be deemed to have a year-end for tax purposes (which would result in an allocation of the Fund’s taxable income at such time to Unitholders so that the Fund is not liable for income tax on such amounts), and (ii) the Fund will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, a Fund will be subject to a loss restriction event when a person becomes a “majority-interest beneficiary” of the Fund, or a group of persons becomes a “majority-interest group of beneficiaries” of the Fund, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of a Fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater

than 50% of the fair market value of all interests in the income or capital, respectively, in the Fund. However, trusts that qualify as “investment funds” as defined in the Tax Act are exempt from such adverse consequences. An “investment fund” for this purpose includes a trust that meets certain conditions, for purposes of the Tax Act, not using any property in the course of carrying on a business and complying with certain asset diversification requirements. The Funds presently qualify, and are expected to continue to qualify, as “investment funds”

### ***Legal, tax and regulatory risk***

Legal, tax and regulatory changes to laws or administrative practice could occur during the term of a Fund which may adversely affect a Fund. For example, the regulatory or tax environment for derivative instruments is evolving, and changes in the regulation or taxation of derivative instruments may adversely affect the value of derivative instruments held by the Funds and the ability of the Funds to pursue their investment strategies. Interpretation of the law or administrative practice may affect the characterization of the Funds’ earnings as capital gains or income which may increase the level of tax borne by investors as a result of increased taxable distributions from the Funds. There can be no assurance that Canadian federal income tax laws and administrative policies and assessing practices of the CRA will not be changed in a manner that adversely affects the unitholders of the Funds.

In some jurisdictions, the interpretation and implementation of laws and regulations and the enforcement of unitholders’ rights under such laws and regulations may involve significant uncertainties. Furthermore, there may be differences between accounting and auditing standards, reporting practices and disclosure requirements and those generally accepted internationally. Tax law and regulations of any country are constantly subject to change, and may be changed with retrospective effect. The interpretation and applicability of tax law and regulations by tax authorities in some jurisdictions are not consistent or transparent and may vary from region to region.

### ***Leverage risk***

The investment strategy of each of the Funds involves the use of leverage through the

implementation of short selling strategies. For every \$1 that the Funds invest long in securities the Funds believe will outperform, the Funds will hold some percentage of short positions in securities the Funds believe will underperform. While the net exposure of a particular strategy that employs short selling may be less than or equal to an equivalent unlevered strategy, the use of leverage can magnify the impact of losses within a strategy as well as amplify its potential gains.

### ***Liquidity risk***

Liquidity refers to the speed and ease with which an asset can be sold and converted into cash. Some securities may be illiquid because of legal restrictions, the nature of the investment, or certain features like guarantees or a lack of buyers interested in the particular security or market. In highly volatile markets, such as in periods of sudden interest rate changes, certain otherwise liquid securities may become less liquid, which means they cannot be sold as quickly or easily. Difficulty in selling securities may result in higher volatility, a loss or reduced return for a Fund. The Funds will frequently be investing in securities with less liquidity than a listed equity security, including in some cases mortgages and derivatives, which may impair a Fund's ability to quickly realize on its investments.

Liquidity conditions in derivatives markets may also complicate maintaining any required overlay exposures, which in turn may increase the degree and range to which particular derivative instruments are used.

### ***Market risk***

Market risk is the risk of being invested in the equity and fixed-income markets. The market value of a Fund's investments will rise and fall based on specific issuer developments and broader equity or fixed-income market conditions including but not limited to war and occupation, terrorism, geopolitics, health crises, natural disasters, climate change and civil unrest. Market value will also vary with changes in the general economic and financial conditions in countries or sectors in which the investments are based (whether as a result of political, social or environmental changes or otherwise). During a general downturn in the economy, multiple asset classes may decline in value simultaneously.

Economic downturns can be difficult to predict due to speculation in inflationary, fiscal and monetary factors.

### ***Quantitative investment strategy risk***

The Funds are managed using a quantitative investment process, which is an investment style in which mathematical or statistical models are used as inputs for investment decisions.

Quantitative investment strategies use complex statistical models in an effort to control portfolio-level risk and to select individual securities. Rigorous risk control and a disciplined approach to stock selection are defining characteristics of quantitative investment strategies. Although these are generally considered positive characteristics, they also introduce unique risks. The mathematical and statistical models that guide risk control and disciplined stock selection are reliant on historical data. When markets behave in an unpredictable manner, quantitative models can generate unanticipated results that may impact the performance of a Fund. Please see *The quantitative strategy used to manage the RBC QUBE Funds* later in this document for more information.

### ***Risks of using a prime broker to hold assets***

All or a portion of the assets of the Funds may be held with the prime broker for such Funds for certain brokerage, settlement, custodial, clearance and other services in connection with such transactions. Some or all of the assets of the Funds may be held in one or more margin accounts due to the fact that these Funds will use leverage and may engage in short selling. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. The applicable prime broker may also lend, pledge or hypothecate the assets of these Funds in such accounts, which may result in a potential loss of such assets. As a result, the assets of such Funds may be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, these Funds may experience losses due to insufficient assets at the prime broker to satisfy the claims of its creditors, and adverse market movements while its positions cannot be traded. In addition, the prime broker is unlikely to be able to provide

leverage to the Funds, which may adversely affect the returns of these Funds.

**Series risk**

Each Fund currently offers multiple series of units. Each series has its own fees and expenses, which are tracked separately. Those expenses will be deducted in calculating the unit value for that series, thereby reducing its unit value. If one series is unable to pay its expenses or liabilities, the assets of the other series will be used to pay those expenses or liabilities. As a result, the unit price of the other series may also be reduced. Please see *Purchases, switches and redemptions* and *Fees and expenses* later in this document for more information.

**Short sale risk**

The Funds engage in short sale transactions. A short sale occurs when a Fund borrows securities from a lender and sells them on the open market. The Fund must repurchase the securities at a later date in order to return them to the lender. In the interim, the proceeds from the short sale transaction are deposited with the lender and the Fund pays interest to the lender on the borrowed securities. If the Fund repurchases the securities later at a lower price than the price at which it has sold the borrowed securities on the open market, a profit will result. However, if the price of the borrowed securities rises, a loss will result.

There are risks associated with short selling; namely, that the borrowed securities will rise in value or not decline sufficiently in value to cover the Fund's costs, or that market conditions will cause difficulties in the sale or repurchase of the securities. In addition, the lender from whom the Fund has borrowed securities may become bankrupt before the transaction is complete, causing the borrowing Fund to forfeit the collateral it deposited when it borrowed the securities.

The Funds must adhere to controls and limits in order to counteract these risks by limiting the amount of exposure for short sales, and only short selling securities for which there is expected to be a consistent liquid market. The Funds will only borrow up to certain limits, and only from lenders that meet criteria to establish their creditworthiness.

**Risk rating**

RBC GAM assigns a risk rating to the funds that it manages as an additional guide to help investors decide whether a fund is right for them. This information is only a guide. RBC GAM determines the risk rating for the funds it manages in accordance with the guidelines set forth in National Instrument 81-102 – *Investment Funds* ("NI 81-102") even though the Funds are not subject to NI 81-102. Under NI 81-102, the investment risk level of a fund is required to be determined in accordance with standardized risk classification methodology that is based on the historical volatility of the fund as measured by the 10-year standard deviation of the returns of the fund. Just as historical performance may not be indicative of future returns, a fund's historical volatility may not be indicative of its future volatility. Investors should be aware that other types of risk, both measurable and non-measurable, also exist.

Standard deviation is a statistical measure used to estimate the dispersion of a set of data around the average value of the data. In the context of investment returns, it measures the amount of variability of returns that has historically occurred relative to the average return. The higher the standard deviation, the greater the variability of returns it has experienced in the past.

A fund's risk rating is normally determined by calculating its standard deviation for the most recent 10 years using monthly returns and assuming the reinvestment of all income and capital gains distributions in additional units of the fund. As the Funds do not have at least 10 years of performance history, RBC GAM has used reference indices that are reasonably expected to approximate the standard deviation of the applicable Funds as a proxy. Using this methodology, the applicable Funds' risk ratings are as set out in the table below.

| Fund                                      | Reference Index   | Standard Deviation Risk Rating |
|---|---|--------------------------------|
| RBC QUBE Market Neutral World Equity Fund | 50% Citigroup 3 Month U.S. T-Bill Index and 50% MSCI World Net Index in U.S. dollar | Low to Medium                  |

|  |  |     |
|--|--|-----|
| RBC QUBE Market Neutral World Equity Fund (CAD Hedged) | 50% Citigroup 3 Month U.S. T-Bill Index and 50% MSCI World Net Index hedged to the Canadian dollar | Low |
|--|--|-----|

There may be times when RBC GAM believes these methodologies produce a result that does not reflect a Fund's risk based on other qualitative factors. As a result, RBC GAM may place a Fund in a higher risk rating category, as appropriate. In accordance with this methodology, RBC GAM has rated the Funds as set out in the table below.

| Fund   | RBC GAM Risk Rating |
|--|---------------------|
| RBC QUBE Market Neutral World Equity Fund              | Medium              |
| RBC QUBE Market Neutral World Equity Fund (CAD Hedged) | Medium              |

## Organization and Management of the RBC QUBE Funds

| Role  | Service provided  |
|---|---|
| <p><b>Manager</b></p> <p>RBC Global Asset Management Inc.<br/>Toronto, Ontario</p>  | <p>RBC Global Asset Management Inc. (“RBC GAM”) is the manager and principal portfolio adviser of the Funds.</p> <p>As manager and principal portfolio adviser of the Funds, we are subject to certain potential conflicts of interest in the performance of our duties. Please see <i>General Information about the RBC QUBE Funds – Specific risks in respect of the RBC QUBE Funds – Conflicts of interest risk</i> and <i>Additional information – Conflicts of interest</i>.</p>   |
| <p><b>Portfolio adviser</b></p> <p>RBC Global Asset Management Inc.</p>   | <p>As principal portfolio adviser, we manage the investment portfolio of the Funds.</p>   |
| <p><b>Trustee</b></p> <p>RBC Investor Services Trust<br/>Toronto, Ontario</p>   | <p>As trustee, RBC Investor Services Trust (“RBC Investor Services”) holds title to securities owned by the Funds on behalf of the unitholders with responsibility to act in the best interest of unitholders. RBC Investor Services is a wholly-owned subsidiary of Royal Bank of Canada.</p>  |
| <p><b>Prime Brokers and Custodians</b></p> <p>The Bank of Nova Scotia<br/>Toronto, Ontario</p> <p>RBC Investor Services Trust<br/>Toronto, Ontario</p>  | <p>The Bank of Nova Scotia (“Scotia”) has been designated by the RBC QUBE Market Neutral World Equity Fund as its prime broker for certain brokerage, settlement, custodial, clearance and other services in connection with such transactions. Scotia will also provide margin lending to this Fund. This Fund may designate additional or replacement prime brokers from time to time.</p> <p>As custodian for the RBC QUBE Market Neutral World Equity Fund, Scotia holds the cash and investments in safekeeping on its behalf.</p> <p>RBC Investor Services Trust acts as custodian to the RBC QUBE Market Neutral World Equity Fund (CAD Hedged).</p> |
| <p><b>Registrar</b></p> <p>RBC Global Asset Management Inc.<br/>Vancouver, British Columbia</p> <p>RBC Investor Services Trust<br/>Toronto, Ontario</p> | <p>RBC GAM’s Vancouver office and RBC Investor Services will process all the purchases and redemptions of units of the Funds, keep a register of all investors, and issue investor statements and annual tax slips for unitholders.</p>   |
| <p><b>Auditors</b></p> <p>PricewaterhouseCoopers LLP<br/>Toronto, Ontario</p>   | <p>As auditors, PricewaterhouseCoopers LLP provides assurance that the Funds’ annual financial statements present fairly, in all material respects, its financial position and results of operations in accordance with International Financial Reporting Standards.</p>  |
| <p><b>Independent Review Committee</b></p>  | <p>The Independent Review Committee acts as the independent review committee for investment funds managed by RBC GAM which are offered by way of a</p>  |



prospectus. The Independent Review Committee also provides independent oversight as required under certain exemptive relief for certain transactions by certain non-prospectus funds (like the Funds) managed by RBC GAM.

The Independent Review Committee may also provide advice to RBC GAM on other issues relating to the management of the Funds.

The Independent Review Committee is currently composed of five members. Each member is independent from RBC GAM, the Funds and the entities related to RBC GAM. The Independent Review Committee prepares, at least annually, a report of its activities for you, which is available on our website at [www.rbcgam.com](http://www.rbcgam.com) or at your request and at no cost by calling us toll free at 1-877-408-6019 or by emailing us at [dealerservices@phn.com](mailto:dealerservices@phn.com).

Please see *Additional information – Regulatory relief* and *Additional information – Recordkeeping, disclosure and Independent Review Committee involvement* later in this document for more information.

## Specific Information about Each of the RBC QUBE Funds

This section provides you with additional information that will help you understand the description of each of the RBC QUBE Funds that appears on the following pages.

### The quantitative strategy used to manage the RBC QUBE Funds

The RBC QUBE Funds are a group of equity funds that are managed using a custom quantitative investment model (the “Model”) designed to detect buy or sell signals and arbitrage opportunities when asset prices and returns deviate from pre-defined “normal” random distribution laws. Compared to purely qualitative investment approaches, the Model is designed to process large amounts of information, and avoid certain investor behavioural errors that have been known to influence purely qualitative processes.

The Model seeks to exploit investment opportunities that generally fall into two groups: “Informational” and “Behavioural”. Understanding whether an opportunity falls into one category or the other is important, as it influences such things as length of time that

opportunity is likely to persist, and whether it is likely to re-occur.

Informational opportunities are derived from other investors not fully exploiting, on a timely basis, information that is relevant to prices. The Model is designed to:

- quickly process information and compare data analysis across a large range of securities; and
- accurately measure complex accounting measures, such as accruals.

