

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

***Dynamic Funds***<sup>®</sup>  
*Invest with advice.*

**Alternative Mutual Funds**

**Dynamic Alpha Performance II Fund**  
Offering Series A, F, FH, FT, H and T Units

**Dynamic Credit Absolute Return II Fund**  
Offering Series A, F and O Units

**Dynamic Premium Yield PLUS Fund**  
Offering Series A, F, FH, H, I and O Units

**Dynamic Real Estate & Infrastructure Income II Fund**  
Offering Series A, F, I and O Units

**ANNUAL INFORMATION FORM**

**DATED OCTOBER 1, 2019**

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## NAME, FORMATION AND HISTORY OF THE FUNDS

This annual information form (the "**Annual Information Form**") contains information applicable to units of Dynamic Alpha Performance II Fund, Dynamic Credit Absolute Return II Fund, Dynamic Premium Yield PLUS Fund and Dynamic Real Estate & Infrastructure Income II Fund (collectively, the "**Funds**" and each, a "**Fund**").

In this document, we refer to 1832 Asset Management L.P. as "we", "us", "our", the "Trustee", the "Manager" or "1832 LP".

Reference to "Trust Funds", including the Funds, means mutual funds managed by the Manager that are established as trusts. The Funds are governed as investment trusts by an amended and restated master declaration of trust dated August 20, 2015, as amended by Amendment No.1 dated December 1, 2016 and as may further be amended and supplemented from time to time (the "**Master Declaration of Trust**"), under the laws of the Province of Ontario. The Funds were created by way of a supplemental trust indenture dated September 27, 2018. Reference to "Corporate Funds" means corporate mutual funds managed by the Manager.

Name of Fund	Establishment, Amendments, Fund Mergers and Name Changes	Changes to Portfolio Advisors
Dynamic Alpha Performance II Fund	September 27, 2018 – Supplemental to the Master Declaration of Trust to create Dynamic Alpha Performance II Fund.	
Dynamic Credit Absolute Return II Fund	July 18, 2019 – Supplemental to the Master Declaration of Trust to create Dynamic Credit Absolute Return II Fund.	
Dynamic Premium Yield PLUS Fund	September 27, 2018 – Supplemental to the Master Declaration of Trust to create Dynamic Premium Yield PLUS Fund	
Dynamic Real Estate & Infrastructure Income II Fund	March 22, 2019 – Supplemental to the Master Declaration of Trust to create Dynamic Real Estate & Infrastructure Income II Fund.  April 15, 2019 – Supplemental to the Master Declaration of Trust to create fourth series of units of the Fund designated as Series I units.	

1832 L.P. is the manager, trustee (in such capacity, the "**Trustee**"), principal distributor and registrar of the Funds. The head office and principal place of business of the Funds is the head office of the Manager located at Dynamic Funds Tower, 1 Adelaide Street East, 28<sup>th</sup> Floor, Toronto, Ontario, M5C 2V9. The Manager may be contacted toll-free at 1-800-268-8186 or by email at [invest@dynamic.ca](mailto:invest@dynamic.ca). Information about the Funds may be obtained on the Manager's website at [www.dynamic.ca](http://www.dynamic.ca) or at [www.sedar.com](http://www.sedar.com).

Each Fund offers one or more series of units as summarized below:

Name of Fund	Series							
	A	F	FH	FT	H	I	T	O
Dynamic Alpha Performance II Fund	Yes	Yes	Yes	Yes	Yes	-	Yes	-
Dynamic Credit Absolute Return II Fund	Yes	Yes	-	-	-	-	-	Yes
Dynamic Premium Yield PLUS Fund	Yes	Yes	Yes	-	Yes	Yes	-	Yes
Dynamic Real Estate & Infrastructure Income II Fund	Yes	Yes	-	-	-	Yes	-	Yes

## INVESTMENT RESTRICTIONS AND PRACTICES

The simplified prospectus for the Funds (the "**Simplified Prospectus**") contains detailed descriptions of the investment objectives, investment strategies and risk factors for each of the Funds. Before a change is made to the fundamental

investment objective of a Fund, the prior approval of unitholders of the Fund is required. This approval must be given by a resolution passed by at least a majority of the votes cast at a meeting of unitholders of the Fund. In addition, each Fund is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 – *Investment Funds* ("**NI 81-102**"), which are designed in part to ensure that the investments of the Funds are diversified and relatively liquid and to ensure the appropriate administration of the Funds. Each Fund is managed in accordance with these restrictions and practices. The Funds have received exemptive relief from securities regulatory authorities from certain requirements in NI 81-102 as noted below.

### **Investment Restrictions and Practices**

The Funds are subject to restrictions that result from each Fund's intention to remain a "mutual fund trust" and the Corporation's intention to remain a "mutual fund corporation" under the provisions of the *Income Tax Act* (Canada), as amended, and the regulations thereto (the "**Tax Act**") and to ensure the units and shares of the Funds remain "qualified investments" as defined in the Tax Act for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), registered education savings plans ("**RESPs**"), deferred profit sharing plans, registered disability savings plans ("**RDSPs**") and tax-free savings accounts ("**TFSAs**" (collectively, "**Registered Plans**").

No Fund will engage in any undertaking other than the investment of its assets in property for the purposes of the Tax Act. The Funds that are or intend to become registered investments under the Tax Act will not acquire an investment that is not a "prescribed investment" under the Tax Act if, as a result thereof, the Fund would become subject to tax under Part X.2 of the Tax Act.

#### *Securities Lending, Repurchase and Reverse Repurchase Transactions*

The Funds may enter into securities lending, repurchase and reverse repurchase transactions (collectively, "**Lending and Repurchase Transactions**") consistent with their respective investment objectives and as permitted by applicable securities and tax legislation. A securities lending transaction is where a Fund lends certain qualified securities to a borrower in exchange for a negotiated fee without realizing a disposition of the securities for tax purposes. A repurchase transaction is where a Fund sells a security at one price and agrees to buy it back from the same party at a specified price on a specified date. A reverse repurchase transaction is where a Fund buys securities for cash at one price and agrees to sell them back to the same party at a specified price on a specified date. These transactions involve certain risks. If the other party to these transactions goes bankrupt or is for any reason unable to fulfil its obligations under the agreement, the Fund may experience difficulties or delays in receiving payment. To address these risks, any such transactions entered into by a Fund will comply with applicable securities legislation, including the requirement that each agreement be, at a minimum, fully collateralized by investment grade securities or cash with a value of at least 102% of the market value of the securities subject to the transaction. The Funds will enter into such transactions only with parties that we believe, through conducting credit evaluations, have adequate resources and financial ability to meet their obligations under such agreements ("**qualified borrowers**"). In the case of securities lending transactions and repurchase transactions, the aggregate market value of all securities loaned pursuant to securities lending transactions, together with securities sold pursuant to repurchase transactions, by a Fund will not exceed 50% of the net asset value of that Fund immediately after the Fund enters into the transaction.

#### *Short Selling*

The Funds may engage in short selling consistent with their respective investment objectives and as permitted by the Canadian securities regulators. A short sale by a Fund is where a Fund borrows securities from a lender which are then sold in the open market (or "sold short"). At a later date, the same number of securities are repurchased by the Fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the Fund pays interest to the lender. If the value of the securities declines between the time that the Fund borrows the securities and the time it repurchases and returns the securities, the Fund makes a profit for the difference (less any interest the Fund is required to pay to the lender). In this way, the Fund has more opportunities for gains when markets are generally volatile or declining.

The Funds may engage in short selling only within certain controls and limitations. Generally, at the time securities of a particular issuer are sold short by a Fund, the aggregate market value of all securities of that issuer sold short will not exceed 10% of the net asset value of the Fund and the aggregate market value of all securities sold short by the Fund will not exceed 50% of the net asset value of the Fund. Dynamic Alpha Performance II Fund has been granted exemptive

relief to permit it to sell short index participation units ("**IPUs**"), as that term is defined in NI 81-102, of one or more IPU issuers up to a maximum of 100% of the Fund's net assets. Dynamic Credit Absolute Return II Fund has been granted exemptive relief to permit it to sell short evidences of indebtedness issued, or fully and unconditionally guaranteed as to principal and interest, by any of the government of Canada, the government of a Canadian jurisdiction or the government of the United States of America ("**Government Securities**") up to 300% of the Fund's net asset value. The Funds may deposit assets with lenders in accordance with industry practice in relation to its obligations arising under short sale transactions. In addition, those Funds that invest in underlying funds may be indirectly exposed to short selling if the underlying funds in which they invest short sell.

## **Exemptive Relief Obtained by the Funds**

### *Short Selling Relief*

Dynamic Alpha Performance II Fund has been granted exemptive relief to permit it to sell short IPUs up to a maximum of 100% of the Fund's net assets at the time of sale such that, immediately after entering into a transaction to short sell IPUs or borrow cash: (a) the aggregate market value of all securities sold short by the Fund does not exceed 100% of the Fund's net assets; (b) the aggregate value of cash borrowing by the Fund does not exceed 50% of the Fund's net assets; and (c) the aggregate market value of securities sold short by the Fund combined with the aggregate value of cash borrowing by the Fund does not exceed 100% of the Fund's net assets.

Dynamic Credit Absolute Return II Fund has been granted exemptive relief to permit it to sell short Government Securities up to 300% of the Fund's net asset value.

### *Offerings Involving A Related Underwriter*

The Funds are considered dealer managed investment funds and follow the dealer manager provisions prescribed by NI 81-102.