These capabilities give the Model an informational advantage relative to purely qualitative investment processes that are not able to process the same volume of information as efficiently or accurately. Generally, once Informational opportunities are identified, they are potentially easier for investors to arbitrage, which limits the length of time that the opportunity is likely to persist.

Behavioural opportunities are created by systematic “mistakes” made by investors generally, including an overreaction to security specific or market event. Behavioural opportunities are significantly less likely to be

arbitrated away by the market, as they are rooted in human behaviour and emotion. We have quantified certain behavioural biases, which allow the Model to generate forecasts of price dynamics in financial markets. These forecasts form the basis of investment and valuation opportunities that are identified by the Model and used to trigger investments.

The Model focuses on security selection, evaluating companies across multiple factor dimensions of both fundamental and technical stock analysis, and groups such companies on a proprietary method of custom sector grouping (“Custom Sectors”). By analysing companies in these Custom Sector groups in the Model, as opposed to the standard sector categorizations, we seek to improve forecast metrics and our risk analysis by bringing more homogeneous companies together and not confusing what might be better treated as a sector effect. We have also moved individual companies between sectors, potentially improving our return and risk forecasts.

The Model is thus designed to identify common factors that can be analyzed across companies that are associated with superior or inferior investment performance and risk characteristics. These factors are primarily fundamental and company-specific in nature, as opposed to being macro-economic in nature. Portfolio construction using the Model involves building a portfolio that maximizes exposure to factors typically associated with outperformance, while controlling for exposure to risk factors, thereby making risk management an integral part of the investment process. The database upon which the Model operates is updated in real time as new data becomes available, and the portfolio is re-optimized regularly.

### **Proxy voting**

The proxies associated with securities held in the Funds will be voted in accordance with proxy voting guidelines which seek to enhance long-term value of the securities held and which are consistent with leading corporate governance practices. While RBC GAM will generally vote proxies in accordance with the proxy voting guidelines, there may be circumstances where RBC GAM believes that it is in the best interests of an investment fund, including a Fund, to vote differently than the manner contemplated by the guidelines or to withhold a vote or to abstain

from voting. RBC GAM’s proxy voting guidelines are available on our website, [www.rbcgam.com](http://www.rbcgam.com).

### **Responsible investment**

The RBC QUBE Market Neutral World Equity Fund incorporates material ESG factors as part of the investment process to consider issuers’ oversight and management of these material ESG factors. The investment team currently leverages Environmental (E), Social (S), and Governance (G) scores from third-party provider MSCI ESG Research LLC (MSCI ESG) to identify issuers with poor ESG practices. At any time, the investment team may leverage ESG data from another third-party provider or supplemental research provider.

The E, S, and G scores, which are monitored on an ongoing basis, are incorporated into the investment team’s systematic multi-factor investment approach. As part of its ongoing review and analysis, the investment team has the discretion to restrict or reduce exposure to companies with poor E, S, and G scores as well as adjust portfolio weights based on E, S, and/or G scores. These adjustments will generally be limited to rebalance dates. The investment team retains discretion to override or adjust these model inputs, including ESG factors. The investment team may exercise the foregoing discretion from time to time when it has determined that doing so may enhance the risk-adjusted long-term performance of the applicable Fund.

MSCI ESG assesses issuers’ ESG risks and opportunities through its MSCI ESG Rating Methodology. MSCI ESG assesses issuers across the material key ESG issues it has identified for that issuer. Assessments across these key issues use both a quantitative and qualitative approach and MSCI ESG’s views may be subjective. MSCI ESG leverages sources including company filings, specialized datasets, and media sources in its assessments, and employs a global team of research analysts.

For more information on the MSCI ESG Rating Methodology, please visit <https://www.msci.com/our-solutions/esg-investing/esg-ratings>.

## RBC QUBE Market Neutral World Equity Fund

### Fund details

|                                  |  |
|----------------------------------|--|
| <b>Type of Fund</b>              | Global equity  |
| <b>Date the Fund was created</b> | February 27, 2015  |
| <b>Type of securities</b>        | Series A, F and O trust units  |
| <b>Eligibility</b>               | Units are qualified investments for RRSPs, RRIFs, DPSPs, RESPs, RDSPs, FHSAs or TFSAAs |
| <b>Fees and expenses</b>         | See the section called <i>Fees and expenses</i> .                                      |

### What does the Fund invest in?

#### *Investment objectives*

The fundamental investment objective of the Fund is to provide consistent absolute returns that are substantially independent of the performance of the global equity market.

The fundamental investment objective may only be changed in accordance with the Trust Agreement. We may change the Fund's investment strategies described below at our discretion.

#### *Investment strategies*

The Fund intends to achieve its investment objective by investing primarily in securities of issuers listed on global equity markets which are expected to outperform comparable securities, while selling short an equivalent dollar amount of global equity securities which are expected to underperform. Investment decisions will be made using the quantitative investment process described under *The quantitative strategy used to manage the RBC QUBE Funds*.

The Fund seeks to be an absolute return fund and to generate positive returns in all market conditions. The benchmark for the Fund is the Citigroup 3 Month U.S. Treasury Bill Index (the "T-Bill Index"). The benchmark is for comparison only and is not a projection, prediction or

guarantee of the Fund's performance. Use of the T-Bill Index is not intended to imply that an investment in the Fund is comparable to an investment in the securities that comprise the T-Bill Index, and the T-Bill Index is not indicative of the risk and return attributes of the Fund.

The portfolio manager monitors and reviews the portfolio on an ongoing basis to ensure that it is positioned optimally.

The Fund will take long and short positions primarily in securities that are listed on a global stock exchange. The Manager expects that the majority of securities in which the Fund invests will be members of the MSCI All Country World Index. A long position represents securities that the Fund owns. A short position represents a sale by the Fund of a security borrowed from a third party in anticipation of a possible decline in the market price of that security. To close a short position, the Fund buys back the same security in the market and returns it to the lender.

The Fund will generally target holding short positions in securities that, in aggregate, will approximately equal the long positions in the Fund. The market value of the short positions and long positions will not always be equal and can become unequal to a significant degree for a variety of reasons including (but not limited to) continuous changes in the prices of the short positions and long positions, inflows and outflows of cash due to purchase and redemption orders and general market conditions. Under normal market conditions, the Fund's long positions and the Fund's short positions will, in the aggregate, generally not exceed 110% of the Fund's net asset or fall below 90% of the Fund's net asset value.

The Fund may use derivatives, such as swaps, options, futures and forward contracts for (i) hedging purposes, including to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates including changes in the value of foreign currency relative to the Canadian dollar; and (ii) non-hedging purposes, including as a substitute for direct investment, to generate income.

For cash management or temporary defensive measures, cash may be invested in securities

that meet the prime broker's conditions for collateral.

The portfolio manager may engage in active or frequent trading of investments, which may increase trading costs, which in turn may lower the Fund's returns.

We incorporate material ESG factors as part of the investment process to consider issuers' oversight and management of these material ESG factors. The investment team has the discretion to restrict or reduce exposure to issuers with poor ESG practices. See *Responsible investment* earlier in this document.

We may invest up to 10% of the Fund's net asset value in units of other funds managed by RBC GAM or its affiliates where we believe that an investment in other funds is a more efficient and cost effective way of achieving the Fund's investment objectives. We will only invest in units of other funds where the investment is compatible with the investment objectives and strategies of the Fund, and otherwise complies with applicable securities laws and the terms and conditions of any applicable exemptive relief obtained by RBC GAM on behalf of the Fund. **Investors who receive a copy of this Offering Memorandum will be deemed to have consented to such fund of fund investments.**

### What are the risks of investing in the Fund?

The principal risks associated with an investment in this Fund are as follows:

- quantitative investment strategy risk;
- market risk;
- short sale risk;
- liquidity risk;
- risks of using a prime broker to hold assets;
- foreign investment risk;
- ESG integration risk;
- large investor risk;
- conflicts of interest risk;
- concentration risk;
- leverage risk;
- series risk;
- legal, tax and regulatory risk
- derivatives risk;
- counterparty risk;
- currency risk; and

- cyber security risk.

These and other risks, which may also apply to the Fund, are described in the section *Specific risks in respect of the RBC QUBE Funds* earlier in this document.

### Distribution policy

The Fund intends to distribute its net income and net realized capital gains, if any, in March, June and September, with any remaining net income and net realized capital gains distributed in December.

Distributions from the Fund are automatically reinvested in units of the Fund.

**Due to quarterly distributions of net income and net realized capital gains, the total amount of distributions by the Fund for a year may exceed the income and capital gains earned by the Fund in that year. This excess amount will be treated as a return of capital to the unitholder. Return of capital represents a return of a portion of your own invested capital. This excess amount will not be taxable to you in the year of receipt but will reduce the adjusted cost base of your units. Return of capital defers, but does not eliminate, the amount of tax you may have to pay. For further information on the tax implications you should consult your tax advisor.**

## RBC QUBE Market Neutral World Equity Fund (CAD Hedged)

### Fund details

|                                  |  |
|----------------------------------|--|
| <b>Type of Fund</b>              | Global equity  |
| <b>Date the Fund was created</b> | February 27, 2015  |
| <b>Type of securities</b>        | Series A, F and O trust units  |
| <b>Eligibility</b>               | Units are qualified investments for RRSPs, RRIFs, DPSPs, RESPs, RDSPs, FHSAs or TFSA |
| <b>Fees and expenses</b>         | See the section called <i>Fees and expenses</i> .                                    |

### What does the Fund invest in?

#### *Investment objectives*

The fundamental investment objective of the Fund is to provide consistent absolute returns that are substantially independent of the performance of the global equity market by investing primarily in units of the RBC QUBE Market Neutral World Equity Fund, while seeking to minimize exposure to currency fluctuations between the U.S. and Canadian dollars.

The fundamental investment objective may only be changed in accordance with the Trust Agreement. We may change the Fund's investment strategies described below at our discretion.

#### *Investment strategies*

The Fund intends to achieve its investment objective by investing all or a significant portion of its net assets in the RBC QUBE Market Neutral World Equity Fund (the "Underlying Fund") and to use derivatives to hedge against fluctuations between the base currency of the Underlying Fund (U.S. dollars) and the base currency of the Fund (Canadian dollars). Investment decisions for the Underlying Fund will be made using the quantitative investment

process described under *The quantitative strategy used to manage the RBC QUBE Funds*.

The Fund seeks to be an absolute return fund and to generate positive returns in all market conditions. The benchmark for the Fund is the FTSE TMX 91 day T-Bill Index (the "T-Bill Index"). The benchmark is for comparison only and is not a projection, prediction or guarantee of the Fund's performance. Use of the T-Bill Index is not intended to imply that an investment in the Fund is comparable to an investment in the securities that comprise the T-Bill Index, and the T-Bill Index is not indicative of the risk and return attributes of the Fund.

The portfolio manager of the Underlying Fund monitors and reviews the portfolio on an ongoing basis to ensure that it is positioned optimally.

The Underlying Fund will take long and short positions primarily in securities that are listed on a global stock exchange. The Manager expects that the majority of securities in which the Underlying Fund invests will be members of the MSCI All Country World Index. A long position represents securities that the Fund owns. A short position represents a sale by the Fund of a security borrowed from a third party in anticipation of a possible decline in the market price of that security. To close a short position, the Underlying Fund buys back the same security in the market and returns it to the lender.

The Underlying Fund will generally target holding short positions in securities that, in aggregate, will approximately equal the long positions in the Underlying Fund. The market value of the short positions and long positions will not always be equal and can become unequal to a significant degree for a variety of reasons including (but not limited to) continuous changes in the prices of the short positions and long positions, inflows and outflows of cash due to purchase and redemption orders and general market conditions. Under normal market conditions, the Underlying Fund's long positions and the Underlying Fund's short positions will, in the aggregate, generally not exceed 110% of the Underlying Fund's net asset or fall below 90% of the Underlying Fund's net asset value.

The Fund may, either directly or indirectly through its investment in the Underlying Fund, use derivatives, such as swaps, options, futures

and forward contracts for (i) hedging purposes, including to protect against losses or reduce volatility resulting from changes in interest rates, market indices or foreign exchange rates including changes in the value of foreign currency relative to the Canadian dollar; and (ii) non-hedging purposes, including as a substitute for direct investment, to generate income.

For cash management or temporary defensive measures, cash may be invested by the Underlying Fund in securities that meet the conditions for collateral set by the Underlying Fund's prime broker.

The portfolio manager of the Underlying Fund may engage in active or frequent trading of investments, which may increase trading costs, which in turn may lower the Underlying Fund's returns.

The Underlying Fund managed by RBC GAM or an affiliate may incorporate material ESG factors as part of the investment process to consider issuers' oversight and management of these material ESG factors. The investment team has the discretion to restrict or reduce exposure to issuers with poor ESG practices. See *Responsible investment* earlier in this document.

### What are the risks of investing in the Fund?

The principal risks associated with an investment in this Fund are as follows:

- quantitative investment strategy risk;
- market risk;
- short sale risk;
- liquidity risk;
- risks of using a prime broker to hold assets;
- foreign investment risk;
- ESG integration risk;
- large investor risk;
- conflicts of interest risk;
- concentration risk;
- leverage risk;
- series risk;
- legal, tax and regulatory risk;
- derivatives risk;
- counterparty risk;
- currency hedging risk; and
- cyber security risk.

To the extent the Fund has more than one series of units, the Fund will also have series risk.

These and other risks, which may also apply to the Fund, are described in the section *Specific risks in respect of the RBC QUBE Funds* earlier in this document.

### Distribution policy

The Fund intends to distribute its net income and net realized capital gains, if any, in March, June and September, with any remaining net income and net realized capital gains distributed in December.

Distributions from the Fund are automatically reinvested in units of the Fund.

**Due to quarterly distributions of net income and net realized capital gains, the total amount of distributions by the Fund for a year may exceed the income and capital gain earned by the Fund in that year. This excess amount will be treated as a return of capital to the unitholder. Return of capital represents a return of a portion of your own invested capital. This excess amount will not be taxable to you in the year of receipt but will reduce the adjusted cost base of your units. Return of capital defers, but does not eliminate, the amount of tax you may have to pay.** For further information on the tax implications you should consult your tax advisor.

## Purchases, Switches and Redemptions

### The Offering

Each Fund is permitted to have an unlimited number of series of units and may issue an unlimited number of units of each series.

Each of the Funds offers Series A, Series F and Series O units.

The Funds may issue additional series in the future, with each series having its own fees and expenses, or discontinue the offering of any series of units at any time and from time to time.

Series A units are available to investors who purchase units from authorized dealers. We pay dealers that sell Series A units an ongoing annual service fee, known as a trailing commission, as long as you hold your investment, based on the total value of Series A units their clients hold in the Fund.

Series F units are available to investors who have accounts with dealers who have signed a fee-based agreement with us. These investors pay their dealer a fee directly for investment advice or other services. We do not pay trailing commissions on Series F units.

Series O units are available to large institutional investors as we may determine from time to time at our sole discretion. Investors who are eligible to purchase Series O units pay a negotiated fee directly or indirectly to us for investment counselling services. For fees paid to us by the Fund, please refer to *Fees and expenses that the Funds pay* below in this document. We do not pay trailing commissions on Series O units.

### Net asset value

Each Fund will maintain a separate net asset value for each series of units, as if the series were a separate fund. However, the assets of the Fund will constitute a single pool for investment purposes. The net asset value for a series is based on series specific amounts, such as amounts paid on the purchase and redemption of units of the series and expenses attributable solely to the series, and on the series' share of the Fund's investment earnings, market appreciation or depreciation of assets,

common expenses and other amounts not attributable to a specific series. Expenses are recognized on an accrual (i.e., "as incurred") basis, not on a cash (i.e., "when paid") basis.

The unit price for each series is the basis for calculating the purchase price or redemption price for buying, switching or redeeming units of that series. RBC GAM calculates the unit price for each series by dividing the net asset value for the series by the number of outstanding units of the series. Each Fund, other than the RBC QUBE Market Neutral World Equity Fund, is valued and can be purchased in Canadian dollars. The RBC QUBE Market Neutral World Equity Fund is valued and can be purchased in U.S. dollars.

**Valuation days** – For each of the Funds, a valuation day is each Business Day and/or any other day or days as determined from time to time by the Manager, all subject to compliance with applicable laws.

**A Fund's assets** - The value of any security or property held by a Fund will be determined in accordance with the Trust Agreement in the following way:

- **Equities** – Common shares and preferred shares are valued at the closing price recorded by the security exchange on which the security is principally traded. In circumstances where the closing price is not within the bid-ask spread, RBC GAM will determine the points within the bid-ask spread that are most representative of the fair value.
- **Fixed-Income and Debt Securities** – Bonds, mortgage-backed securities, loans, debentures and other debt securities are valued at the mid-price quoted by major dealers or independent pricing vendors in such securities. *National Housing Act* (Canada) - approved mortgages are valued at an amount, which produces a yield equivalent to the prevailing rate of return on mortgages of similar type and term.
- **Short-Term Investments** – Short-term investments are valued at cost plus accrued interest, which approximates fair value.
- **Options** – Options give the purchaser the right, but not the obligation, to buy (call) or sell (put) an underlying security or financial

instrument at an agreed exercise or strike price during the specified period or on a specified date. Listed options are valued at the closing price on the recognized exchange on which the option is traded. In circumstances where the closing price is not within the bid-ask spread, RBC GAM will determine the points within the bid-ask spread that are most representative of the fair value. When an option is written, the premium received by a Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the option that would have the effect of closing the position. Any differences resulting from the revaluation will be treated as an unrealized gain or loss on investment. The deferred credit will be deducted in arriving at the net asset value of a Fund. The securities, if any, which are the subject of a written option will be valued at their current market value.

- *Warrants* – Warrants are valued using a recognized option pricing model, which includes factors such as the terms of the warrant, time value of money and volatility inputs that are significant to such valuation.
- *Forward Contracts* – Forward contracts are valued at the gain or loss that would arise as a result of closing the position at the valuation day.
- *Total Return Swaps* – A total return swap is an agreement by which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains. Total return swap contracts are marked to market daily based upon quotations from the market makers.
- *Futures Contracts* – Futures contracts entered into by the Funds are financial agreements to purchase or sell a financial instrument at a contracted price on a specified future date. However, the Funds do not intend to purchase or sell the financial instrument on the settlement date; rather, they intend to close out each futures contract before settlement by entering into equal, but offsetting, futures contracts. Futures contracts are valued at the gain or loss that would arise as a result of closing the position at the valuation day.
- *Interest Rate Swap Contracts* – Interest rate swaps are agreements between two parties to exchange periodic interest payments based on a notional principal amount. Interest rate swap contracts are valued based upon quotations from independent sources.
- *Credit Default Swap Contracts* – Credit default swaps are agreements between a protection buyer and protection seller. The protection buyer pays a periodic fee in exchange for a payment by the protection seller contingent on the occurrence of a credit event, such as a default, bankruptcy or restructuring, with respect to a referenced entity. Credit default swap contracts are valued based on quotations from independent sources.
- *Cross-Currency Swaps* – A cross-currency swap is an agreement between two parties to exchange interest payments and principals denominated in two different currencies. Cross-currency swap contracts are marked to market daily based upon quotations from the market makers.
- *Underlying Funds* – Underlying funds that are not exchange-traded funds are valued at their respective net asset value per unit from fund companies on the relevant valuation days and underlying funds that are exchange-traded funds are valued at market close on the relevant valuation days.
- *Fair Valuation of Investments* – The Funds have procedures to determine the fair value of securities and other financial instruments for which market prices are not readily available or which may not be reliably priced. Procedures are in place to determine the fair value of foreign securities traded in countries outside of North America daily to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market. RBC GAM also has procedures where the Funds primarily employ a market-based approach, which may use related or comparable assets or liabilities, net asset value per unit (for exchange-traded funds), recent transactions, market multiples, book values and other relevant information for the investment to determine its fair value. The Funds may also use an income-based valuation approach in which the anticipated



future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments, but only if they arise as a feature of the instrument itself. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

- **Cash** – Cash is comprised of cash and deposits with banks and is recorded at amortized cost. The carrying amount of cash approximates its fair value because it is short term in nature.
- **Foreign Exchange** – The value of investments and other assets and liabilities in foreign currencies is translated into Canadian dollars at the rate of exchange on each valuation day. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions.

If a valuation day of a Fund is not a business day for a specific market, the prices or quotations of the prior business day will be used to value any asset or liability for such market.

If the valuation principles described above are not appropriate under the circumstances, RBC GAM will determine a value which it considers to be fair and reasonable in the circumstances. RBC GAM has not exercised this discretion within the past three years.

**A Fund's liabilities** - A Fund's liabilities will be determined in the same manner as the Fund's assets, as described above, and may include:

- All debts, obligations, liabilities or claims of any kind; and
- All accrued operating expenses and other charges.

**Purchasing units of the Funds**

Subject to our investment allocation procedures and the exceptions described below, the units offered by the Funds may generally be purchased on the applicable subscription day (also being a valuation day), in accordance with the cut-off times and any advance notice requirements as indicated in the following table.

| Fund(s)   | Subscription Day (also being a valuation day)  | Purchase Order Cut-Off Time / Advance Notice Requirements  |
|---|--|--|
| RBC QUBE Market Neutral World Equity Fund<br>RBC QUBE Market Neutral World Equity Fund (CAD Hedged) | Second Business Day on which the New York Stock Exchange is open of the week following the End of Week Cut-off Time. | End of Week Cut-off Time (or 10:00 a.m. Vancouver time on December 24, if the last Business Day of the week is December 24). |

The RBC QUBE Funds are generally available only to those investors who have entered into an investment management agreement, subscription agreement or other agreement with RBC GAM. Please see *Reliance on prospectus exemptions and certain required disclosure* later in this document for more information.

Your dealer may charge you a fee for buying units of the Funds. These fees are negotiated between you and your dealer.

RBC GAM determines the unit price at the close of trading on each valuation day.

Investments into the RBC QUBE Funds may be accepted by cash deposits, inter-fund trades, transfers of securities in kind, or through such other means as may be specified by the Manager in its sole discretion, as permitted by applicable securities legislation or exemptive relief.

RBC GAM may limit or “cap” the size of a Fund or a series of units of the Fund by restricting new purchases, including under circumstances where there is insufficient liquidity. We will continue to allow redemptions and the calculation of a Fund's unit value for a series as described under *Redeeming units of the Funds* later in this document. We may subsequently decide to start accepting purchases to that Fund or series at any time.

You have to provide full payment for your units within two Business Days after the applicable valuation day. If RBC GAM does not receive payment in full within these time limits, the units that you bought will generally be redeemed on the next valuation day. If they are redeemed for

more than you paid, the Fund will keep the difference. If they are redeemed for less than you paid, you will be charged for the difference plus any costs.

RBC GAM may refuse any request to buy units from an investor at our sole discretion. If your request is refused, your money will be returned to you in full, without interest. Units of the Funds are not available for purchase by non-residents of Canada.

**Minimum investment**

As of the date of this Offering Memorandum, the minimum initial investment for any series of units of a Fund is CAD\$25,000 (or the U.S. dollar equivalent thereof, for the RBC QUBE Market Neutral World Equity Fund), and the minimum subsequent investment is CAD\$5,000 (or the U.S. dollar equivalent thereof, for the RBC QUBE Market Neutral World Equity Fund).

**Switching and redesignation**

Redeeming units of one investment fund to buy units of another investment fund is known as “switching”. A switch between series of units of a Fund is known as a “redesignation”.

**As of the date of this Offering Memorandum, RBC GAM will not permit holders of units of the Funds to switch between the Funds and other investment funds managed by RBC GAM. Holders of units of the Funds may switch between units of one series and units of another series of the same Fund.**

If you are no longer eligible to hold a series of units, we may switch you out of that series to another series of units of a Fund, as appropriate.

**Redeeming units of the Funds**

There are no charges for redeeming units of the RBC QUBE Funds.

Subject to certain restrictions noted below, units of the Funds may generally be redeemed on the applicable redemption day (also being a valuation day), in accordance with the cut-off times and any advance notice requirements indicated in the table below.

| Fund(s)   | Redemption Day (also being a valuation day)   | Redemption Request Cut-Off Time / Advance Notice Requirements   |
|---|---|---|
| RBC QUBE Market Neutral World Equity Fund<br>RBC QUBE Market Neutral World Equity Fund (CAD Hedged) | Second Business Day on which the New York Stock Exchange is open of the week following the Redemption End of Week Cut-off Time. | Redemption End of Week Cut-off Time (or 10:00 a.m. Vancouver time on December 24, if the last Business Day of the week is December 24). |

Redemption proceeds applicable to the Funds, other than the RBC QUBE Market Neutral World Equity Fund, are paid only in Canadian dollars. Redemption proceeds applicable to the RBC QUBE Market Neutral World Equity Fund are paid only in U.S. dollars.

When you redeem units of a Fund, we will send you your money within two Business Days of the applicable redemption day for the redemption request.

We will only send you the redemption proceeds if:

- instructions necessary to complete the transaction have been received; and
- any payment for buying the same units that you are redeeming has cleared.

RBC GAM may, in its sole discretion and in compliance with applicable securities laws, make payment of some or all of the redemption proceeds by making good delivery to the unitholder of portfolio securities of the Fund, the value of which is equal to the redemption price of the units being redeemed. In the event that redemption proceeds are paid by making delivery of portfolio securities, RBC GAM must be satisfied that such delivery is in the best interests of the Fund. Securities delivered in payment of redemption proceeds will be valued as of the redemption day and on the same basis that the Fund would use in determining the value of such securities on that day. The unitholder will be required to pay any reasonable costs associated with delivering such securities to the unitholder and/or registering such securities in the name of the unitholder or a nominee of the

unitholder, and any brokerage costs associated with the disposition by the unitholder of the relevant securities.

A Fund may suspend the redemption of its units for any period in the event that (a) normal trading is suspended on any stock exchange on which securities or derivatives that make up more than half of the Fund's total assets by value are traded, or (b) RBC GAM determines that conditions exist which render impractical the sale of the assets of the Fund or impair the ability of RBC GAM to determine the value of assets held by the Fund.

Any redemption request received during a suspension of redemptions will be completed at the series net asset value per unit on the first redemption day following the termination of the suspension unless the redemption request is earlier withdrawn by the unitholder. However, RBC GAM also reserves the right to (i) complete redemption requests received during the period of suspension or prior to the suspension but for which payment has not been made, on a staggered basis in order of priority based on the date on which the redemption request was received, and/or (ii) satisfy redemption requests received prior to the suspension but for which payment has not been made, on a pro rata basis such that all unitholders who submitted and did not withdraw such redemption requests have the same proportionate amount of their redemption requests fulfilled.

RBC GAM reserves the right to require any unitholder of a Fund to redeem such unitholder's entire holding of units of the Fund, or any portion thereof, if RBC GAM, in its sole discretion, so determines.

Investors who are U.S. citizens or who are residents of the United States or any other foreign country are not permitted to purchase units of the RBC QUBE Funds. Where a unitholder is or becomes a citizen or resident of the United States or a resident of any other foreign country, we may at our sole discretion require such unitholder to redeem their units if their participation has the potential to cause adverse regulatory or tax consequences for a Fund or unitholders of the Fund. If we redeem, reclassify or switch your units, the effect will be the same as if you initiated the transaction. For redemptions in non-registered accounts, we may transfer the proceeds to you. We will not give

you or your dealer notice prior to taking any action.