The Funds cannot knowingly make an investment during, or for 60 days after, the period (the "**Prohibition Period**") in which an affiliate or associate of the Manager, such as Scotia Capital Inc., acts as an underwriter or agent in an offering of equity securities, unless the offering is being made under a prospectus and such purchases are made in compliance with the approval requirements of National Instrument 81-107 – *Independent Review Committee For Investment Funds* ("**NI 81-107**").

The Funds, along with other mutual funds managed by the Manager, can rely on exemptive relief from the Canadian securities regulatory authorities to invest in private placement offerings of equity securities of an issuer during the Prohibition Period even if Scotia Capital Inc., an affiliate of the Manager, acts as underwriter in offerings of securities of the same class, provided the issuer is at the time a reporting issuer in at least one province of Canada and the Independent Review Committee of the Funds (the "**IRC**") approves of the investment in accordance with the approval requirements of NI 81-107.

The Funds, along with the other mutual funds managed by the Manager, have obtained exemptive relief from the Canadian securities regulatory authorities to purchase debt securities of an issuer that does not have an approved credit rating from an approved credit rating organization in a distribution for which a dealer related to the Manager, such as Scotia Capital Inc., acts as an underwriter or agent, provided such purchases are made in compliance with the approval requirements of NI 81-107 and certain other conditions.

The Funds, along with other mutual funds managed by the Manager, have obtained exemptive relief from the Canadian securities regulatory authorities that permits the Funds to invest in equity securities of an issuer that is not a reporting issuer in Canada during the Prohibition Period, whether relating to a private placement of the issuer in Canada or the United States or a prospectus offering of the issuer in the United States of securities of the same class even if an affiliate of the Manager acts as underwriter in the private placement or prospectus offering, provided the issuer is at the time a registrant in the United States and the IRC of the Funds approves of the investment in accordance with certain other conditions.

In addition to the above exemptive relief, the Funds may from time to time be granted exemptions from NI 81-102 to permit them to invest during the Prohibition Period in securities of an issuer, in which an affiliate or associate of the

Manager, such as Scotia Capital Inc., acts as an underwriter or agent in the issuer's distribution of securities of the same class, where the Funds are not able to do so in accordance with NI 81-107 or the exemptive relief described above.

#### *Investments in Closed-End Funds*

Each Fund, along with the other mutual funds managed by the Manager, has obtained exemptive relief from the Canadian securities regulatory authorities to invest in non-redeemable (or closed-end) investment funds ("**Closed-End Funds**") that are traded on a stock exchange in the United States provided that certain conditions are met, including that immediately after each such investment no more than 10% of the net asset value of the Fund is invested in Closed-End Funds.

#### *Transactions with Related Parties*

The Funds, along with other mutual funds managed by the Manager, have obtained exemptive relief from the Canadian securities regulatory authorities to purchase long-term debt securities issued by The Bank of Nova Scotia, an affiliate of the Manager, and other related issuers in the primary and secondary markets, provided such purchases are made in compliance with the approval requirements of NI 81-107 and certain other conditions.

The Funds, along with the other mutual funds managed by the Manager, have also obtained exemptive relief to purchase exchange and non-exchange traded debt securities from, or sell to, the account of an affiliate or associate of the Manager, such as Scotia Capital Inc., that is a principal dealer in the Canadian debt securities market, provided such trades are made in compliance with the approval requirements of NI 81-107 and certain other conditions.

#### *Exchange-Traded Funds*

The Funds have obtained exemptive relief to invest in certain ETFs created and managed by BlackRock Asset Management Canada Limited, which invest in underlying funds managed by the Manager, provided: (i) the Fund does not short sell securities of the ETF; (ii) the ETF is not a commodity pool; and (iii) the ETF is not relying on relief regarding the purchase of physical commodities, the purchase, sale or use of specified derivatives or with respect to the use of leverage.

#### *Gold Exchange-Traded Funds*

The Funds have received the approval of the Canadian securities regulatory authorities to invest in exchange-traded funds that are traded on a stock exchange the United States and that hold or seek to replicate the performance of gold, permitted gold certificates or specified derivatives, of which the underlying interest is gold or permitted gold certificates, on an unlevered basis ("**Gold ETFs**"), provided that the Fund does not invest more than 10% of its net assets, taken at the market value thereof at the time of investment, in gold (whether directly or indirectly, including Gold ETFs).

#### *Inter-Fund Trades*

The Funds have obtained exemptive relief from the Canadian securities regulatory authorities to engage in inter-fund trading, which would otherwise be prohibited under applicable securities legislation. Inter-fund trading permits related investment funds and managed accounts to trade portfolio securities held by one of them with the others. Under the exemptive relief, the Funds may engage in inter-fund trading of debt securities and exchange traded securities on certain conditions aimed at ensuring that the trade is made at the market price at the time of the trade and that no additional commissions are paid. The IRC for the Funds and other investment funds managed by the Manager must approve the inter-fund trades in accordance with the approval requirements of NI 81-107.

#### *Other Relief*

The Manager has received exemptive relief from securities regulatory authorities from certain requirements in National Instrument 81-105 – *Mutual Fund Sales Practices* prohibiting sales representatives of affiliated dealers from effecting rebates of redemption fees in respect of the Funds, subject to the conditions of an exemption order dated April 28, 2000.

## DESCRIPTION OF UNITS

Each Fund offers one or more series of units described below. Each series of units of a Fund is intended for different kinds of investors. If you cease to satisfy criteria for holding any series of units of a Fund, the Manager may switch such series into another series of units of the same Fund as appropriate. Further, the Manager may reclassify the units you hold in one series into the units of another series of the same Fund provided your pecuniary interest is not adversely affected by such reclassification.

For details of the series of units offered by each Fund, please see the front cover of this Annual Information Form. We may offer a new series of units of a Fund at any time.

**Series A:** Available to all investors.

**Series F:** Generally only available to investors who participate in an eligible fee-based or wrap program with their registered dealer and who are subject to a periodic asset-based fee rather than commissions on each transaction. We are able to reduce our management fee rate on Series F units because our costs are lower and because investors who purchase Series F units will usually have entered into a separate agreement to pay account fees to their registered dealer for their individual investment program.

In certain circumstances, investors who purchase Series F units must enter into an agreement with their dealer which identifies an annual account fee (a “**Fee-Based Account Fee**”) negotiated with their financial advisor and payable to their dealer. Investors may only purchase Series F securities through a financial advisor who is registered with a dealer that has signed an agreement with us. This Fee-Based Account Fee is in addition to the management fee payable by the Funds for Series F units.

No sales commissions or trailing commissions are payable by us to a dealer for investments in Series F units.

**Series FH:** Generally only available to investors who participate in an eligible fee-based or wrap program with their registered dealer and who are subject to a periodic asset-based fee rather than commissions on each transaction. We are able to reduce our management fee rate on Series FH units because our costs are lower and because investors who purchase Series FH units will usually have entered into a separate agreement to pay account fees to their registered dealer for their individual investment program.

Series FH units are offered for purchase in U.S. dollars only. Each Fund hedges against changes in the U.S. currency relative to the Canadian currency in respect of Series FH units and in doing so attempts to eliminate the fluctuations between the Canadian and U.S. currencies such that the performance of Series FH units is expected to be substantially the same as the performance of Series F units purchased using the Canadian dollar pricing option, however, there may be factors beyond a Fund's control such as derivative transaction costs and performance fees for Series F and FH which may cause there to be differences in the performance of such series. As such, Series FH units are intended for investors who wish to purchase a Fund, which is a Canadian denominated fund, in U.S. currency but wish to minimize fluctuations between the Canadian and U.S. currencies. Series FH units will be substantially hedged using derivative instruments such as foreign currency forward contracts although there may be circumstances, from time to time, in which a Fund may not be able to fully hedge its Canadian exposure back to U.S. dollars in respect of Series FH units.

In certain circumstances, investors who purchase Series FH units must enter into an agreement with their dealer which identifies a Fee-Based Account Fee

negotiated with their financial advisor and payable to their dealer. Investors may only purchase Series FH units through a financial advisor who is registered with a dealer that has signed an agreement with us. This Fee-Based Account Fee is in addition to the management fee payable by the Funds for Series FH units.

No sales commissions or trailing commissions are payable by us to a dealer for investments in Series FH units.

**Series FT:**

Generally only available to investors who participate in an eligible fee based or wrap program with their registered dealer and who are subject to a periodic asset-based fee rather than commissions on each transaction. Series FT units are intended for investors seeking stable monthly distributions. We are able to reduce our management fee rate on Series FT units because our costs are lower and because investors who purchase Series FT units will usually have entered into a separate agreement to pay account fees to their registered dealer for their individual investment program.

In certain circumstances, investors who purchase Series FT units must enter into an agreement with their dealer which identifies a Fee-Based Account Fee negotiated with their financial advisor and payable to their dealer. Investors may only purchase Series FT units through a financial advisor who is registered with a dealer that has signed an agreement with us. This Fee-Based Account Fee is in addition to the management fee payable by the Funds for Series FT units. No sales commissions or trailing commissions are payable by us to a dealer for investments in Series FT units.

Monthly distributions on Series FT units of a Fund will consist of net income and/or net realized capital gains and/or, in certain circumstances, a return of capital. Any net income and net realized capital gains, in respect of each taxation year, in excess of the monthly distributions will be distributed by December 31 of each year or at such other times as may be determined by the Manager.

**Series H:**

Available to all investors.

Series H units are offered for purchase in U.S. dollars only. The Fund hedges against changes in the U.S. currency relative to the Canadian currency in respect of Series H units and in doing so attempts to eliminate the fluctuations between the Canadian and U.S. currencies such that the performance of Series H units is expected to be substantially the same as the performance of Series A units purchased using the Canadian dollar pricing option, however, there may be factors beyond the Fund's control such as derivative transaction costs and performance fees for Series A and Series H which may cause there to be differences in the performance of such series. As such, Series H units are intended for investors who wish to purchase the Fund, which is a Canadian denominated fund, in U.S. currency but wish to minimize fluctuations between the Canadian and U.S. currencies. Series H units will be substantially hedged using derivative instruments such as foreign currency forward contracts, although there may be circumstances, from time to time, in which the Fund may not be able to fully hedge its Canadian exposure back to U.S. dollars in respect of Series H units.

**Series I:**

Generally only available for certain individual investors who make large investments in the Fund. The management fees for Series I securities are paid directly by Series I securityholders, not by the Fund. Investors may only purchase Series I securities through a financial advisor who is registered with a dealer that has signed an agreement with us. In addition, Series I securityholders may pay an annual dealer fee (the "**Dealer Fee**") which is payable to their dealer. See "Fees and Expenses Payable Directly by You – Other Fees and Expenses – Dealer Fee"

in the Simplified Prospectus. This Dealer Fee is in addition to the management fee payable directly to us by investors who purchase Series I securities. Series I securities are also available for certain investors who are clients of the Manager's private client division, named 1832 Asset Management. Such investors who purchase Series I securities must enter into an agreement with us which identifies the management fee negotiated with the investor and payable by the investor directly to us. No sales commissions or trailing commissions are payable by us to a dealer for investments in Series I securities. Series I securities do not pay performance fees to us.

**Series O:** Generally only available for certain investors who make large investments in a Fund. Investors who purchase Series O securities must enter into an agreement with us which identifies the management fee negotiated with the investor and payable by the investor directly to us. The Series O management fee for a Fund will in no circumstances be higher than the management fee payable on Series A securities of that same Fund. No sales commissions or trailing commissions are payable by us to a dealer for investments in Series O securities.

**Series T:** Available to all investors.

Monthly distributions on Series T units of a Fund will consist of net income and/or net realized capital gains and/or, in certain circumstances, a return of capital. Any net income and net realized capital gains, in respect of each taxation year, in excess of the monthly distributions will be distributed by December 31 of each year or at such other times as may be determined by the Manager.

The fees and expenses for a Fund may differ from series to series. Please see "Fees" later in this document and under "Fees and Expenses" in the Simplified Prospectus for a description of the fees and expenses that you may have to pay if you invest in any of the above units of a Fund. Certain series of certain Funds may pay performance fees to us. Please see "Fees and Expenses – Fees and Expenses Payable by the Funds – Performance Fee Limits Applicable to the Funds" in the Simplified Prospectus for a list of the Funds that may pay performance fees to us.

#### *Distribution Rights of the Funds*

Each series of units of a Fund ranks equally with all other series of units of the Fund in the payment of distributions (other than Management Fee Distributions (as defined below)). A series of units of a Fund will generally be entitled to the portion of a distribution equal to that series' proportionate share of the adjusted net income of the Fund. Adjusted net income is the Fund's net income adjusted for series specific expenses and Management Fee Distributions. As a result, the amount of distributions for one series of unit of a Fund will likely be different than the amount of distributions for the other series of units of the Fund.

#### *Liquidation Rights*

Units of each series of a Fund will generally be entitled to a distribution on liquidation of the Fund equal to that series' proportionate share of the net assets of the Fund less expenses of the Fund attributable to that series.

#### *Voting Rights*

Each unitholder of a Fund is entitled to vote on certain amendments to the Master Declaration of Trust in respect of the Fund in accordance with such documents or where required by securities legislation. At a unitholder meeting called to vote on these issues, a unitholder will be entitled to one vote per unit of any series of a Fund. If a series of units is affected differently than the other series of units of a Fund, the affected series of units is entitled to vote separately as a series.

The following matters currently require unitholder approval pursuant to securities legislation:

- (i) changing the basis of the calculation of a fee or expense that is charged to a Fund or directly to its unitholders by the Fund or the Manager in connection with the holding of units of the Fund in a way that could result in an increase in charges to the Fund or to its unitholders, or (ii) introducing a fee or expense to be charged to a Fund or directly to its unitholders by the Fund or the Manager in connection with the holding of units of the Fund that could result in an increase in charges to the Fund or to its unitholders. No unitholder approval will be required (a) if a Fund is at arm's length to the person or company charging the fee or expense to that Fund, and if written notice is sent to all unitholders at least 60 days before the effective date of the change that could result in an increase in charges to the Fund, and (b) for units purchased on a no load basis if written notice is sent to all unitholders of such units at least 60 days before the effective date of the change that could result in an increase in charges to the applicable Fund or its unitholders;
- changing the manager of a Fund other than to an affiliate of the Manager;
- changing the fundamental investment objectives of a Fund;
- decreasing the frequency of the calculation of a Fund's net asset value per unit (for a description of net asset value, please see "Net Asset Value" in this document);
- where a Fund undertakes a reorganization with, or transfers its assets to another issuer, and the Fund ceases to continue after the reorganization or transfer of assets and the transaction results in unitholders of the Fund becoming unitholders of the other issuer. Notwithstanding the foregoing, no unitholder approval will be required for such a change if that change is approved by the IRC of the Funds, the assets of the Fund are being transferred to another mutual fund to which NI 81-102 and NI 81-107 both apply and that is managed by the Manager or an affiliate of the Manager, the reorganization or transfer of assets complies with other relevant securities legislation, and written notice of the reorganization or transfer is sent to the Fund's unitholders at least 60 days prior to the effective date of the reorganization or transfer;
- where a Fund undertakes a reorganization with, or acquires assets from another issuer, continues after such reorganization or acquisition of assets, and the transaction results in the unitholders of the other issuer becoming unitholders of the Fund and the transaction would be a material change to the Fund; and
- where a Fund is restructured into a non-redeemable investment fund or into an issuer that is not an investment fund.

Subject to IRC approval, no unitholder approval will be required for a change of auditors of a Fund if unitholders of the Fund are sent a written notice at least 60 days before the effective date of the change.

#### *Redemption*

Holders of any series of units of a Fund are entitled to require the Fund to redeem their units as described under "Redemption of Units" in this document.

#### *Switches and Reclassifications for Funds*

Subject to certain criteria which may be established by the Trustee of a Fund and restrictions set forth in the Simplified Prospectus, you may request that your investment be switched from one Trust Fund into another Trust Fund or a different mutual fund managed by the Manager for the same or a different series of securities, or be reclassified from one series of units into another series of units of the same Trust Fund, if you meet the criteria to hold the securities of such other series that you are switching or reclassifying into. Please see "Switches and Reclassifications – Switches and Reclassifications Involving Funds" later in this document for more information.

## PURCHASE OF UNITS

You can purchase units of any series of a Fund through financial advisors, planners, registered brokers and dealers who will send your order to us. See "Description of Units" earlier in this document for a description of each series of units offered by the Funds. The issue price of units is based on the net asset value per unit for that particular series.

All series of units of the Funds are qualified for distribution in all Canadian provinces and territories pursuant to the Simplified Prospectus. Units of each series of a Fund will be issued at the net asset value per unit for that series next determined after the receipt by the Fund of the purchase order. Purchase orders received by the Manager by the close of trading of the Toronto Stock Exchange, generally 4:00 p.m. (Toronto time), on a Valuation Date will be effective on that day. Orders received after that time will be effective on the next Valuation Date. Every day that the Toronto Stock Exchange is open for business is a "Valuation Date". We may reject a purchase order but may only do so within one business day of receipt of the order. Any monies received with the rejected order will be immediately refunded.

When you purchase Series A, Series H or Series T units of a Fund, you may pay a front-end sales charge negotiated between you and your dealer to a maximum of 5%.

Please see "Switches and Reclassifications" and "Redemption of Units" for short-term trading fees that may be applicable to units of any series of a Fund. Please see "Fees" later in this document for a description of Management Fee Distributions and Management Fee Rebates which may effectively reduce the management fee for clients who invest large amounts in a Fund.

Subscriptions and payments received by registered brokers and dealers are required by applicable securities regulations and policies to be forwarded on the day of receipt to the Manager by courier, priority post, telephone or electronic means without charge to you. A Pre-Authorized Chequing Plan as described in the Simplified Prospectus is available whereby units of a Fund may be acquired at regular intervals.

For Series A, Series F, Series FH, Series FT, Series H and Series T securities of a Fund the minimum initial investment amount in a Fund is \$500 and the minimum amount for each subsequent investment is \$100. For Series I, units of the Fund, the minimum initial investment amount is \$25,000 and the minimum amount for each subsequent investment is \$1,000. If you choose to use a Pre-Authorized Chequing Plan, the minimum amount for the initial investment must be maintained and each subsequent investment must be a minimum of \$100 per transaction or, in the case of Series I units, \$1,000 per transaction. In addition, an investor's eligibility to make subsequent investments or to continue to hold Series I units of the Fund is contingent on the investor maintaining a minimum investment amount of \$25,000 in Series I units of the Fund.

We reserve the right to change or waive the minimum investment amounts and minimum subsequent investment amounts in a series of a Fund at any time, from time to time and on a case by case basis, subject to applicable securities legislation. See "Redemption of Units" later in this document for additional information.

Series A units of the Funds can also be purchased using the Dynamic Dollar-Cost Averaging Fund, another fund managed by the Manager. Due to its dollar-cost averaging feature, every investment in the Dynamic Dollar-Cost Averaging Fund must be at least \$1,000.