## Description of Units of the Funds

Each unit of a series of a Fund entitles the holder to:

- one vote at any meeting of unitholders of the Fund or a meeting of unitholders of that specific series;
- may, at the discretion of the Manager, participate equally with all other units of the series in the regular distribution of net income and net realized capital gains of the Fund allocable to the series; and
- participate equally with all other units of the series, if the Fund is being terminated and wound-up, in the distribution of the series' share of net assets of the Fund that remain after the Fund's liabilities have been paid.

No unitholder owns any assets of a Fund. Unitholders have only those rights mentioned in this Offering Memorandum and the Trust Agreement for the Funds.

These rights may only be modified by amending the Trust Agreement. The Trust Agreement does not require unitholder approval with respect to amendments to the Trust Agreement unless such approval is required under applicable securities laws. However, if an amendment to the Trust Agreement is one that we believe a reasonable unitholder would consider important in determining whether to continue to hold units of a Fund and is prejudicial to the interests of unitholders as a group, we must provide unitholders with 30 days' prior notice of that change.

Although the Funds do not hold regular meetings, RBC GAM will hold meetings to obtain your approval on certain matters.

We may terminate a Fund, for any reason at our sole discretion, by providing unitholders with 60 days' prior written notice.

A Fund may be terminated on the occurrence of certain events stipulated in the Trust Agreement.

On termination of a Fund, the Trustee will distribute the assets of the Fund in cash or in kind in accordance with the Trust Agreement. See also *Organization and management of the RBC QUBE Funds – Trustee*.

## Fees and Expenses

A brief description of the fees and expenses that you may have to pay if you invest in the Fund is set out below. Payment of fees and expenses by a Fund will reduce the value of your investment in the Fund.

### Fees and expenses that the Funds pay

A Fund will not invest in units of another investment fund if the investment fund would be required to pay any management or incentive fees in respect of that investment that a reasonable person would believe duplicates a fee payable by the Fund for the same service. In addition, a Fund will not invest in another investment fund managed by RBC GAM if any sales or redemption fees are payable in respect of the investment.

Investors should note that the Funds may offer additional series of units in the future with each series having its own fees and expenses.

### Management fees

The Funds do not directly pay us a management fee with respect to Series O units. Investors who purchase Series O units pay a negotiated fee directly or indirectly to us for investment counselling services.

The RBC QUBE Market Neutral World Equity Fund and the RBC QUBE Market Neutral World Equity Fund (CAD Hedged) pay us a management fee with respect to Series A units of 2.00% per annum of the series net asset value of Series A units, plus applicable taxes, including GST/HST.

The RBC QUBE Market Neutral World Equity Fund and the RBC QUBE Market Neutral World Equity Fund (CAD Hedged) pay us a management fee with respect to Series F units at an annual rate of 1.00% of the net asset value of Series F units, plus applicable taxes, including GST/HST.

The management fees for Series A units of applicable Funds also include the trailing commission payable by the Manager to the dealers. The maximum annual trailing commission payable to dealers is 1.00% of the total value of Series A units their clients hold of the applicable Fund, and may be paid monthly or quarterly as may be determined between the Manager and the dealer.

We may change the terms of the trailing commission paid to your dealer without informing you. No trailing commissions are payable for Series F or Series O units.

### Operating expenses and administration fees

RBC GAM pays certain operating expenses of the Funds. These expenses include regulatory filing fees and other day-to-day operating expenses, including, but not limited to, annual fees, meeting fees and reimbursement for expenses to members of the Independent Review Committee to the extent it provides oversight in the context of an application of exemptive relief in relation to the Funds, recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees and the costs of preparing and distributing annual and interim financial statements, statements and investor communications. In return, as of the date of this document, in connection with Series A, Series F and Series O units of a Fund, the Fund is expected to pay us a fee of 0.02% per annum of the series net asset value of the applicable series of units.

The administration fee is subject to applicable taxes including harmonized sales tax (“HST”). The amount of operating expenses paid by us in exchange for the payment of the administration fee may exceed or be less than the administration fee in any particular period. Each Fund also pays certain operating expenses directly, including any Independent Review Committee costs and expenses that are not related to annual fees, meeting fees and reimbursement for expenses to members of the Independent Review Committee to the extent it provides oversight in the context of an application of exemptive relief in relation to the Funds, the cost of any new government or regulatory requirements and any borrowing costs or financing costs associated with the use of derivatives (collectively, “other fund costs”) and taxes (including GST/HST, as applicable).

Fees and expenses payable in connection with the Independent Review Committee include compensation paid to members of the Independent Review Committee in the form of an annual retainer for each Independent Review Committee member, a separate retainer for the chair and a fee payable for each meeting attended, insurance coverage required by the Independent Review Committee, reimbursement for reasonable expenses and travel time and the costs of outside advisers retained by the Independent Review Committee (if any). Other fund costs will be allocated among Funds and among each series of units of a Fund in a fair and equitable manner in accordance with the services used. The administration fee and operating expenses borne directly by a Fund will be included in the management expense ratio ("MER") of a Fund.

RBC GAM may, in some years and in certain cases, pay a portion of a series' administration fee or other fund costs. The decision to absorb the administration fee or other fund costs is reviewed annually and determined at the discretion of RBC GAM without notice to unitholders.

#### ***Effect of GST/HST on Management Expense Ratio***

A Fund is required to pay GST/HST on management fees and administration fees charged to the Fund. In general, the HST rate depends on the residence of a Fund's unitholders at a certain point in time. Changes in existing GST/HST rates, changes to which provinces impose HST and changes in the breakdown of the residence of a Fund's unitholders will have an impact on the MER of a Fund.

#### **Fees and expenses that you pay directly**

|                                      |      |
|--------------------------------------|------|
| Sales charges                        | None |
| Short-term trading fee               | None |
| Redemption fees                      | None |
| Other fees and expenses <sup>1</sup> | None |

<sup>1</sup> Investors who are eligible to purchase Series O units pay a negotiated fee directly or indirectly to us for investment counselling services.

## **Impact of Sales Charges**

The Funds are 'no load' funds, which means you pay no sales charges or commissions when you buy and redeem units of the Funds through us. You also pay no account set-up or administration fees.

## **Income Tax Considerations for Investors**

The following is a summary of the principal Canadian federal income tax considerations generally relevant to investors who, for purposes of the *Income Tax Act* (Canada) (the "Tax Act"), are resident in Canada, hold their units as capital property and deal with the Fund at arm's length.

This summary is based on the current provisions of the Tax Act and the regulations under it, all specific proposals to amend the Tax Act and its regulations that have been publicly announced by the Minister of Finance ("Tax Proposals"), and the published administrative practices of the CRA. It is assumed that all amendments will be passed as proposed. The RBC QUBE Market Neutral World Equity Fund and the RBC QUBE Market Neutral World Equity Fund (CAD Hedged) are generally not expected to qualify as mutual fund trusts under the Tax Act.

This summary is of a general nature and is not intended to be exhaustive. It does not take into account provincial, territorial or foreign tax laws. **Investors should consult their own tax advisers with respect to the tax consequences in their particular circumstances.**

#### **Taxation of the Funds**

Each Fund is subject to tax on its net income and net realized capital gains in each taxation year, except to the extent such amounts are distributed to unitholders. Each Fund intends to distribute sufficient amounts of its net income and net realized capital gains each year, so that the Fund will not pay any tax under Part I of the Tax Act, other than alternative minimum tax.

Gains from derivative transactions entered into for non-hedging purposes will be taxed as ordinary income, rather than as capital gains.

Gains from derivatives transactions entered into for hedging purposes may be taxed as ordinary income or capital gains, depending on the specific circumstances.

All of a Fund's deductible expenses, including expenses common to all series of the Fund and expenses specific to a particular series (such as management and administration fees), will be taken into account in determining the income or loss of the Fund as a whole.

Loss suspension rules may prevent a Fund from recognizing capital losses on the disposition of investments in certain circumstances.

An RI Fund will be subject to a special tax under Part X.2 of the Tax Act if, at the end of any month, the Fund holds property that is not a qualified investment for an RRSP, RRIF or DPSP.

If at any time in a year, a Fund that is not a mutual fund trust under the Tax Act has a unitholder that is a "designated beneficiary" under the Tax Act, the Fund will be subject to a special tax at the rate of 40% under Part XII.2 of the Tax Act on its "designated income". A "designated beneficiary" includes a non-resident, and "designated income" includes income from business, which could include certain income from derivative transactions and short sales. Where a Fund is subject to tax under Part XII.2, the Fund may make a designation which will result in unitholders that are not designated beneficiaries receiving a tax credit with respect to their share of the tax under Part XII.2 paid by the Fund.

If the Funds invest in securities which are not denominated in Canadian dollars, the cost and proceeds of disposition of securities, dividends, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction. Accordingly, the Funds may realize income, gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

### **Mark-to-Market Rules**

If more than 50% (calculated on a fair market value basis) of the units of a Fund that is not a mutual fund trust under the Tax Act are held by one or more unitholders that are considered to

be "financial institutions" for the purposes of certain special mark-to-market rules in the Tax Act, then that Fund itself will be treated as a financial institution under those special rules. Under those rules, a Fund will be required to recognize at least annually on income account any gains and losses accruing on certain types of debt obligations and equity securities that it holds and also will be subject to special rules with respect to income inclusion on these securities. Any income arising from such treatment will be included in amounts to be distributed to unitholders. If more than 50% of the units of a Fund cease to be held by financial institutions, the tax year of the Fund will be deemed to end immediately before that time and any gains or losses accrued before that time will be deemed realized by the Fund and will be distributed to unitholders. A new taxation year for the Fund will then begin and for that and subsequent taxation years, for so long as not more than 50% of the units of the Fund are held by financial institutions, the Fund will not be subject to these special mark-to-market rules.

### **Taxation of unitholders**

Each unitholder of a Fund will be required to include in computing its income for a particular year the portion of the net income, and the net realized taxable capital gains of the Fund for the year distributed to the unitholder (including such amounts distributed or on the redemption of units), whether those amounts are distributed in cash or reinvested in additional units.

To the extent that distributions made by a Fund to a unitholder in a year exceed the unitholder's share of the Fund's net income and net realized capital gains for the year, the excess distributions will be a return of capital that is not taxable to the unitholder but that reduces the adjusted cost base of the unitholder's units. If a unitholder's adjusted cost base is reduced to less than zero the unitholder will be deemed to have realized a capital gain equal to the negative amount and the adjusted cost base will be reset at nil.

The purchase price for units of a Fund may reflect net income and net realized capital gains which have not been distributed. The investor is subject to tax on their share of those amounts when distributed, even though the amounts were reflected in the purchase price paid for the units. Similarly, the investor's share of capital gains

realized after the units were acquired will include the portion of the gains that accrued before the investor acquired the units. This is particularly relevant with respect to units purchased late in the year.

The Funds intend to make designations under the Tax Act so that income from foreign sources, dividends from taxable Canadian corporations (which may or may not be eligible for the enhanced gross-up and tax credit applicable to eligible dividends) and net taxable capital gains distributed to unitholders will retain their character in the hands of unitholders. Each taxable unitholder will generally be entitled to a tax credit for foreign taxes paid by a Fund in respect of their share of income from foreign sources, except to the extent the Fund has deducted the foreign taxes in computing its income.

On a redemption (including a redemption to switch between the Funds or other investment funds managed by RBC GAM) or other disposition of units of a Fund, the unitholder will realize a capital gain to the extent that the proceeds of disposition exceed the adjusted cost base of the units plus any costs of disposition, or a capital loss to the extent that the total of the adjusted cost base of the units plus any costs of disposition exceeds the proceeds of disposition. One-half of a capital gain must be included in income as a taxable capital gain. One-half of a capital loss is an allowable capital loss, which may be applied against taxable capital gains realized in the year. Allowable capital losses in excess of taxable capital gains may be carried back three years or forward indefinitely and applied against taxable capital gains realized in those earlier or later years, subject to the rules in the Tax Act.

The adjusted cost base of a unit of a Fund is equal to the average adjusted cost base of all units of the Fund held by a unitholder. Generally, the adjusted cost base of all units at any time is equal to the total cost of Fund units purchased by the unitholder to that time (including units purchased by reinvesting distributions) minus the return of capital component of distributions and the adjusted cost base of units previously sold. The proceeds of disposition on the redemption of units of a Fund do not include net realized gains, if any, that are distributed as part of the redemption amount.

Individuals and certain trusts are required to pay tax equal to the greater of tax determined under the ordinary rules and alternative minimum tax. Amounts distributed by a Fund that are net taxable capital gains, capital gains realized on the redemption of units, and dividends from taxable Canadian corporations may increase a unitholder's liability for alternative minimum tax.

In general, fees paid directly by you in respect of units of the Funds held outside a registered plan should be deductible for income tax purposes to the extent that such fees are reasonable and represent fees for advice to you regarding the purchase or sale of units of the Funds or for services provided to you in respect of the administration or management of your units of the Funds. The portion of the fees that represent services provided by the manager to the Funds, rather than directly to you, are not deductible for income tax purposes. You should consult your own tax adviser with respect to the deductibility of fees in your own particular circumstances.

### **Switching series**

Switching units of one series to units of another series of a Fund (if the Fund offers additional series of units) is not a disposition for tax purposes and no capital gain or loss will be realized provided that the switch is effected as a redesignation. The adjusted cost base of the units that were switched will be transferred to the units of the other series acquired on the switch.

### **Units denominated in U.S. dollars**

The RBC QUBE Market Neutral World Equity Fund can only be purchased in U.S. dollars and redemption proceeds applicable to the RBC QUBE Market Neutral World Equity Fund are paid only in U.S. dollars. However, for Canadian tax purposes, a unitholder must calculate their gain or loss on a redemption or other disposition of units of the RBC QUBE Market Neutral World Equity Fund in Canadian dollars. As a result, a unitholder may realize a foreign exchange gain or loss for tax purposes as a result of a change in the value of the U.S. dollar as compared to the Canadian dollar during the period the unitholder held the units.