If we receive from your dealer within two business days of the Valuation Date on which your purchase order became effective a payment in full of the purchase price but the necessary documentation in respect of your purchase remains incomplete, you have not specified which Fund(s) you wish to invest in or you have not met the minimum investment requirement for such Fund(s), we may invest your money, as appropriate, into Series A units of Dynamic Money Market Fund or Series C shares of Dynamic Money Market Class, each of which is another fund managed by the Manager. An investment in Dynamic Money Market Fund and/or Dynamic Money Market Class may earn you interest until we receive complete instructions regarding which Fund(s) you have selected and all necessary documentation in respect of your purchase is received by us and is in good order. Your total investment, including interest, will then be switched into the Fund(s) you have chosen under the purchase option that you have selected at the respective net asset value per unit of the selected series of the Fund(s) on that switch date.

If a Fund has not received from your dealer within two business days of the Valuation Date on which your purchase order became effective, payment in full of the purchase price for your order, together with all necessary documentation, then under applicable securities regulations and policies, the Fund will be deemed to have received from you and

accepted on the next Valuation Date a redemption order for the same number of units of the Fund. If the amount of the redemption proceeds exceeds the purchase price of the units that were redeemed, the surplus will be paid to the Fund. If the redemption proceeds are less than the purchase price of the units that were redeemed your dealer is required to pay to the Fund the amount of the deficiency. Your dealer may make provision in its arrangements with you that your dealer will be entitled to reimbursement from you of that amount together with any additional costs and expenses of collection or for any losses suffered by your dealer in connection with a failed settlement of a purchase of units of a Fund caused by you.

Certificates representing the units of any series, other than Series I and Series O units, of the Fund will be issued upon request.

The Funds are valued and may be bought only in Canadian dollars, other than Series FH and Series H units. Series FH and Series H units of a Fund may only be bought in U.S. dollars.

## SWITCHES AND RECLASSIFICATIONS

### General

You can at any time, provided you meet the criteria established by the Trustee and/or the Manager: (a) switch, which is switching all or part of your investment in one Fund to a different Fund or different mutual fund managed by the Manager provided that the series of units you wish to switch to is offered by the Fund or the mutual fund you are switching to and is offered in the same currency; or (b) reclassify, which is switching all or part of your investment between series of the same Fund if the series of units you wish to reclassify to is offered by that same Fund and is offered in the same currency. In order to effect a reclassification between series of the same Fund that are offered in different currencies your financial advisor may recommend that you temporarily switch into another Fund or another mutual fund managed by the Manager (a "**Transition Fund**"). While invested in a Transition Fund for such temporary period, you will be exposed to any fluctuations in the value of, and subject to the fees applicable to, such Transition Fund. A switch from a series of units of a Fund to a series of units of a Transition Fund will be considered a disposition for tax purposes and, accordingly, you may realize a capital gain or capital loss.

If you are eligible to make such switches or reclassifications of a series of units of a Fund, you may do so by contacting your registered broker or dealer.

The different types of switches and reclassifications that are available to you are described below. The timing and processing rules applicable to purchases and redemptions also apply to switches and reclassifications.

When you switch units of any series of a Fund, your registered dealer may charge you a switch fee of up to 2% of the net asset value of the units switched. This fee is negotiated with and paid to your dealer.

In addition, if you switch your units of any series of a Fund within 90 a calendar day period or in the case of Dynamic Premium Yield PLUS Fund within a 30 calendar day period, we may, on behalf of the Fund, in our sole discretion, charge a short-term trading fee of 1% of the net asset value of the units switched. See "Purchases, Switches and Redemptions – Short-Term Trading" and "Fees and Expenses – Fees and Expenses Payable Directly by You" in the Simplified Prospectus for additional information.

Upon a switch or reclassification of your series of units, the number of units you hold will change since each series of units of a mutual fund involved in the switch or reclassification has a different series net asset value.

If certificates were issued to you representing units of a Fund you are switching from, they must also be returned, duly signed with your signature properly endorsed by a Canadian chartered bank, trust company, an investment dealer or a mutual fund dealer acceptable to us.

## Switches and Reclassifications Involving Funds

### *Switching From One Trust Fund to Another Trust Fund:*

A switch from a series of units of a Trust Fund to the same or a different series of units of another Trust Fund (including a temporary switch into a Transition Fund that is a Trust Fund) or a mutual fund that is a trust fund managed by the Manager will be considered a disposition for tax purposes and accordingly, you may realize a capital gain or capital loss. The tax consequences are discussed under "Income Tax Considerations for Investors" later in this document.

### *Switching From a Trust Fund to a Corporate Fund:*

You can also at any time switch units of any series you purchased of a Trust Fund for shares of the same or a different series of a Corporate Fund. This type of switch will be considered a disposition for tax purposes and accordingly, you may realize a capital gain or capital loss. The tax consequences are discussed under "Income Tax Considerations for Investors" later in this document.

### *Reclassifying Between Series of Units of a Trust Fund:*

If you cease to satisfy the criteria for holding a series of units of a Trust Fund, the Manager may redeem your units of the Trust Fund in your account with 30 days' notice. Alternatively, if you satisfy the relevant criteria for another series of units once such series of units have begun to be offered, you may request that your original series of units be reclassified to such other series of units instead.

A reclassification between series of units of the same Trust Fund will not generally be considered a disposition for tax purposes and, accordingly, you will not realize a capital gain or capital loss provided that the two series derive their value in the same proportion from the same property or group of properties (which will not be the case if the two series differ as to whether or how they use hedging instruments). The tax consequences are discussed under "Income Tax Considerations for Investors" later in this document.

## **REDEMPTION OF UNITS**

You may redeem your units of a Fund by delivering to your dealer a request in writing that a specified dollar amount or number of units of the relevant series of the Fund be redeemed. In addition, certificates, if issued, representing the units of a Fund to be redeemed must be delivered to your dealer. Such certificates must be properly endorsed with signatures conforming to the name of the registered unitholder of the units of the Fund and guaranteed by a Canadian chartered bank, a trust company, an investment dealer or a mutual fund dealer acceptable to us. Under applicable securities regulations, securities dealers that receive redemption requests are required to forward them on the day of receipt to us by courier, priority post or by electronic means without charge to you. Units will be redeemed at the net asset value per unit of the applicable series next determined after the receipt by the Fund of the redemption order. Redemption requests received by the Manager prior to the close of trading of the Toronto Stock Exchange (generally 4:00 p.m. Toronto time) on a Valuation Date will be effective on that day. Redemption requests received after that time will be effective on the next Valuation Date. The redemption price will be paid in the currency of the units you are redeeming either by cheque, or if you provide the necessary information, electronically, to your bank account.

If we determine that we have not received all necessary documentation from you, we will notify your dealer within one business day of the receipt of your redemption request that such request was incomplete. If all necessary documentation are not received by the Manager within ten business days of the receipt of your redemption request, under applicable securities regulations and policies, the Manager will be deemed to have received and accepted, as at the tenth business day, an order for purchase of an equal number of units of the relevant series of the Fund and the redemption amount will be applied to reduce the purchase price of the units of the relevant series of the Fund purchased. In these circumstances, the Fund will be entitled to retain any excess and your dealer placing the order will be required to pay to the Fund the amount of any deficiency. Your dealer may make provisions in its arrangements with you that you will be liable to reimburse your dealer for any losses suffered by the dealer in connection with your failure to satisfy the requirements of a Fund or securities legislation for redemption of units of a Fund.

In addition, if you switch your units of any series of a Fund within 90 a calendar day period or in the case of Dynamic Premium Yield PLUS Fund within a 30 calendar day period, we may, on behalf of the Fund, in our sole discretion, charge a short-term trading fee of 1% of the net asset value of the units switched. This fee is paid by you to the Fund. The short-term trading fee will be deducted from the redemption amount of the series of units of the Fund being redeemed and will be retained by the Fund. Units redeemed under an existing Systematic Withdrawal Investment Plan ("SWIP") are not subject to the short-term trading fee. A redemption will be considered a disposition for tax purposes and accordingly, you may realize a capital gain or a capital loss. The tax consequences are discussed under "Income Tax Considerations For Investors" in this document.

If the value of your units in your account for a Fund is less than the required minimum investment amount, or you do not meet any of the exceptions to investing the minimum investment amount as described under "Purchase of Units" earlier in this document, the Manager may redeem your units of the Fund in your account. In that case, the Manager will provide you with 30 days' notice so that you can make an additional investment to exceed the minimum requirement should you wish to keep your units. This minimum balance does not apply to accounts with an active Pre-Authorized Chequing Plan.

Unless redemptions have been suspended (which may only occur in circumstances set out below), or you have not yet paid for the units, payment of the redemption amount for units tendered for redemption will be made by the Manager in the currency of the units you are redeeming either by cheque or, if you provide the necessary information, electronically to your bank account within two business days of the determination of the net asset value per unit of the units redeemed.

A Fund may, with the prior written consent of a redeeming unitholder, pay for all or any redeemed units by making good delivery to such unitholder of portfolio securities, provided that such portfolio securities are valued at an amount equal to the amount at which such portfolio securities were valued for the purpose of determining the net asset value per unit of the Fund for the purpose of determining the redemption price.

Each Fund reserves the right to suspend the right of redemption or to postpone the date of payment of redeemed units: (a) for any period during which normal trading is suspended on any stock exchange, options exchange or futures exchange within or outside Canada on which securities are listed and traded, or on which specified derivatives are traded, which represent more than 50% by value or underlying market exposure of the total assets of the Fund without allowance for liabilities if those securities or specified derivatives are not traded on any other exchange that represents a reasonably practicable alternative for the Fund; or (b) subject to the consent of the Canadian securities regulators having jurisdiction, for any period during which the Manager determines that conditions exist as a result of which disposal of the assets owned by the Fund is not reasonably practicable. In case of suspension of the right of redemption, you may either withdraw your redemption request or receive payment based on the net asset value per unit next determined after the termination of the suspension. The right to redeem units of a Fund may be suspended whenever the right to redeem units is suspended for any underlying fund in which the Fund invests all of its assets directly or indirectly.

## **NET ASSET VALUE**

### **Calculation of Net Asset Value**

How much a Fund or one of its series of units is worth is called its "net asset value". When a Fund calculates its net asset value, it determines the fair value of all of the assets attributable to the Fund and subtracts all of its liabilities solely referable to the Fund and all series of units.

The net asset value of units of a Fund includes the management fee and the Administration Fee (as defined in the Simplified Prospectus) which is equal to a specified percentage of the net asset value for each series of the Fund. Separate net asset values are calculated for each series. As the Funds have more than one series of units, a proportionate share of the assets and liabilities of a Fund will be attributed to each series of the Fund. The liabilities and Management Fee Distributions in respect of each series of units of the Fund are then deducted but holders of such series of units of a Fund generally will not be affected by the management fee, Administration Fee and other expenses specific to the other series of the Fund.

If we divide the net asset value of each series of units of a Fund by the total number of units of each series of the Fund outstanding, we arrive at the net asset value per unit per series of the Fund. The net asset value per unit per series of a Fund is very important because it is the basis on which units of the Fund are purchased and redeemed. The net asset

value per unit per series of a Fund varies from day to day. Each Fund calculates the net asset value per unit per series at the close of business on each Valuation Date.

The net asset value and the net asset value per unit of a Fund will be made available to the public, at no cost, on the Manager's website at [www.dynamic.ca](http://www.dynamic.ca).

### **Valuation of Portfolio Securities and Liabilities**

In calculating the net asset value of a Fund or of a particular series of securities of that Fund at any time:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends or distributions received (or to be received and declared to unitholders of record on a date before the date as of which the net asset value of the Fund and any series net asset value are being determined) and interest, accrued and not yet received, shall be deemed to be the full amount thereof;
- (b) the value of any security which is listed on a stock exchange will be the official closing sale price or, if there is no such sale price, the average of the bid and the ask price at that time by the close of trading of the Toronto Stock Exchange, generally 4:00 p.m. (Toronto time), all as reported by any report in common use or authorized as official by the stock exchange, provided that if such official closing sale price is not within the latest available bid and ask quotations on the Valuation Date then the Manager has the discretion to determine a value which it considers to be fair and reasonable (the "**fair value**") for the security based on market quotations the Manager believes most closely reflect the fair value of the investment. The trading hours for foreign securities that trade in foreign markets may end prior to 4:00 p.m. (Toronto time) and therefore may not take into account, among other things, events that occur after the close of the foreign market. In these circumstances, the Manager may determine what it considers to be a fair value for the foreign securities which may differ from such securities' most recent closing market prices. These adjustments are intended to minimize the potential for market timing strategies which are largely focused on mutual funds with significant holdings in foreign securities;
- (c) the value of the securities of any unlisted mutual fund will be the net asset value per unit on the Valuation Date or, if the day is not a valuation date of the mutual fund, the net asset value per security on the most recent valuation date for the mutual fund;
- (d) the value of any security which is traded on an over-the-counter market will be the closing sale price on the Valuation Date or, if there is no such sale price, the average of the bid and the ask prices at that time, all as reported by the financial press;
- (e) the value of long positions and short positions in clearing corporation options is based on the mid-price and the value of long positions and short positions in debt-like securities and warrants that are traded on a stock exchange or other markets will be the closing sale price on the Valuation Date or, if there is no such sale price, the average of the bid and ask prices at that time, all as reported by any report in common use or authorized as official by the stock exchange or, if no bid or ask price is available, the last reported closing sale price of such security;
- (f) the value of long positions and short positions in clearing corporation options on futures is based on the daily settlement price determined by the respective exchange (if available); if no settlement price is available, the last reported closing sale price on the Valuation Date; or, if no closing sale price is available, the last reported settlement price of such security;
- (g) where a covered clearing corporation option or over-the-counter option is written by the Fund the premium received by the Fund will be reflected as a deferred credit which will be valued at an amount equal to the value of the clearing corporation option or over-the-counter option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the deferred credit shall be deducted in arriving at the net asset value of the Fund; the securities, if any, which are the subject of a written clearing corporation option

or over-the-counter option will be valued in a manner listed above for listed securities in paragraph (d) above;

- (h) the value of any standardized futures contract or forward contract shall be the gain or loss, if any, that would arise as a result of closing the position in the standardized futures contract or forward contract, as applicable, on the Valuation Date, unless "daily limits" are in effect, in which case fair market value shall be based on the value of the underlying interest on the Valuation Date as determined in a manner by the Manager in its discretion;
- (i) over-the-counter swap contracts are valued at the amount that the Fund would receive or pay to terminate the swap, based on the current value of the underlying interest on the Valuation Date; centrally cleared swaps listed or traded on a multilateral or trade facility platform, such as a registered exchange, are valued at the daily settlement price determined by the respective exchange (if available);
- (j) forward currency contracts and currency futures contracts shall be valued on a marked to market basis on the Valuation Day based on reported quotations in common use provided cash is to be settled on maturity of the contracts;
- (k) the value of any security or other asset for which a market quotation is not readily available or to which, in the opinion of the Manager, the above principles cannot be applied, will be its fair value on the Valuation Date determined in a manner by the Manager in its discretion; and
- (l) the liabilities of a Fund include:
  - (i) all bills, notes and accounts payable;
  - (ii) all administrative expenses payable or accrued (including management fees and Administration Fees);
  - (iii) all contractual obligations for the payment of money or property, including unpaid distributions or dividends;
  - (iv) all allowances authorized or approved by the Trustee or directors of the Corporation for taxes; and
  - (v) all other liabilities of the Fund; except liabilities represented by outstanding series of units of the Fund.

For the purpose of determining the net asset value of a Fund, each Fund has also adopted the valuation requirements for restricted securities and for margin paid or deposited which have been established by the Canadian securities regulatory authorities.

The market value of investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange established at noon on each Valuation Date. Under the Funds' fair pricing policy, when the rates of exchange established at 3:00 p.m. (Toronto time) are materially different from the noon exchange rates on a given Valuation Date, the market value of investments and other assets and liabilities denominated in foreign currencies will be translated at the 3:00 p.m. (Toronto time) exchange rates for that Valuation Date. For the purposes of all such conversions to Canadian currency, the rate of exchange as determined by customary banking sources will be used.

The Funds hedge Series FH and Series H units against changes in the U.S. currency relative to the Canadian currency and in doing so attempt to eliminate the fluctuations between the Canadian and U.S. currencies such that the performance of Series FH and Series H units are expected to be substantially the same as the performance of Series F and Series A units purchased using the Canadian dollar pricing option. However, there may be factors beyond a Fund's control such as derivative transaction costs and performance fees which may cause there to be differences in the performance of the series. In addition, there may be circumstances, from time to time, in which a Fund may not be able to fully hedge its Canadian exposure back to U.S. dollars in respect of Series FH and Series H units.

## **Differences from International Financial Reporting Standards**

In accordance with National Instrument 81-106 – *Investment Fund Continuous Disclosure* ("**NI 81-106**"), the fair value of a portfolio security used to determine the daily price of a Fund's units for purchases and redemptions by investors will be based on the Fund's valuation principles set out above under the heading "Valuation of Portfolio Securities and Liabilities", which comply with the requirements of NI 81-106 but differ in some respects from the requirements of International Financial Reporting Standards ("**IFRS**"), which are used for financial reporting purposes only.

The interim financial reports and annual financial statements of each Fund (the "**Financial Statements**") are required to be prepared in compliance with IFRS. The Funds' accounting policies for measuring the fair value of their investments (including derivatives) are identical to those used in measuring their net asset value for transactions with unitholders, except as disclosed below.

The fair value of a Fund's investments (including derivatives) is the price that would be received to sell an asset, or the price that would be paid to transfer a liability, in an orderly transaction between market participants as at the date of the Financial Statements (the "**Reporting Date**"). The fair value of a Fund's financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the Reporting Date (the "**Close Price**"). In contrast, for IFRS purposes, each Fund uses the Close Price for both financial assets and liabilities where that price falls within that day's bid-ask spread. If a Close Price does not fall within the bid-ask spread, the Close Price will then be adjusted by the Manager, to a point within the bid-ask spread that, in the Manager's view, is most representative of fair value based on specific facts and circumstances.

As a result of this potential adjustment or other fair value adjustment the Manager may determine and considers to be fair and reasonable for the security, the fair value of the financial assets and liabilities of a Fund determined under IFRS may differ from the values used to calculate the net asset value of that Fund.

The Notes to the Financial Statements of the Fund will include a reconciliation of the differences between the net asset value calculated based on IFRS and NI 81-106.

## **FEES**

A Fund is required to pay goods and services tax ("**GST**") or harmonized sales tax ("**HST**") on management fees payable to the Manager in respect of each series (other than Series I and Series O units), the Administration Fee payable to the Manager in respect of each series and on Fund Costs (as such term is defined in the Simplified Prospectus under "Operating Expenses") attributed to each series, based on the residence for tax purposes of the unitholders of the particular series (see "Operating Expenses" in the Simplified Prospectus for details regarding the Administration Fee and Fund Costs).

## **Management Fees**

The management fees paid by the Funds are accrued daily and calculated and paid monthly. Management fees paid directly by Series I securityholders are accrued and calculated daily and paid quarterly.