### Tax reporting to unitholders

For Canadian tax purposes, statements reporting distributions and other relevant tax information will be sent to all unitholders of the Funds annually on or before the date prescribed by law for such reporting.

### Investment by registered plans

Provided that the RBC QUBE Market Neutral World Equity Fund and the RBC QUBE Market Neutral World Equity Fund (CAD Hedged) continue to be registered investments for trusts governed by RRSPs, RRIFs, and DPSPs under the Tax Act, units of such Funds will be qualified investments permitted to be held in trusts governed by RRSPs, RRIFs, DPSPs, RESPs, RDSPs, FHSAs or TFSAs. It is expected that the RBC QUBE Market Neutral World Equity Fund and the RBC QUBE Market Neutral World Equity Fund (CAD Hedged) will continue to be registered investments under the Tax Act and that units of such Funds will at all relevant times be qualified investments for trusts governed by RRSPs, RRIFs, DPSPs, RESPs, RDSPs, FHSAs or TFSAs.

Provided that the annuitant of an RRSP or RRIF, the holder of a RDSP, FHSA or TFSA, or the subscriber of an RESP deals at arm's length with a Fund and does not have a "significant interest" (within the meaning of the Tax Act) in the Fund, units of the Fund will not be a prohibited investment under the Tax Act for the RRSP, RRIF, RDSP, FHSA, TFSA or RESP. Annuitants of RRSPs and RRIFs, holders of RDSPs, FHSAs and TFSAs, and subscribers of RESPs should consult with their own tax advisors as to whether units of the Fund would be prohibited investments under the Tax Act in their particular circumstances.

### International information reporting

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into between Canada and the United States (the "IGA"), and related Canadian legislation, the Funds and their intermediaries are required to report certain information, including certain financial information (e.g. account balances), with respect to unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents or citizens of

Canada), and certain other "U.S. Persons" as defined under the IGA (excluding registered plans such as RRSPs), to the CRA. Intermediaries and/or entities that hold units directly or indirectly may have different disclosure requirements under the IGA. The CRA will then exchange the information with the U.S. Internal Revenue Service pursuant to the terms of the Canada-U.S. Tax Convention.

In addition, pursuant to rules in the Tax Act implementing the Organisation for Economic Co-operation and Development Common Reporting Standard (the "CRS Rules"), a Fund and its intermediaries will be required under Canadian legislation to identify and report to the CRA certain information, including certain financial information (e.g. account balances), relating to unitholders of the Fund (excluding registered plans such as RRSPs) who are resident in a country outside Canada that has adopted the Common Reporting Standard. Intermediaries and/or entities that hold units directly or indirectly may have different disclosure requirements under the CRS Rules. The CRA will then exchange the information with the countries where such unitholders are resident.

## Additional Information

### Settlement and Custody Services

Pursuant to a prime broker agreement between Scotia and RBC GAM, Scotia acts as a settlement agent as well as a custodian for the RBC QUBE Market Neutral World Equity Fund. Pursuant to this agreement, Scotia acts as a settlement agent for transactions executed by RBC GAM through third party executing brokers, and also provides custody services for securities and monies deposited to the account for the Fund. In acting as a settlement agent, Scotia does not act as a counterparty with RBC GAM or with any executing broker to any transactions.

RBC Investor Services Trust acts as custodian to the RBC QUBE Market Neutral World Equity Fund (CAD Hedged).

### Regulatory relief

RBC GAM has obtained relief from applicable securities legislation to engage in the types of transactions described below on behalf of investment funds (referred to as "funds" in this



section and under *Recordkeeping, disclosure and Independent Review Committee involvement*) managed by RBC GAM. The RBC QUBE Funds may rely on certain of this relief from time to time.

The exemptions may only be relied upon by the funds where consistent with the investment objective of the funds.

#### **Fund of fund relief**

For this section only,

**“Consent Relief Jurisdictions”** mean British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Yukon, Northwest Territories and Nunavut;

**“Investment Restriction Relief Jurisdictions”** means British Columbia, Alberta and Ontario;

**“Investment Restriction”** means the prohibition in the legislation of the Investment Restriction Relief Jurisdictions, prohibiting a mutual fund in Ontario, or a mutual fund, as the case may be, from knowingly making or holding an investment in:

- (i) any person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder; or
- (ii) an issuer in which any officer or director of the mutual fund, its management company or distribution company or an associate of any of them, or any person or company who is a substantial security holder of the mutual fund, its management company or its distribution company, has a significant interest;

**“Top Funds”** means mutual funds organized or to be organized as trusts governed by the laws of British Columbia or Ontario that are managed now or in the future by the Manager or its affiliate, and that are or will be offered for sale on a private placement basis pursuant to prospectus exemptions under applicable securities legislation;

**“Underlying Funds”** means the underlying offshore mutual funds, underlying non-prospectus mutual funds and underlying prospectus mutual funds managed or promoted by the Manager or its affiliate;

The Canadian securities regulatory authorities have granted relief to the Manager as follows:

- (a) in the Investment Restriction Relief Jurisdictions under the legislation of such jurisdictions, the Investment Restriction shall not apply to the Top Funds collectively, in respect of each Top Fund’s investment in Underlying Funds managed or promoted by the Manager or its affiliate;
- (b) in the Consent Relief Jurisdictions, under the legislation of such jurisdictions, the requirement in the legislation that prohibits a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase securities of an issuer in which a responsible person or an associate of the responsible person is a partner, director or officer unless the fact is disclosed to the client and the written consent of the client to the purchase is obtained before the purchase shall not apply to the Manager, or its affiliate, as the manager of the Top Funds in respect of each Top Fund’s investment in securities of the Underlying Funds;
- (c) in Ontario, British Columbia, Alberta, Saskatchewan, Nova Scotia, New Brunswick and Newfoundland and Labrador under the legislation of such jurisdictions, the requirement of a management company or, in the case of British Columbia, a mutual fund manager, to file a report of every transaction of purchase or sale of securities between a mutual fund it manages and any related person or company and any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, a mutual fund is a joint participant with one or more of its related persons or companies, in respect of each mutual fund to which it provides services or advice, within 30 days after the end of the month in which it occurs, shall not apply to the Manager, or its affiliate, in respect of each Top Fund’s purchase or sale of securities of an underlying prospectus mutual fund

and in British Columbia in respect of each Top Fund's purchase or sale of securities of a underlying pooled fund that is organized or will be organized as trusts governed under the laws of British Columbia.

The aforementioned relief is granted, subject to the following conditions, in each case:

- (a) securities of each Top Fund are distributed only on a private placement basis pursuant to available prospectus exemptions in NI 45-106;
- (b) the investment by each Top Fund in an Underlying Fund is compatible with the fundamental investment objective of the Top Fund;
- (c) each Top Fund does not vote any of the securities it holds of an Underlying Fund except that the Top Fund may, if the Manager so chooses, arrange for all the securities it holds of an Underlying Fund to be voted by the beneficial holders of securities of the Top Fund;
- (d) no management or other fees are payable by a Top Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Fund for the same service;
- (e) no sales fees or redemption charges are payable by the Top Fund in relation to its purchases or redemptions of securities of an Underlying Fund;
- (f) no Top Fund will invest in an Underlying Fund unless the Underlying Fund invests less than 10% of its net assets in other mutual funds other than mutual funds that are "money market funds" as defined by NI 81-102 or that issue "index participation units" as defined by NI 81-102;
- (g) the offering memorandum or a similar document of a Top Fund, or, if no offering memorandum or similar document is prepared, another document provided to investors in a Top Fund, will disclose:
  - (i) the intent of the Top Fund to invest its assets in securities of the Underlying Funds;
  - (ii) that the Underlying Funds are managed by the Manager or an affiliate of the Manager;
  - (iii) the approximate or maximum percentage of net assets of the Top Fund that is intended to be invested in securities of the Underlying Funds; and
  - (iv) the process or criteria used to select the Underlying Funds;
- (h) investors in each Top Fund are entitled to receive from the Manager or its affiliate, on request and free of charge, a copy of the offering memorandum or other disclosure documents (if any), or the annual or semi-annual financial statements (if any) relating to all Underlying Funds in which the Top Fund may invest its assets; and
  - (i) prior to the time of investment, investors in a Top Fund will (if applicable) be provided with disclosure that certain officers or directors of the Manager or associates of any of them may have a significant interest in the Underlying Funds through investments made in securities of such Underlying Funds and will be advised of the potential conflicts of interest which may arise from such relationships. The foregoing disclosure will be contained in any offering memorandum or similar document of the Top Fund or, if no offering memorandum or similar document is prepared, in another document provided to investors in a Top Fund.

### ***Investment restrictions***

#### ***Purchase of securities of related issuers***

Generally, restrictions under securities legislation prevent a fund from purchasing the securities of a related issuer. A fund is permitted, however, to purchase the securities of a related issuer if the purchase is made on an exchange on which the securities are listed and traded. This means a fund can purchase, for

example, listed common and preferred shares. RBC GAM has received relief which permits a fund to purchase debt securities of a related issuer, provided that:

- (i) the transaction occurs in the secondary market;
- (ii) the debt security has an approved rating by an approved credit rating organization; and
- (iii) the price payable is not more than the ask price of the security determined as follows:
  - (A) if the purchase occurs on a marketplace, in accordance with the requirements of the marketplace;
  - (B) if the purchase does not occur on a marketplace,
    - a. the price at which an independent seller is willing to sell; or
    - b. not more than the price quoted publicly by an independent marketplace or obtained from an independent party.

RBC GAM has also received relief which permits a fund to purchase debt securities of a related issuer (other than asset-backed securities), with a term to maturity of 365 days or more, offered in the primary market (i.e. from the issuer) (an offering), provided that:

- (i) the size of the offering is at least \$100 million;
- (ii) at least two arm's-length purchasers collectively purchase at least 20% of the securities issued in the offering;
- (iii) following the purchase, a Fund does not have more than 5% of its net assets invested in the debt securities of the issuer;
- (iv) following the purchase, a fund, together with other related funds, do not hold more than 20% of the securities issued in the offering; and

- (v) the purchase price is no more than the lowest price paid by any arm's-length purchaser.

*Purchase of securities from related dealers – principal trading*

The Manager has received relief which permits a Fund to purchase debt securities from or sell debt securities to a related party that is a principal dealer in the Canadian debt securities market and/or an international debt securities market, provided that:

- (i) the bid and ask price of the security must be determined by reference to a quote from an independent party if not publicly available;
- (ii) a purchase must not be executed at a price higher than the ask price and a sale must not be executed at a price which is lower than the bid price; and
- (iii) the purchase or sale is subject to "market integrity requirements", as defined under applicable Canadian securities legislation, and any equivalent transparency and trade reporting requirements applicable to the purchase or sale of debt securities in international debt securities markets.

*Inter-fund trades*

RBC GAM has also obtained relief which permits the Funds to engage in certain trades of portfolio securities with discretionary accounts and other investment funds managed by RBC GAM or related parties.

**Conflicts of interest**

Pursuant to National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103"), as a registered firm, RBC GAM is required to take reasonable steps to identify existing material conflicts of interest and material conflicts of interest that are reasonably foreseeable (a) between it and its investment funds (including the Funds), and (b) between any employee acting on its behalf and its investment funds (including the Funds). A conflict of interest generally arises where: (i) the interests of an investment fund and those of RBC GAM or its

employees are inconsistent or divergent, or (ii) RBC GAM or its employees may be influenced to put their interests ahead of the investment fund's interests. A conflict of interest may also arise where there are differing interests amongst investment funds, resulting in preferential treatment for some in the operation and management of their account and execution of trades. Generally, a conflict of interest is material if the conflict may be reasonably expected to affect the decisions of a unitholder of an investment fund in the circumstances and/or the recommendations or decisions of RBC GAM or its employees in the circumstances.

RBC GAM must address all material conflicts of interest between a Fund and itself, including each employee acting on its behalf, in the best interest of the Fund and must avoid any material conflict of interest if the conflict cannot otherwise be addressed in the best interest of the Fund. RBC GAM's employees have similar obligations to identify, address and/or avoid material conflicts of interest between each such individual and a Fund in the best interests of the Fund.

In addition to its obligations under NI 31-103, as an investment fund manager, pursuant to National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("NI 81-107"), RBC GAM refers to the Independent Review Committee all conflict of interest matters related to investment funds managed by RBC GAM that are offered by way of a prospectus and for certain transactions where required under exemptive relief for certain non-prospectus funds (including the Funds). The Independent Review Committee reviews and provides input on conflict of interest matters in respect of RBC GAM and its investment funds that are referred to the Independent Review Committee by RBC GAM. Please see *General information about the Funds – Organization and management of the Funds – Independent Review Committee*.

We have listed the key material conflicts of interest that affect the Funds as follows:

#### Related party activities

Canadian provincial securities legislation (generally, subject to certain exceptions) prohibits a Fund from (a) investing in securities issued by certain parties that are related to RBC

GAM or its investment funds (related issuer restrictions), (b) purchasing securities from or selling securities to certain parties that are related to RBC GAM or its investment funds (principal dealer restrictions), and (c) trading securities between investment funds and between managed client accounts and investment funds in certain circumstances (cross-trade restrictions). RBC GAM has obtained relief for the Funds from applicable securities legislation with respect to related issuer restrictions, principal dealer restrictions and cross-trade restrictions, as described under *Additional information – Regulatory relief*.

#### Related and connected issuers

It is a conflict of interest for a registered firm, such as RBC GAM, to trade in or advise with respect to securities of issuers to which it, or certain other parties related to it, are "related" or "connected".