In order to encourage very large investments in a Fund and to achieve effective management fees that are competitive for these large investments, the Manager may agree to waive a portion of the management fee that it would otherwise be entitled to receive from a Fund or a unitholder with respect to a unitholder's investment in the Fund. An amount equal to the amount so waived may be distributed to such unitholder by the Fund or the Manager, as applicable, (called a "**Management Fee Distribution**"). In this way, the cost of Management Fee Distributions is effectively borne by the Manager, not the Funds or the unitholder, as the Funds or the unitholder, as applicable, are paying a discounted management fee. Management Fee Distributions, where applicable, are calculated and credited to the relevant unitholder on each business day and distributed on a monthly basis, first out of net income and net realized capital gains of the relevant Funds and thereafter out of capital. All Management Fee Distributions are automatically reinvested in additional units of the relevant series of a Fund. The payment of Management Fee Distributions by the Fund or the Manager, as applicable, to a unitholder in respect of a large investment is fully negotiable between the Manager, as agent for the Fund, and the unitholder's financial advisor and/or dealer, and is primarily based on the size of the investment in the Fund. The Manager will confirm in writing to the unitholder's financial advisor and/or dealer the details of any Management Fee Distribution arrangement.

As a result of a discounted management fee being paid to the Manager in connection with a Management Fee Distribution, there will be fewer expenses to offset income from the Fund. The excess amount of income will be distributed solely to the particular unitholder and other unitholders will not be affected.

The tax consequences of receiving a Management Fee Rebate are discussed under "Income Tax Considerations For Investors" in this document.

### **Derivatives Transaction Costs**

The Funds may use a variety of derivatives, including options, forward contracts and swaps to hedge against foreign currency risk among other things. The Funds are responsible for paying the transaction costs associated with these derivative contracts.

### **Performance Fees**

#### *Dynamic Alpha Performance II Fund*

Dynamic Alpha Performance II Fund is required to pay to the Manager an annual performance fee equal to (a) 20% of the amount by which the Net Asset Value per Unit on the last day of such calendar year (before giving effect to any distributions by the Fund since the High Water Mark (as defined below) and adjusted to exclude the accrual of the performance fee during the calendar year) exceeds 103% of the High Water Mark, multiplied by (b) the average number of Units of that series outstanding during such calendar year.

The "High Water Mark" means in relation to Dynamic Alpha Performance II Fund: (a) the \$10 initial Net Asset Value per Unit; or (b) in respect of any calendar year subsequent to a year for which performance fees were paid on or after the last valuation day of 2018, the greater of:

- (i) the Net Asset Value per Unit on the last valuation day of the most recent calendar year for which performance fees were paid after giving effect to all distributions in, and payments of performance fees for, such calendar year; and
- (ii) the Net Asset Value per Unit on the last valuation day of any calendar year subsequent to the most recent calendar year for which performance fees were paid before giving effect to all distributions since such calendar year;

provided that if the High Water Mark is the net asset value in (ii) above then, for purposes of calculating the performance fee, the High Water Mark for that calendar year will be the Net Asset Value per Unit on the last valuation day after giving effect to all distributions.

#### *Dynamic Credit Absolute Return II Fund*

Series A and F units of Dynamic Credit Absolute Return II Fund are required to pay to the Manager an annual performance fee equal to (a) 20% of the amount by which the Net Asset Value per Unit of a series on the last valuation day of the current performance fee period (before giving effect to any distributions by the Fund since the High Water Mark and adjusted to exclude the accrual of the performance fee during the performance fee period) exceeds the Adjusted High Water Mark multiplied by (b) the average number of Units of that series outstanding during such performance fee period.

The "High Water Mark" means in relation to Dynamic Credit Absolute Return II Fund: (a) the \$10 initial Net Asset Value per Unit; or (b) in respect of any calendar year subsequent to a year for which performance fees were paid on or after the last valuation day of 2019, the greater of:

- (i) the Net Asset Value per Unit on the last valuation day of the most recent calendar year for which performance fees were paid after giving effect to all distributions in, and payments of performance fees for, such calendar year; and

- (ii) the Net Asset Value per Unit on the last valuation day of any calendar year subsequent to the most recent calendar year for which performance fees were paid before giving effect to all distributions since such calendar year;

provided that if the High Water Mark is the net asset value in (ii) above then, for purposes of calculating the performance fee, the High Water Mark for that calendar year will be the Net Asset Value per Unit on the last valuation day after giving effect to all distributions.

The "Adjusted High Water Mark" means: the High Water Mark on the first business day of the applicable performance fee period multiplied by the lesser of: (i) 100% + (the 90 day Treasury Bill rate on the first business day of the applicable performance fee period plus 1%); or (ii) 105%.

Performance fees are estimated and accrued during the calendar year such that the Net Asset Value per Unit reflects such accrual. A separate performance fee is calculated for each series of Units offered by a Fund. The performance fee shall be accrued and adjusted daily and shall be payable within 30 days after the calendar year-end. The performance fee in respect of Series H Units and Series FH Units is calculated in U.S. dollars.

Dynamic Premium Yield PLUS Fund and Dynamic Real Estate & Infrastructure Income II Fund do not pay any performance fees.

## **RESPONSIBILITY FOR OPERATIONS OF THE FUNDS**

### **The Manager's Role**

1832 L.P. is the manager, trustee, principal distributor, registrar and portfolio advisor of each Fund.

The services of the Manager, the officers and directors of 1832 Asset Management G.P. Inc., the general partner of the Manager (the "**General Partner**") and the officers of the Manager are not exclusive to the Funds. The Manager and its affiliates and associates (as defined in the *Securities Act* (Ontario)) may, at any time, have other business interests and may engage in other activities competitive with, or similar to, or in addition to those relating to the activities to be performed for the Funds, including the administration of any other fund or trust, the rendering of services and advice to other persons and the ownership, development and management of other investments, including investments of the Manager and its affiliates and associates.

Pursuant to the Master Declaration of Trust of the Funds and the master management agreement dated as of August 20, 2015, as may be amended from time to time, (the "**Master Management Agreement**") applicable to each Fund, the Manager is responsible for: (a) providing management, portfolio investment, registrar and administrative services to the Funds; and (b) arranging for the distribution of units of any series of the Funds.

The Manager is also responsible for valuation sources, fund accounting in respect of each Fund and unitholder records.

As registrar, 1832 L.P. keeps the register of each Fund at its head office in Toronto, Ontario.

### **Portfolio Management**

The team of the Manager provides investment advisor services to the Funds. Investment decisions are made based on research and analysis conducted by teams comprised of portfolio managers and securities analysts who focus on various sectors such as Canadian equities, U.S. equities, global equities and fixed-income securities. The decisions of each of these teams are then implemented by the portfolio managers who have principal responsibility for each Fund according to the respective investment objectives and strategies of each Fund. The Manager stresses the importance of regular meetings of all of its portfolio managers and securities analysts to share information and analysis and to ensure that the Manager is constantly aware of Fund requirements thereby allowing each member of the team to benefit from the experience of the other members of the team.

The Manager may retain sub-advisors, as appropriate, to provide investment advice for the Funds. In retaining such sub-advisors, the Manager will look for investment management operations which it considers appropriate given the

fundamental investment objectives of the applicable Fund. Any agreements with such sub-advisors will provide that the Manager will be responsible for the advice given by such sub-advisors and will pay the fees of such sub-advisors.

The following table sets forth the names of all of the members of the team of the Manager, their position and their principal occupation (where different from their current principal occupation) in the last five years, and identifies the person or persons who are principally responsible for the day-to-day management of a material portion of the portfolio of the Funds, implementing a particular material strategy or managing a particular segment of the portfolio of the Funds, and the person or persons who assist them as analysts.

Name and Title	Fund	Length of Service with the Manager and Principal Occupation in the Last Five Years
Oscar Belaiche Senior Vice President and Portfolio Manager	Dynamic Real Estate & Infrastructure Income II Fund	Joined in October 1997.
Maria Benavente Associate Portfolio Manager	Dynamic Real Estate & Infrastructure Income II Fund	Joined in March 2016. Prior to March 2016, Ms. Benavente was Equity Research Associate at BMO Capital Markets.
Noah Blackstein Vice President and Senior Portfolio Manager	Dynamic Alpha Performance II Fund	Joined in July 1997.
Thomas Dicker Vice President and Portfolio Manager	Dynamic Real Estate & Infrastructure Income II Fund	Joined in April 2011.
Marc-André Gaudreau Vice President and Senior Portfolio Manager	Dynamic Credit Absolute Return II Fund	Joined in November 2012.
Damian Hoang Vice President & Portfolio Manager	Dynamic Premium Yield PLUS Fund	Joined in May 2012.
Frank Latshaw Portfolio Manager	Dynamic Real Estate & Infrastructure Income II Fund	Joined in December 2004.
Jeremy Lucas Portfolio Manager	Dynamic Credit Absolute Return II Fund	Joined in December 2017. Prior to December 2017, Mr. Lucas was Director, High Yield Sales & Trading at Scotia Capital
Roger Rouleau Vice President and Portfolio Manager	Dynamic Credit Absolute Return II Fund	Joined in November 2012.

#### Directors and Executive Officers of the General Partner of the Manager

The Board of Directors of the General Partner currently consists of nine members.

Directors are appointed to serve on the Board of Directors of the General Partner until such time as they retire or are removed and their successors are appointed. The directors and executive officers of the General Partner collectively have extensive experience in the analysis and understanding of the risks associated with many of the businesses

underlying the securities that may comprise the Fund's investments. The Manager will draw upon this experience when necessary in analyzing potential investments for the Fund.

The names, municipalities of residence, offices and principal occupations during the past five years for each of the directors and executive officers of the General Partner are as follows:

<b>Name and Municipality of Residence</b>	<b>Positions Held with the General Partner</b>	<b>Principal Occupation</b>
Glen Gowland Toronto, Ontario	Chairman of the Board and Director	Executive Vice President, Global Wealth Management, Scotiabank
Neal Kerr Toronto, Ontario	President and Director	Senior Vice-President, Asset Management, Scotiabank
Anil Mohan Toronto, Ontario	Chief Financial Officer and Director	Chief Financial Officer, the Manager Vice President, Global Wealth Management, Canadian Banking Finance, Scotiabank
Todd Flick Burlington, Ontario	Director	Vice President & Head, Private Investment Counsel & Scotia Institutional Asset Management, Scotia Wealth Management, Scotiabank
Craig Gilchrist Toronto, Ontario	Director	Managing Director & Vice President Chief Investment Officer, Scotia Wealth Management, Scotiabank
Erin Griffiths Toronto, Ontario	Director	Managing Director, Global Online Brokerage, Scotiabank
Jim Morris Caledon, Ontario	Director	Chief Operating Officer, the Manager
John Pereira Richmond Hill, Ontario	Director	Senior Vice President and Chief Operating Officer, Global Wealth Management, Scotiabank
Anna Tung Toronto, Ontario	Director	Vice President, Risk Management, Controls & Data Analysis, Scotiabank
Gregory Joseph Grimsby, Ontario	Controller	Director, Global Asset Management Finance, Scotiabank
Simon Mielniczuk Toronto, Ontario	Secretary	Senior Manager, Legal Services, Global Asset Management, Scotiabank

During the past five years, all of the directors and executive officers of the General Partner have held their present principal occupations (or similar positions with their current employer or its affiliates) except for Mr. Kerr who prior to March 2019 was Executive Vice President with CI Investments Inc.

## Executive Officers of the Manager

The names and municipalities of residence of the executive officers of the Manager, their principal occupations over the past five years, and the positions and offices held with the Manager are as follows:

Name and Municipality of Residence	Positions Held with the Manager	Principal Occupation
Neal Kerr Toronto, Ontario	President and Ultimate Designated Person	President, the Manager Senior Vice-President, Asset Management, Scotiabank
Anil Mohan Toronto, Ontario	Chief Financial Officer	Chief Financial Officer, the Manager Vice President, Global Wealth Management, Canadian Banking Finance, Scotiabank
Bruno Carchidi Toronto, Ontario	Chief Compliance Officer	Chief Compliance Officer, the Manager Vice President, Compliance, Scotiabank
Simon Mielniczuk Toronto, Ontario	Secretary	Senior Manager, Legal Services, Global Asset Management, Scotiabank

During the past five years, all of the directors and executive officers of the Manager have held their present principal occupations (or similar positions with their current employer or its affiliates) except for Mr. Kerr who prior to March 2019 was Executive Vice President with CI Investments Inc.

## Brokerage Arrangements

The Manager has established policies and procedures for selecting and retaining, on behalf of the Funds, dealers to effect securities transactions for the Funds, in accordance with which the Manager is required to, among other things, obtain internal approvals and comply with the conditions of the IRC's standing instruction on brokerage arrangements. When selecting a dealer, on behalf of the Funds, to effect a securities transaction the Manager seeks to achieve the most favourable terms possible, and to that end the Manager follows a process that involves compliance with its policies and procedures, including consideration of numerous factors such as the requirements of the transaction, the ability of the dealer to efficiently effect the transaction and the total cost to the Funds of effecting the transaction. The Manager also considers whether research and/or order execution goods and services will be received as part of a given transaction, subject always to the priority of seeking best execution. The Manager follows the same process in determining whether to effect securities transactions through a dealer that is an affiliate of the Manager, such as Scotia Capital Inc., as it would use in relation to any other dealer.

From time to time the Manager may enter into brokerage arrangements whereby a portion of the commissions paid by the Funds are used to obtain research and/or order execution goods and services that directly benefit the Funds. These arrangements include both transactions with dealers who will provide proprietary research and/or order execution goods and services and transactions with dealers where a portion of the brokerage commissions will be used to pay for third party research and/or order execution goods and services.

Research and/or order execution goods and services obtained through such brokerage arrangements, including research reports, access to databases, trade-matching, clearance and settlement and order management systems, assist the Manager with investment and trading decisions and with effecting securities transactions on behalf of the Funds. The Manager conducts a fact-based analysis, including an examination of alternative sources of goods and services and their relative costs, in order to make a good faith determination as to the benefits of the research and/or order execution services received compared to the relative costs of obtaining such benefits.

The Manager may receive goods and services that include research and/or order execution goods and services, as well as other forms of goods and services, in which case the goods and services are considered to be "mixed-use" goods and services. In the event that the Manager receives mixed-use goods and services, the Manager will only direct a portion of

brokerage commissions that are paid by the Funds to those goods and services that constitute research and/or order execution goods and services and which are used by the Manager in connection with its investment and trading decisions and with effecting securities transactions on behalf of the Funds. Since the date of the last annual information form of the Funds, the services provided to the Manager and its advisors to the Funds include industry and company analysis, economic analysis, statistical data about the capital markets or securities, analysis or reports on issuer performance, industries, economic or political factors and trends, and other services, including databases or software to deliver or support those services.

The name of any dealer or third party that provides research and/or order execution goods and services through a brokerage arrangement to the Manager and its advisors or sub-advisors on behalf of the Funds will be provided upon request by contacting the Manager at 1-800-268-8186 or at [invest@dynamic.ca](mailto:invest@dynamic.ca).

No Fund pays sales charges or redemption fees when it purchases or redeems securities of another mutual fund managed by the Manager.

### **Custodian of Portfolio Securities**

Pursuant to an agreement dated September 27, 2018, as amended, The Bank of Nova Scotia ("BNS") is custodian of the assets of Dynamic Alpha Performance II Fund and Dynamic Real Estate & Infrastructure Income II Fund. BNS is an affiliate of the Manager.

Pursuant to an agreement dated September 27, 2018, as amended, TD Securities Inc. ("TDSI") is custodian of the assets of Dynamic Premium Yield PLUS Fund and Dynamic Credit Absolute Return II Fund.

A change of custodian will, in certain events, require the prior approval of securities regulatory authorities. Where a Fund makes use of clearing corporation options, the Fund may deposit portfolio securities or cash as margin in respect of such transactions with a dealer, or in the case of over-the-counter options or forward contracts, with the other party thereto, in any such case in accordance with the policies of Canadian securities authorities. Where a Fund effects a short sale, the Fund may deposit assets as security with its custodian or dealer from whom the Fund borrowed the securities forming part of the short sale.

### **Auditor**

The auditor of the Funds is PricewaterhouseCoopers LLP whose principal office is located in Toronto, Ontario.

### **Securities Lending Agent**

In the event Dynamic Alpha Performance II Fund or Dynamic Real Estate & Infrastructure Income II Fund engages in a Lending and Repurchase Transaction, then Scotia Capital Inc. ("**Scotia Capital**") will be appointed as the Fund's securities lending agent. Scotia Capital is an affiliate of the Manager.

In the event Dynamic Premium Yield PLUS Fund or Dynamic Credit Absolute Return II Fund engages in a Lending and Repurchase Transaction, then TDSI will be appointed as the Fund's securities lending agent.

The agreements entered into with the securities lending agents provide that:

- collateral equal to 102% of the market value of the loaned securities will be required to be delivered in connection with a securities lending transaction;
- the Fund will indemnify and hold harmless the securities lending agent from any loss or liability (including the reasonable fees and disbursements of counsel) incurred by the securities lending agent in rendering services under the agreement or in connection with any breach of the terms of the agreement or any loan by the Fund or the Manager on behalf of the Fund, except such loss or liability which results from the security lending agent's failure to exercise the standard of care required by the agreement; and
- the agreement can be terminated by any party on five business days' written notice.

## Lender

The following Entities are or will be the prime brokers of The Funds. Each Fund may borrow money from its prime brokers for investment purposes in accordance with its investment objectives and strategies.

	Prime Broker(s)			
<u>Name of Fund</u>	BMO Nesbitt Burns Inc.	J.P. Morgan Securities LLC and certain affiliates thereof	Scotia Capital Inc.	TD Securities Inc.
Dynamic Alpha Performance II Fund	-	Yes	Yes	-
Dynamic Credit Absolute Return II Fund	Yes	-	-	Yes
Dynamic Premium Yield PLUS Fund	-	-	-	Yes
Dynamic Real Estate & Infrastructure Income II Fund	-	-	Yes	-

## FUND GOVERNANCE

### Independent Review Committee

The Manager has established the IRC in accordance with NI 81-107 with a mandate to review and provide recommendations or approval, as required, on conflict of interest matters referred to it by the Manager on behalf of the Funds. The IRC is responsible for overseeing the Manager's decisions in situations where the Manager is faced with any present or perceived conflicts of interest, all in accordance with NI 81-107.

The IRC may also approve certain mergers between a Fund and other funds, and any change of the auditor of a Fund. Subject to any corporate and securities law requirements, no unitholder approval will be obtained in such circumstances, but you will be sent a written notice at least 60 days before the effective date of any such transaction or change of auditor. In certain circumstances, unitholder approval may be required to approve certain mergers.

The IRC has five members, Carol S. Perry (Chair), Stephen J. Griggs, Simon Hitzig, Heather A. T. Hunter and Jennifer L. Witterick, each of whom is independent of the Manager.

The IRC prepares and files a report to unitholders each fiscal year that describes the IRC and its activities for unitholders as well as contains a complete list of the standing instructions. These standing instructions enable the Manager to act in a particular conflict of interest matter on a continuing basis provided the Manager complies with its policies and procedures established to address that conflict of interest matter and reports periodically to the IRC on the matter. This report to the unitholders is available on the Manager's website at [www.dynamic.ca](http://www.dynamic.ca) or, at no cost, by contacting the Manager at [invest@dynamic.ca](mailto:invest@dynamic.ca).