An issuer of securities is considered to be "related" to RBC GAM, if, through the ownership of, or direction or control over voting securities:

- RBC GAM, Royal Bank or any of its subsidiaries may control that issuer,
- that issuer may control RBC GAM, or
- the same third party may control both the issuer and RBC GAM.

An issuer is "connected" to RBC GAM if, due to indebtedness or other relationships, a reasonable prospective purchaser of securities of the issuer might question RBC GAM's independence from the issuer.

Investment funds managed by RBC GAM that are offered by way of a prospectus and the BlueBay Funds (managed or sub-advised by our affiliate, BlueBay) are all connected issuers of RBC GAM. Other mutual funds or pooled funds managed or advised by RBC GAM or its respective associates and affiliates, including the Funds, are also connected issuers of RBC GAM. Conflicts of interest may arise when a decision is made to invest a Fund in an underlying fund managed by RBC GAM or a third-party (including mutual funds, ETFs and private real estate funds). In addition, a conflict of interest may arise when a decision is made to change underlying funds (e.g. from funds

managed by a third party to RBC GAM, between RBC GAM managed funds, or between third-party managed funds). To ensure that investments decisions concerning underlying funds are in the best interests of unitholders, they must be in compliance with RBC GAM's written policies and procedures relating to the action, and achieve a fair and reasonable result for the applicable Fund. The Funds may purchase securities of an issuer ("Associated Issuer") in which a responsible person (as that term is defined in applicable securities laws) of RBC GAM, an associate of a responsible person of RBC GAM, or an affiliate of RBC GAM is a partner, director or officer. Such Associated Issuer includes, without limitation, another fund managed by RBC GAM or its affiliates ("Related Funds"). A Fund may only invest in an Associated Issuer or a Related Fund if any such investment is compatible with the investment objectives and strategies of the Fund and otherwise complies with applicable securities laws and the terms of applicable exemptive relief, as described under *Additional information – Regulatory relief*.

Effective January 8, 2019, RBC GAM and BlackRock Asset Management Limited ("BlackRock Canada") entered into a strategic alliance with regard to their exchange traded fund (ETF) businesses in Canada whereby the ETF families offered by RBC GAM and BlackRock Canada are brought together under one brand – RBC iShares (the "Strategic Alliance"). In connection with the provisions of certain mutual services, each of RBC GAM and BlackRock Canada provides the other with certain limited information, review and consent rights in relation to the ETFs managed by each of RBC GAM and BlackRock Canada (the "Strategic Alliance ETFs").

Further, as consideration for certain mutual services provided as part of the Strategic Alliance, RBC GAM and BlackRock Canada agree to share management fee revenue earned from the Strategic Alliance ETFs. As a result of the Strategic Alliance, iShares ETFs managed by BlackRock Canada and US iShares ETFs managed by an affiliate of BlackRock Canada are connected issuers of RBC GAM. In order to manage this conflict, RBC GAM has developed a policy for determining the eligibility of iShares ETFs for investment funds. For more information about the strategic alliance, please visit [www.rbcishares.com](http://www.rbcishares.com) and [www.ishares.com/US](http://www.ishares.com/US).

RBC GAM is an indirect wholly-owned subsidiary of Royal Bank, which is a publicly traded company (RY) on the Toronto and New York stock exchanges and a reporting issuer under applicable securities laws. Royal Bank and various issuers related to it are related to RBC GAM, its affiliates and in some cases its sub-advisors. Accordingly, Royal Bank and various issuers related to it are "related issuers" to RBC GAM and its investment funds, including the Funds. When Royal Bank, RBC GAM or other related parties offer securities that are eligible for investment by the Funds, RBC GAM has a potential conflict. RBC GAM must act in the best interests of the Funds and must only purchase such securities to meet their investment objectives and not to support Royal Bank's, RBC GAM's or other related parties' capital raising initiatives. In order to control for this conflict, RBC GAM complies with the requirements of NI 81-107 and/or exemptive relief, the policies and procedures RBC GAM has established, and (where applicable) the approval RBC GAM has obtained from the Independent Review Committee.

A conflict of interest exists when RBC GAM trades securities from an investment fund (including a Fund) or client account to another investment fund (including a Fund) or client account. RBC GAM must act in the best interests of both the selling and purchasing funds and clients by ensuring the trade price and overall transaction is fair. In order to manage this conflict, RBC GAM complies with the requirements of NI 81-107, exemptive relief for inter-fund trades, the policies and procedures RBC GAM has established, and (where applicable) the approval RBC GAM has obtained from the Independent Review Committee.

The current lists of all related issuers and connected issuers of RBC GAM can be found on RBC GAM's website.

#### Related service providers

A conflict of interest may arise between the interests of RBC GAM, acting as an investment fund or portfolio manager, and the interests of unitholders if RBC GAM appoints or changes the service provider for an investment fund, including a Fund, to one that is affiliated or associated with RBC GAM where that decision results in benefits to RBC GAM and/or its affiliates. RBC GAM may only obtain services

from its affiliates for the Funds where appropriate controls or policies and procedures are in place.

RBC GAM may obtain sub-advisory and other services for its investment funds, including the Funds, from affiliated entities. In order to manage the conflicts of interest that arise from RBC GAM's use of affiliated sub-advisers, each of its affiliated sub-advisers are held to the same standards as any unaffiliated sub-adviser that RBC GAM may hire.

RBC GAM may obtain trade execution, prime brokerage, trustee, custody, recordkeeping, valuation, securities lending, and other services for its investment funds, including the Funds, from affiliated entities. RBC GAM applies the same criteria when reviewing and approving any broker for use, regardless of whether the broker is an affiliate of RBC GAM and has adopted policies and procedures to oversee affiliated service providers.

Certain of RBC GAM's affiliates or other related parties may act as principal or agent in transactions where RBC GAM purchases or sells securities or mortgages or enters into derivatives transactions for its investment funds, including the Fund, or may act as an underwriter for certain securities that RBC GAM purchases for investment funds, including the Fund. In order to control the potential conflict, RBC GAM complies with one or more of the following, as applicable: (i) the policies and procedures established and adopted by RBC GAM, (ii) the requirements of NI 81-107, and (iii) the conditions of exemptive relief orders. Additionally, approval from the Independent Review Committee is obtained as required.

#### Excessive investment fund and large unitholder trading

A perceived or potential conflict of interest between the interests of unitholders would arise if RBC GAM, as an investment fund manager, permitted certain unitholders to trade units of an investment fund, including a Fund, in a manner that negatively impacts the fund. Short term trading, which includes market timing and other frequent or excessive trading, can reduce an investment fund's return because the fund may be forced to hold additional cash in order to pay redemption proceeds or alternatively, to sell portfolio holdings at an inappropriate time, thereby incurring additional trading costs or negatively affecting the performance of the fund.

RBC GAM manages this potential conflict of interest between its unitholders by enacting policies and procedures and applying rules on short term trading.

A conflict of interest may also arise between RBC GAM as investment fund manager and the majority of the unitholders of an investment fund, including a Fund, where RBC GAM stands to earn significant revenues from the investment of a single large unitholder and permits a large transaction to take place, which results in trading activity that negatively impacts the other unitholders of the investment fund. In order to manage this risk, RBC GAM takes reasonable steps to monitor large holdings and large transactions in each investment fund with a view to manage the timing of trading activity which would negatively impact other unitholders of the fund. In some circumstances, notification is required for large redemptions to ensure that RBC GAM can evaluate the impact on other unitholders.

#### Selective disclosure of portfolio holdings

A conflict of interest would exist if RBC GAM disclosed fund portfolio holdings of the Funds to one or more clients, but not to all clients, or provided fund portfolio holdings information to a non-client and not to any clients which could create an unfair advantage in favour of one client or non-client over another. RBC GAM has a responsibility to ensure that disclosures of fund portfolio holdings to clients, prospects and even affiliated entities are made fairly. RBC GAM has in place a detailed process to determine if and when it is appropriate to provide certain fund portfolio holdings information that is requested from time to time, and to assess such requests in a manner that achieves a fair and reasonable result for the Funds.

#### Proxy voting

As a portfolio manager, RBC GAM has an obligation to act in the best interests of the investment funds that it manages, including the Funds. This responsibility includes exercising the voting rights attached to securities in the portfolios of each account. RBC GAM's policy is to exercise the voting rights of the investment funds it manages in the best interests of such investment fund and with a view to enhancing the long-term value of the securities held.

RBC GAM has established proxy voting guidelines and procedures and exercises voting rights in accordance with them. While RBC GAM will generally vote proxies in accordance with the proxy voting guidelines, there may be circumstances where RBC GAM believes that it is in the best interests of an investment fund, including a Fund, to vote differently than the manner contemplated by the guidelines or to withhold a vote or to abstain from voting. In the event that RBC GAM faces a potential material conflict of interest with respect to proxies, RBC GAM's Proxy Voting Committee will meet to resolve the conflict. In some cases, proxy voting matters may be referred to the Independent Review Committee for its recommendation. RBC GAM employs a Governance Analyst who is responsible for ensuring that RBC GAM votes all proxies in accordance with the proxy voting guidelines and for identifying any situations that must be addressed by the Proxy Voting Committee.

The guidelines are available on our website, [www.rbcgam.com](http://www.rbcgam.com).

#### Broker selection and best execution

A conflict of interest can exist between the interests of RBC GAM and the interests of RBC GAM's investment funds, including the Funds, when RBC GAM chooses brokers to whom it routes trades for its investment funds. In order to manage this risk, RBC GAM only routes trade orders to a broker for execution if RBC GAM has reviewed and approved of that broker for use against specified evaluation criteria (trading facilities and access to markets; specialized skills; satisfactory regulatory standing; quality of investment research; reliable trade processing; and creditworthiness). RBC GAM approves a broker for use if it is of the view that the broker is able to provide RBC GAM with best execution of a trade order. Best execution encompasses a broker's ability to obtain the best prices and fulfill trade orders in a timely fashion, taking into consideration the total cost of transactions (commissions charged, market impact of trades, and opportunity costs). RBC GAM also carries out annual reviews of brokers to evaluate broker performance to ensure that the broker continues to meet RBC GAM's best execution expectations and investment teams set commission allocation budgets. In addition, trading execution results are reported daily and monthly, and compared against various

benchmarks and RBC GAM examines trade execution results quarterly against benchmarks and addresses opportunities for improving trade execution.

#### Brokerage arrangements

As a portfolio manager with discretion to direct trade orders for the investment funds it manages, including the Funds, RBC GAM directs trade orders to certain brokers to execute the trades (from its approved broker list). The brokerage commissions paid for some of these trades reflect not only the cost of order execution, but also the cost of research goods and services and order execution goods and services that RBC GAM receives from brokers and, in some cases, from third-party vendors. Therefore, there is a conflict of interest because when RBC GAM obtains such services it is not paying for those services with its own funds but rather through brokerage commissions. In order to control for these conflicts, RBC GAM identifies the types of investment research goods and services that can legally be paid for using brokerage commissions from investment fund trades and monitors brokerage commission usage. Further, if RBC GAM obtains mixed-use goods and services (which contain some elements that qualify as research goods and services and/or order execution goods and services and other elements that do not qualify as either), RBC GAM may only use brokerage commissions to pay for the portion of those goods and services that qualifies as research goods and services and/or order execution goods and services.

In order to manage the risk to its investment funds, including the Funds, through potentially unfair use of brokerage commissions, RBC GAM conducts regular and extensive trade cost analysis to ensure that its investment funds, including the Funds, are receiving a reasonable benefit. RBC GAM conducts annual reviews to decide which of its approved brokers are allocated brokerage business based on the competitiveness of brokers' commission costs, brokers' ability to provide best execution of trades and the range and quality of research goods and services and order execution goods and services RBC GAM has received. The goods and services provided by third party vendors are also included in this review.

RBC GAM may use research goods and services and order execution goods and

services to benefit its investment funds, including the Funds, other than those whose trades generated the brokerage commissions. RBC GAM has policies and procedures that require it to make a good faith determination that, over a reasonable period of time, all clients and investment funds, including the Funds, receive fair and reasonable benefit in return for the brokerage commissions that their accounts generated. Such determination includes a periodic review of transactions and overall responsibilities with respect to its investment funds, including the Funds, for which RBC GAM exercises investment decisions. RBC GAM also monitors monthly commission usage against commission budgets.

#### Fair allocation of investment opportunities

RBC GAM allocates investment purchases across a number of its investment funds, including the Funds, and clients on a regular basis. Conflicts in relation to investment allocations can arise around new issues and also in relation to secondary market transactions, particularly around less liquid securities where RBC GAM may be unable to fulfil the intended order for all funds or clients for which the investment is appropriate and must ensure that its allocation processes do not unfairly favour the interests of an investment fund managed by RBC GAM or the accounts of larger clients, for example. In order to manage this risk, under its Fairness in Allocation of Investment Opportunities Policy, RBC GAM states that its policy and practice is not to intentionally favour or disfavour any client, class of clients, or investment fund in the allocation of investment opportunities so that over a period of time, such opportunities are allocated among clients and investment funds on a fair basis.

RBC GAM's emphasis is on ensuring that all clients and investment funds, including the Funds, through their discretionary portfolio managers or fund managers, are given a fair opportunity to invest in a security that is appropriate for the specific client. Each portfolio manager or fund manager makes the final determination as to whether a particular investment opportunity is appropriate for the specific client or the specific investment fund to which RBC GAM provides investment management services.

RBC GAM's Compliance Department conducts periodic reviews, on a sample basis, of trade

allocations and any amendments to allocations and its focus is to monitor whether RBC GAM has complied with regulatory requirements and with its own policies.

#### Personal trading

Certain RBC GAM employees have access to non-public investment and trading information in investment fund accounts. The employees, and RBC GAM, have a conflict between the personal financial interests of the employees and the interests of RBC GAM's investment funds, including the Funds. RBC GAM and its employees must ensure this non-public information is sufficiently protected so that employees do not use the information to benefit from trading in their personal accounts ahead of the firm and, possibly, at the expense of the investment funds. In order to manage this conflict, RBC GAM monitors and controls personal trading by those employees who have access to information with respect to proposed trades for investment funds.

RBC GAM employees and employees of a sub-advisor, or any other affiliate of RBC GAM or a subsidiary of Royal Bank are permitted to invest in RBC GAM investment funds. A conflict would arise if these employees were treated differently or better than external investors (e.g. allowing RBC GAM employees to circumvent restrictions on minimum investments, short term trading, late trading or redemptions) which might conflict with the interests of external investors. In order to control for this conflict, RBC GAM treats all such employees the same as external investors. And as investors, all such employees are required to abide by the same requirements outlined in the offering documents of the investment funds in which they invest.

#### Fund expenses

A conflict of interest between RBC GAM and the unitholders of the Funds could arise if RBC GAM decided to charge or allocate certain expenses to the Funds, rather than to pay those expenses directly. In order to control for this conflict, the Funds are generally charged an annual administration fee in exchange for RBC GAM paying the operational expenses of the Funds. Fund expenses are also audited annually by RBC GAM's external auditor. On an annual basis, RBC GAM will confirm that all expenses charged to the Funds are in compliance with its



policy and will submit a management expense ratio report to the appropriate committee.

### Fund mergers

A conflict of interest may arise between the interests of RBC GAM and the interests of existing unitholders of a Fund if RBC GAM proceeded to merge the Fund in order to cut its own expenses when such a merger would result in an unfair outcome for the Fund's unitholders. In order to control for this conflict, RBC GAM refers all proposed fund mergers to senior management for its review or approval, as applicable.

### Fund valuations

RBC GAM has a conflict between its interests and those of a Fund's unitholders with respect to how it values the Funds because higher valuations of a Fund's value give rise to higher management fees received by RBC GAM and to better performance numbers (i.e. serving the interests of the investment fund manager or portfolio managers). RBC GAM has a statutory and ethical responsibility to ensure that investment fund valuations are done fairly and reflect individual security market values at the time of valuation. RBC GAM manages this conflict of interest by maintaining segregation of responsibilities, and utilizing an independent valuations team to carry out valuations of all of its investment funds, including the Funds, using predetermined and documented third party pricing sources. Further, RBC GAM's Valuation Committee sets out valuation policies and procedures and reviews any significant valuation or pricing matters.

### Errors

There is a conflict of interest between RBC GAM or RBC GAM employees' interests and the interests of the Funds if errors (including trading errors) are made without a control process to ensure that they are identified and corrected and that the Funds are made whole. RBC GAM controls for these conflicts by the use of policies and procedures that must be followed each time an error is discovered to ensure that an independent assessment is made of the error as well as a determination of the appropriate corrective action.

Additionally, a conflict of interest may arise between RBC GAM and the unitholders of the

Funds when an error is made in the calculation of a Fund's net asset value, because the cost of correcting the error and any required reimbursement to the Fund or its unitholders may need to be paid by RBC GAM.

In order to control for this conflict, the Chief Financial Officer of RBC GAM Funds is responsible for the supervision of procedures relating to the calculation of the net asset value of the Funds and provides an annual report to the board of directors of RBC GAM confirming compliance with the applicable policy and, if applicable, commenting on the frequency and causes of net asset value errors, and any new procedures or controls that need to be adopted to address the cause of the errors during the year.

### Uncapping of Funds

RBC GAM may limit or "cap" the size of a Fund by restricting new purchases of units where it is in the best interests of the Fund to do so (e.g. the Fund is so large that RBC GAM cannot achieve best execution). The decision to "uncap" a Fund and resume distributing units may be a conflict of interest matter.

In order to control for this conflict, RBC GAM may resume distributing units of a capped Fund if it believes that the Fund will be able to trade effectively in accordance with its mandate and existing unitholders will not be disadvantaged. There must be a sound reason for a decision to uncap distribution related to the best interests of the Fund and the decision must represent the business judgment of RBC GAM uninfluenced by considerations other than the best interests of the Fund.

Further, fund uncapping is reported to the Independent Review Committee each year.

RBC GAM has policies and procedures in place pertaining to the measurement, monitoring, mitigation and reporting of liquidity risks within the Funds.

### Seed capital

RBC may, directly or indirectly, provide seed capital from time to time in any Fund that RBC GAM launches (seed capital is the initial capital provided to form a fund and allow it to pursue its investment strategies). The decision of when

and how to redeem RBC seed capital from a Fund could be perceived as a conflict if a) RBC's economic or other reasons to redeem seed capital are put ahead of the interests of the Fund and its unitholders, b) it influences the investment strategy and performance expectations of the Fund, and/or c) redemptions may have an adverse impact on the Fund or its other unitholders. In order to control for this conflict there are control procedures to monitor large holdings and large transactions in each Fund, including seed capital redemptions, with a view to managing the timing of trading activity that could negatively impact other security holders of the Fund.

#### Gifts and entertainment

RBC GAM fund managers, portfolio managers, analysts, traders and certain other employees may receive gifts and/or business entertainment from third party service providers that could be provided with the intention of influencing the investment teams' decision to use the services provided by such third parties. The impact of this could be that such third party service providers are chosen for personal reasons and not for reasons based on the best interests of RBC GAM and the Funds. To manage this risk RBC GAM's directors, officers and employees may not accept gifts and entertainment that may, or may appear to, compromise their ability to act in the best interest of RBC GAM and the Funds, and must ensure that all gifts and entertainment received comply with RBC and RBC GAM policies. RBC GAM also has regular reporting requirements for certain employees who may be offered gifts and/or entertainment.

#### Recordkeeping, disclosure and Independent Review Committee involvement

Appropriate records of the transactions described under *Additional Information – Regulatory relief* (referred to, collectively as "Related Party Trading Activities") must be maintained and, in certain cases, particulars must be disclosed in the financial statements of the funds or filed with securities regulatory authorities. In addition, the Independent Review Committee must approve the policies and procedures of RBC GAM in respect of Related Party Trading Activities.

The Independent Review Committee has approved standing instructions in respect of

Related Party Trading Activities by the funds. In accordance with the conditions of the applicable standing instructions of the Independent Review Committee, the Independent Review Committee typically reviews these activities on a quarterly basis. In its review, the Independent Review Committee considers whether investment decisions in respect of Related Party Trading Activities:

- were made by RBC GAM in the best interests of the Fund and were free from any influence of Royal Bank of Canada and without taking into account any consideration relevant to an entity related to Royal Bank of Canada or its associates or affiliates;
- were in compliance with the conditions of the policies and procedures of RBC GAM;
- were in compliance with the applicable standing instructions of the Independent Review Committee; and
- achieved a fair and reasonable result for the Fund.

#### Reliance on prospectus exemptions and certain required disclosure

Units of the RBC QUBE Funds are offered pursuant to certain exemptions from the prospectus requirements of the securities legislation of the provinces and territories of Canada. Purchasers may be required to acquire units at an aggregate acquisition cost of not less than an amount prescribed by applicable securities legislation. Subscribers for units of a Fund will be required to execute an investment management agreement or a subscription agreement, and may be required to execute such certificates and other documents to evidence their eligibility and entitlement to rely on such exemptions.

Applicable securities legislation requires that the Fund notifies the investor that (i) the investor's full name, residential address, telephone number, number and type of securities purchased, the total purchase price and the prospectus exemption relied on must be delivered by the Fund to the relevant Canadian securities regulatory authority, (ii) the information is collected indirectly by such

regulatory authorities under the authority granted to it in securities legislation for the purposes of the administration and enforcement of the securities legislation of Ontario, and (iii) the officials set out in Schedule “B” can answer questions about the indirect collection of the information. Such investors, by their investment, will be deemed to have consented to the indirect collection of the information by the relevant Canadian securities regulatory authority.

## **What are your Legal Rights?**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with, in addition to any other rights they may have at law, a remedy for rescission or damages, or both, where this Offering Memorandum and any amendment to it and, in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation (as such term may be defined in the applicable legislation). However, those remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed in applicable legislation. Further, such rights may depend on the particular private placement exemption relied upon by the issuer. Each purchaser should refer to the provisions of the applicable legislation for the particulars of these rights or consult with a legal adviser.

The summary of the rights of rescission or to damages, or both, available to purchasers under the securities legislation of certain of the provinces and territories of Canada or provided by contract are set forth in Schedule A hereto. Such rights are expressly conferred upon investors by the delivery of this Offering Memorandum.

## Schedule “A” – Purchasers’ Rights of Action for Damages or Rescission

The statutory rights of action and rescission available to purchasers where there is a misrepresentation are set forth below for Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Nunavut, and Yukon. For the purposes of the following, “misrepresentation” in this Schedule “A” means an untrue statement of a material fact, or an omission to state a material fact that is required to be stated, or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

The rights of action and rescission described below are in addition to, and without derogation from, any right or remedy available at law to the purchaser and are subject to the defences contained in those laws. These remedies must be exercised by the purchaser within the time limits set out below. Purchasers should refer to the available provisions of securities laws for the complete text of these rights or consult with a legal advisor.

### Saskatchewan

Section 138 of The Securities Act, 1988 (Saskatchewan), as amended (the “Saskatchewan Act”) provides that where an offering memorandum, such as this Offering Memorandum, or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation, a purchaser who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that misrepresentation and has a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

- (a) the issuer or a selling security holder on whose behalf the distribution is made;

- (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;
- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

- (a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered;
- (b) after the filing of the offering memorandum or any amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable general notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which we or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the

Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of:
  - (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

- (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

### Manitoba

Section 141.1 of the *Securities Act* (Manitoba) provides that if an offering memorandum, such as this Offering Memorandum contains a misrepresentation a purchaser resident in Manitoba is deemed to have relied on the misrepresentation and has a right of action against the applicable issuer, every director of the issuer at the date of the offering memorandum and every person or company who signed the offering memorandum for damages, or alternatively, for rescission, provided that:

- (a) no action may be commenced to enforce a right of action:
  - (i) for rescission, more than 180 days after the date of the purchase; or
  - (ii) for damages, the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (B) two years after the date of the purchase;
- (b) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) no person or company (excluding the issuer) will be liable if the person or company proves that (i) the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware of its delivery, the person or company promptly gave

reasonable notice to the issuer that it was sent without the person's or company's knowledge or consent, (ii) on becoming aware of the misrepresentation, the person or company withdrew their respective consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that they had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, the expert's report or statement;

- (d) no person or company (excluding the issuer) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;
- (e) in action for damages, a defendant will not be liable for any portion of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and
- (f) in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser.

### Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that in the event that an offering memorandum, such as this Offering Memorandum, together with any amendment hereto, delivered to a purchaser of units resident

in Ontario contains a misrepresentation and it was a misrepresentation at the time of purchase of units by such purchaser, the purchaser will have, without regard to whether the purchaser relied on such misrepresentation, a right of action against a fund for damages or, while still the owner of units of a fund purchased by that purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against a fund, provided that:

- (a) the right of action for rescission or damages will be exercisable only if the purchaser commences an action to enforce such right, not later than:
  - (i) in the case of an action for rescission, 180 days after the date of purchase; or
  - (ii) in the case of an action for damages, the earlier of (A) 180 days following the date the purchaser first had knowledge of the misrepresentation, and (B) three years after the date of purchase;
- (b) the fund, will not be liable if it proves that the purchaser purchased the units with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the fund will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the units as a result of the misrepresentation relied upon;
- (d) the fund will not be liable for a misrepresentation in forward-looking information if the fund proves:
  - (i) that the offering memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information;

- (ii) the reasonable cautionary language and disclosure of material factors appear proximate to the forward-looking information; and
- (iii) the fund has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information; and
- (e) in no case will the amount recoverable in any action exceed the price at which the units were offered.

The foregoing rights do not apply if the purchaser is:

- (a) a Canadian financial institution (as defined in NI 45-106) or a Schedule III bank;
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

### New Brunswick

Section 150(1) of the *Securities Act* (New Brunswick) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in New Brunswick and contains a misrepresentation that was a misrepresentation at the time of purchase, the purchaser will be deemed to have relied on the misrepresentation and will have a right of action against the issuer or selling securityholder for damages or, alternatively, while still the owner of the purchased securities, for rescission, provided that:

- (a) no action may be commenced to enforce a right of action:
  - (i) for rescission, more than 180 days after the date of the purchase; or
  - (ii) for damages, more than the earlier of (A) one year after the

- purchaser first had knowledge of the facts giving rise to the cause of action, and (B) six years after the date of the purchase;
- (b) no person or company will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in an action for damages, no person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum; and
- (e) no person or company will be liable for a misrepresentation in forward-looking information if the person or company proves that:
- (i) the offering memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (ii) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.
- (f) no person or company (but excluding the issuer or selling securityholder) will be liable if it proves that (i) the offering memorandum was delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave written notice that it was delivered without the person's or company's knowledge or consent, (ii) after the delivery of the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave written notice of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; and
- (g) no person or company (but excluding the issuer or selling securityholder) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or, (ii) believed that there had been a misrepresentation.

### Nova Scotia

Section 138 of the *Securities Act* (Nova Scotia) states that in the event that an offering memorandum, such as this Offering Memorandum, together with any amendment thereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) used in connection with an offering memorandum,



contains a misrepresentation, any investor in Nova Scotia who purchases securities offered thereunder shall be deemed to have relied on such misrepresentation, if it was a misrepresentation at the time of purchase, and shall have, subject as hereinafter provided, a right of action either for damages against the seller, every director of the seller at the date of the offering memorandum and every person who signed the offering memorandum, or alternatively for rescission, exercisable against the seller provided that:

- (a) no person or company will be held liable if it proves that the investor purchased the securities with knowledge of the misrepresentation;
- (b) in an action for damages, the seller will not be liable for all or any portion of such damages that it proves does not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (c) no person or company will be liable if the person or company proves that (i) the offering memorandum or amendment thereto was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent, (ii) after delivery of the offering memorandum or amendment thereto and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum or amendment thereto purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the

relevant part of the offering memorandum or amendment thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

- (d) no person or company will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy, or an extract from, a report, opinion or statement of expert unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation; and
- (e) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum or amendment thereto.

No action shall be commenced to enforce the rights of action more than 120 days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

### Prince Edward Island

Section 112(1) of the *Securities Act* (Prince Edward Island) provides that if an offering memorandum, such as this Offering Memorandum, contains a misrepresentation, a purchaser resident in Prince Edward Island who purchased a security under the offering memorandum will be deemed to have relied upon the misrepresentation and will have a right of action against the applicable issuer, the selling securityholder on whose behalf of the distribution is made, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum for damages or, alternatively, for rescission, exercisable against the issuer or the selling securityholder on whose behalf the distribution is made, provided that:

- (a) no action shall be commenced to enforce a right of action:
- (i) for rescission, more than 180 days after the date of the purchase; or
  - (ii) for any action other than rescission, the earlier of (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of the action, or (B) three years after the date of the purchase;
- (b) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) no person or company (but excluding the issuer or selling securityholder) will be liable if it proves that (i) the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware that it was sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent, (ii) on becoming aware of the misrepresentation in the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it, or (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- (d) no person or company (but excluding the issuer or selling securityholder) will be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or, (ii) believed that there had been a misrepresentation;
- (e) in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- (f) in no case shall the amount recoverable exceed the price at which the securities were sold to the purchaser.

#### **Newfoundland and Labrador**

Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in Newfoundland and Labrador and it contains a misrepresentation, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the issuer, every director of the issuer at the date of the offering memorandum, and every person or company who signed the offering memorandum. In addition, such purchaser has a right of rescission against the issuer. If a purchaser elects to exercise a right of rescission against the issuer, the purchaser has no right of action for damages.

Where a misrepresentation is contained in an offering memorandum, a person or company shall not be liable for an action for damages or rescission:

- (a) where the person or company proves that the purchaser had knowledge of the misrepresentation;
- (b) where the person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or

company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;

- (c) if the person or company proves that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (d) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
  - (i) there had been a misrepresentation; or
  - (ii) the relevant part of the offering memorandum:
    - (A) did not fairly represent the report, opinion or statement of the expert; or
    - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert; and
- (e) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company:
  - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or
  - (ii) believed there had been a misrepresentation.

Of the above defences, the issuer shall only be able to rely on (a) above.

The amount recoverable shall not exceed the price at which the securities were offered under the offering memorandum.

In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

No action may be commenced to enforce a right of action:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action, other than an action for rescission, the earlier of:
  - (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

### Northwest Territories

Section 112 of the *Securities Act* (Northwest Territories) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in the Northwest Territories and it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution is deemed to have relied on the misrepresentation, and has a right of action for damages against the issuer, the selling securityholder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum, and every person who signed the offering memorandum. In addition, such a purchaser also has a right of rescission against the issuer or the selling securityholder on whose behalf the distribution is made.

These rights are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or the selling securityholder on whose behalf the

distribution is made, it shall have no right of action for damages against that party;

- (b) a person or company will not be liable if the person or company proves that the purchaser purchased the securities with the knowledge of the misrepresentation;
- (c) a person or company (other than the issuer or selling securityholder on whose behalf the distribution is made) will not be liable in an action for damages if:
  - (i) the offering memorandum was sent to the purchaser without the person or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of that person or company;
  - (ii) the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
  - (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
    - (A) there had been a misrepresentation; or
    - (B) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;
  - (iv) for any part of an offering memorandum that is not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person or company:

- (A) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
- (B) believed that there had been a misrepresentation.

In addition, no person or company will be liable if:

- (a) the offering memorandum containing the forward-looking information contained, proximate to the forward-looking information,
  - (i) reasonable cautionary language identifying the forward-looking information as such and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and
  - (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

In an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation.

The amount recoverable by the purchaser in an action for damages must not exceed the price at which the securities purchased by the purchaser were offered.

No action may be commenced to enforce a right of action more than the earlier of:

- (a) in the case of an action for rescission, 180 days after the date of the purchase; or
- (b) in the case of an action for damages, (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the purchase.

## Nunavut

Section 112 of the *Securities Act* (Nunavut) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in Nunavut and it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution is deemed to have relied on the misrepresentation, and has a right of action for damages against the issuer, the selling security holder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum, and every person who signed the offering memorandum. In addition, such a purchaser also has a right of rescission against the issuer or the selling security holder on whose behalf the distribution is made.

These rights are subject to certain limitations, including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or the selling security holder on whose behalf the distribution is made, it shall have no right of action for damages against that party;
- (b) a person or company will not be liable if the person or company proves that the purchaser purchased the securities with the knowledge of the misrepresentation;
- (c) a person or company (other than the issuer or selling security holder on whose behalf the distribution is made) will not be liable in an action for damages if:
  - (i) the offering memorandum was sent to the purchaser without the person or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of that person or company;
  - (ii) the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or

(iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:

- (A) there had been a misrepresentation; or
- (B) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of, or an extract from, the report, statement or opinion of the expert;

(iv) for any part of an offering memorandum that is not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person or company:

- (A) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
- (B) believed that there had been a misrepresentation.

In addition, no person or company will be liable if:

- (a) the offering memorandum containing the forward-looking information contained, proximate to the forward-looking information,
  - (i) reasonable cautionary language identifying the forward-looking information as such and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and
  - (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

- (b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

In an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation.

The amount recoverable by the purchaser in an action for damages must not exceed the price at which the securities purchased by the purchaser were offered.

No action may be commenced to enforce a right of action more than the earlier of:

- (a) in the case of an action for rescission, 180 days after the date of the purchase; or
- (b) in the case of an action for damages, (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the purchase.

**Yukon**

Section 112 of the *Securities Act* (Yukon) provides that where an offering memorandum, such as this Offering Memorandum, is delivered to a purchaser resident in the Yukon and it contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution is deemed to have relied on the misrepresentation, and has a right of action for damages against the issuer, the selling securityholder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum, and every person who signed the offering memorandum. In addition, such a purchaser also has a right of rescission against the issuer or the selling securityholder on whose behalf the distribution is made.

These rights are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or the selling securityholder on whose

behalf the distribution is made, it shall have no right of action for damages against that party;

- (b) a person or company will not be liable if the person or company proves that the purchaser purchased the securities with the knowledge of the misrepresentation;
- (c) a person or company (other than the issuer or selling securityholder on whose behalf the distribution is made) will not be liable in an action for damages if:

- (i) the offering memorandum was sent to the purchaser without the person or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of that person or company;

- (ii) the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or

- (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:

- (A) there had been a misrepresentation; or

- (B) the relevant part of the offering memorandum did not fairly represent the report, statement or opinion of the expert or was not a fair copy of,

or an extract from, the report, statement or opinion of the expert;

- (iv) for any part of an offering memorandum that is not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person or company:
  - (A) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or
  - (B) believed that there had been a misrepresentation.

In addition, no person or company will be liable if:

- (a) the offering memorandum containing the forward-looking information contained, proximate to the forward-looking information,
  - (i) reasonable cautionary language identifying the forward-looking information as such and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and
  - (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

In an action for damages, a defendant will not be liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the security resulting from the misrepresentation.

The amount recoverable by the purchaser in an action for damages must not exceed the price at which the securities purchased by the purchaser were offered.

No action may be commenced to enforce a right of action more than the earlier of:

- (a) in the case of an action for rescission, 180 days after the date of the purchase; or
- (b) in the case of an action for damages, (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the purchase.

#### Other Canadian jurisdictions

The foregoing summaries are subject to the express provisions of *The Securities Act, 1988* (Saskatchewan), the *Securities Act* (Manitoba), the *Securities Act* (Ontario), the *Securities Act* (New Brunswick), the *Securities Act* (Nova Scotia), the *Securities Act* (Prince Edward Island), the *Securities Act* (Newfoundland and Labrador), the *Securities Act* (Northwest Territories), the *Securities Act* (Nunavut) and the *Securities Act* (Yukon), and the regulations and policy statements thereunder, and reference is made thereto for the complete text of such provisions.

Although securities legislation in Alberta, British Columbia and Québec do not provide or require the Fund to provide to unitholders resident in these jurisdictions any rights of action if this Offering Memorandum, any amendment hereto or any document incorporated herein by reference, contains a misrepresentation, the Fund hereby grants to such unitholders the equivalent contractual rights of action as are described above for unitholders resident in Ontario.

#### General

The rights summarized above are in addition to and without derogation from any other rights or remedies available at law to an investor.

## Schedule “B” – Collection and Use of Personal Information

### Alberta Securities Commission

Suite 600, 250 – 5th Street SW  
 Calgary, Alberta T2P 0R4  
 Telephone: 403-297-6454  
 Toll free in Canada: 1-877-355-0585 Facsimile:  
 403-297-2082  
 Public official contact regarding indirect  
 collection of information: FOIP Coordinator

### British Columbia Securities Commission

P.O. Box 10142, Pacific Centre  
 701 West Georgia Street  
 Vancouver, British Columbia V7Y 1L2  
 Inquiries: 604-899-6854  
 Toll free in Canada: 1-800-373-6393  
 Facsimile: 604-899-6581  
 Email: FOI-privacy@bcsc.bc.ca  
 Public official contact regarding indirect  
 collection of information: FOI Inquiries

### The Manitoba Securities Commission

500 – 400 St. Mary Avenue  
 Winnipeg, Manitoba R3C 4K5  
 Telephone: 204-945-2561  
 Toll free in Manitoba: 1-800-655-5244  
 Facsimile: 204-945-0330  
 Public official contact regarding indirect  
 collection of information: Director

### Financial and Consumer Services Commission (New Brunswick)

85 Charlotte Street, Suite 300  
 Saint John, New Brunswick E2L 2J2  
 Telephone: 506-658-3060  
 Toll free in Canada: 1-866-933-2222  
 Facsimile: 506-658-3059  
 Email: info@fcnb.ca  
 Public official contact regarding indirect  
 collection of information: Chief Executive Officer  
 and Privacy Officer

### Government of Newfoundland and Labrador Financial Services Regulation Division

P.O. Box 8700 Confederation Building 2nd  
 Floor, West Block Prince Philip Drive St. John's,  
 Newfoundland and Labrador A1B 4J6 Attention:  
 Director of Securities Telephone: 709-729-4189  
 Facsimile: 709-729-6187  
 Public official contact regarding indirect  
 collection of information: Superintendent of  
 Securities

### Government of the Northwest Territories Office of the Superintendent of Securities

P.O. Box 1320 Yellowknife, Northwest  
 Territories X1A 2L9  
 Telephone: 867-767-9305  
 Facsimile: 867-873-0243  
 Public official contact regarding indirect  
 collection of information: Superintendent of  
 Securities

### Nova Scotia Securities Commission

Suite 400, 5251 Duke Street  
 Duke Tower, P.O. Box 458  
 Halifax, Nova Scotia B3J 2P8  
 Telephone: 902-424-7768  
 Facsimile: 902-424-4625  
 Public official contact regarding indirect  
 collection of information: Executive Director

### Government of Nunavut Department of Justice Legal Registries Division

P.O. Box 1000, Station 570 1st Floor, Brown  
 Building Iqaluit, Nunavut X0A 0H0 Telephone:  
 867-975-6590  
 Facsimile: 867-975-6594  
 Public official contact regarding indirect  
 collection of information: Superintendent of  
 Securities

### Ontario Securities Commission

20 Queen Street West, 22nd Floor  
 Toronto, Ontario M5H 3S8  
 Telephone: 416-593- 8314  
 Toll free in Canada: 1-877-785-1555  
 Facsimile: 416-593-8122  
 Email: exemptmarketfilings@osc.gov.on.ca  
 Public official contact regarding indirect  
 collection of information: Inquiries Officer

### Prince Edward Island Securities Office

95 Rochford Street, 4th Floor Shaw Building  
 P.O. Box 2000  
 Charlottetown, Prince Edward Island C1A 7N8  
 Telephone: 902-368-4569  
 Facsimile: 902-368-5283  
 Public official contact regarding indirect  
 collection of information: Superintendent of  
 Securities

### Autorité des marchés financiers

800, rue du Square-Victoria, 22e étage  
 C.P. 246, tour de la Bourse  
 Montréal, Québec H4Z 1G3  
 Telephone: 514-395-0337 or 1-877-525-0337  
 Facsimile: 514-873-6155 (For filing purposes  
 only)



Facsimile: 514-864-6381 (For privacy requests only)

Email: [fonds\\_dinvestissement@lautorite.qc.ca](mailto:fonds_dinvestissement@lautorite.qc.ca)

Public official contact regarding indirect collection of information: Corporate Secretary

**Financial and Consumer Affairs Authority of Saskatchewan**

Suite 601 – 1919 Saskatchewan Drive

Regina, Saskatchewan S4P 4H2

Telephone: 306-787-5842

Facsimile: 306-787-5899

Public official contact regarding indirect collection of information: Director

**Office of the Superintendent of Securities  
Government of Yukon Department of  
Community Services**

307 Black Street, 1st Floor P.O. Box 2703, C-6  
Whitehorse, Yukon Y1A 2C6

Telephone: 867-667-5466

Facsimile: 867-393-6251

Email: [securities@gov.yk.ca](mailto:securities@gov.yk.ca)

Public official contact regarding indirect collection of information: Superintendent of Securities

## HEAD OFFICE

155 Wellington St. W.  
Suite 2200  
Toronto, Ontario  
M5V 3K7

® "RBC Global Asset Management", "RBC QUBE Funds" are registered trademarks of the Royal Bank of Canada. Used under license.

© RBC Global Asset Management Inc. 2022.



**Global Asset  
Management**