The compensation and other reasonable expenses of the IRC will be paid out of the assets of the Funds as well as out of the assets of the other investment funds for which the IRC may act as the independent review committee. The main components of compensation are an annual retainer and a fee for each committee meeting attended. The chair of the IRC is entitled to an additional fee. Expenses of the IRC may include premiums for insurance coverage, travel expenses and reasonable out-of-pocket expenses. Please see "Remuneration of Trustee and Members of the IRC" for additional information.

## **Code of Ethics and Standards of Professional Responsibility**

The Manager has a Code of Ethics and Standards of Professional Conduct (the "**Code**") which applies to all of its employees. The Code is in place to protect the interest of all of the Manager's clients. The Code provides policies governing the conduct of business including conflicts of interest, privacy issues and confidentiality.

The Manager is under a statutory duty imposed by the *Securities Act* (Ontario) to act honestly and in good faith and in the best interests of the Funds and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances.

## **Policies and Practices**

The Manager has policies and practices in place in order to comply with applicable securities legislation, regulations and rules, including rules on sales practices.

### *Derivatives Risk Management*

The Funds may use derivatives from time to time as described in the Simplified Prospectus for the Funds. Any use of derivatives by the Funds is governed by the Manager's own policies and procedures relating to derivatives trading. These policies and procedures are prepared and reviewed by senior management of the Manager. The decision as to the use of derivatives is made by senior portfolio managers of the Manager in accordance with our compliance procedures and risk control measures. If permitted by applicable securities legislation, the Funds may enter into over-the-counter bilateral derivative transactions with counterparties that are related to the Manager. See "Investment Restrictions and Practices - Exemptive Relief Obtained by the Funds – Swaps" for more information.

### *Securities Lending Risk Management*

Each Fund may enter into Lending and Repurchase Transactions from time to time as described earlier in this document.

Pursuant to the requirements of NI 81-102, the Manager intends to manage the risks associated with Lending and Repurchase Transactions by requiring that each securities loan be, at a minimum, secured by investment grade collateral or cash with a value of at least 102% of the market value of the loaned securities. The amount of collateral will be adjusted daily to ensure this collateral coverage is maintained at all times. All such securities loans will only be with qualified borrowers. In addition, the aggregate market value of all securities loaned pursuant to securities lending transactions, together with securities sold pursuant to repurchase transactions, by a Fund will not exceed 50% of the net asset value of that Fund immediately after the Fund enters into the transaction. Each Fund will comply with all other applicable requirements of securities and tax legislation with respect to Lending and Repurchase Transactions.

Policies and procedures relating to any Lending and Repurchase Transaction entered into on behalf of a Fund will be developed by the Manager and the Fund's custodian or the affiliate of the custodian acting as its agent in administering the transaction. The creditworthiness of each qualified borrower to a securities loan will be evaluated by the Manager. Any agreements, policies and procedures that are applicable to a Fund relating to such transactions will be reviewed and approved by senior management of the Manager. See "Responsibility for Operations of the Funds – Securities Lending Agent" earlier in this document for more information.

### *Short Selling Risk Management*

Each Fund may engage in short selling as described earlier in this document. The Manager intends to manage the risks associated with short selling by complying with the restrictions set out above under the heading "Investment Restrictions and Practices - Short Selling".

The Manager has developed written policies and procedures relating to short selling (including objectives, goals and risk management procedures). Agreements, policies and procedures that are applicable to a Fund relating to short selling (including trading limits and controls) are reviewed by senior management of the Manager. The Board of Directors of the General Partner will also be kept apprised of any short selling policies. The decision to effect any particular short sale is made by senior portfolio managers of the Manager and reviewed and monitored as part of the Manager's ongoing compliance procedures and risk control measures. Risk measurement procedures or simulations generally are not used to test the portfolios of the Funds under stress conditions.

## *Policies on Proxy Voting*

### *(i) Policies and Procedures*

Subject to compliance with the provisions of applicable securities legislation, the Manager, in its capacity as portfolio advisor, acting on each Fund's behalf, receives proxies from the issuers held on behalf of the Funds. In certain circumstances, the Manager may delegate the right to vote proxies to a Fund's sub-advisor as part of such sub-advisor's discretionary authority to manage the Fund's assets. Proxies provide shareholders voting rights on proposals brought forth by the issuer or other groups associated with the issuer. Proxies may include proposals such as the election of the board of directors, the approval of stock and compensation plans as well as special company events such as mergers and acquisitions.

In many cases, the issuer's management provides a voting recommendation for each proxy proposal. The Manager has retained the services of an independent firm to provide further analysis and recommendation on the proxies it receives as portfolio advisor to the Funds. The Manager assesses each proxy including the recommendations of the independent proxy provider and votes such proxies in the best interests of the Funds.

On occasion, the Manager or sub-advisor may abstain from voting a proxy or a specific proxy item when it is concluded that the potential benefit of voting the proxy of that issuer is outweighed by the cost of voting the proxy. In addition, the Manager will not vote proxies received for issuers of portfolio securities which are no longer held in a Fund's account. Pursuant to the requirements of securities legislation, the Manager, on behalf of a Fund, will not vote any of the securities a Fund holds in underlying funds managed by the Manager or any of its affiliates or associates (as such terms are defined in the *Securities Act* (Ontario)). However, the Manager, in its sole discretion, may arrange for unitholders of a Fund to vote their share of those securities of the underlying fund.

### *(ii) Conflicts of Interest*

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

The procedures for voting issuers' proxies where there may be a conflict of interest include escalation of the issue to members of the IRC, all of whom are independent of the Manager, for its consideration and advice, although the responsibility for deciding how to vote a Fund's proxies and for exercising the vote remains with the Manager.

The Manager has adopted conflict of interest procedures in the event it receives a voting proxy from a related party such as The Bank of Nova Scotia. The Manager has referred these procedures to the IRC of the Funds. All proxies voted with respect to related parties are reported to the IRC for further review and recommendation.

### *(iii) Disclosure of Proxy Voting Guidelines and Record*

A copy of the proxy voting guidelines and the most recent proxy voting record for the Funds for the period ended June 30 of each year will be available on our website ([www.dynamic.ca](http://www.dynamic.ca)) or will be sent, at no cost, upon request by calling 1-800-268-8168 or writing to Dynamic Funds Tower, 1 Adelaide Street East, 28<sup>th</sup> Floor, Toronto, Ontario M5C 2V9, to unitholders of the Funds at any time after August 31<sup>st</sup> of that year.

## *Policies on Related Underwriters*

As described under "Investment Restrictions and Practices – Exemptive Relief Obtained by the Funds" earlier in this document, the Funds may, in certain circumstances, invest in securities offerings where a related underwriter is involved or trade securities of related parties or trade with related parties.

An IRC has been established to oversee such investments, with a view to ensuring that each Fund's investment decisions are based on the best interests of the Fund and are made free from any influence by a related underwriter, related party, or associates or affiliates of the Manager. In fulfilling their responsibilities, each member of the IRC is required to act

honestly, in good faith and in the best interest of the Funds. In so doing, each IRC member must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

No member of the IRC has a direct or indirect material relationship with the Manager, the Funds, or any of their affiliates or associates, and they each meet the independence requirements set forth in NI 81-107. The members and any substitute member(s) of the IRC receive an annual retainer and additional compensation for attending meetings as a member of the IRC. Compensation is paid from the assets of the Funds, and is allocated among the Funds and the other mutual funds managed by the Manager in a manner considered by the IRC to be fair and reasonable.

The Manager has developed written policies and procedures relating to investments by the mutual funds it manages, including the Funds, in securities involving related parties, such as The Bank of Nova Scotia, an affiliate of the Manager, and Scotia Capital Inc., a related underwriter to the Manager. These policies and procedures were prepared and reviewed by senior management of the Manager, and were further reviewed and approved by the IRC, including, where applicable, to ensure compliance with the conditions of any exemptive relief. Subject to the oversight by the IRC, the decision by a Fund to trade securities of, or involving a related party, is made by senior portfolio managers of the Manager and reviewed and monitored as part of the Manager's ongoing compliance procedures and risk control measures.

In addition, the IRC will review and assess, at least once every calendar quarter, the adequacy and effectiveness of: (a) any standing approvals granted by it for the mutual funds managed by the Manager; and (b) the Manager's written policies and procedures to ensure compliance with applicable laws for related party transactions and the conditions of any exemptive relief.

#### *Voting Securities of Underlying Funds*

Generally, you do not have ownership or other rights in securities of underlying funds. When a Fund holds securities of an underlying fund managed by the Manager or an affiliate or associate of the Manager, the Fund will not vote any of those securities. The Manager may arrange for you to vote your proportion of these securities. To date in 2017, the Manager has not exercised any of the voting rights attached to securities of the underlying funds held by the Funds.

#### *Short-Term Trading*

Short-term trading activities in the Funds may adversely affect unitholders. Short-term trading has the potential to increase costs associated with the administration of the Funds and potentially poses challenges to portfolio managers in generating optimum returns through long-term portfolio investments.

The Manager has in place procedures to detect, identify and deter short-term trading and may alter them from time to time, without notice. The Manager reviews, at the time an order is received and processed for an account, redemptions (including switches and reclassifications) of a Fund to determine whether one or more redemptions, switches or reclassifications are made within 90 a calendar day period or in the case of Dynamic Premium Yield PLUS Fund within a 30 calendar day period. Such trades are considered short-term trades.

The Manager will take such action as it considers appropriate to deter excessive or inappropriate short-term trading activities. Such action may, in the Manager's sole discretion, include the issuance of a warning letter, the charging of a short-term trading fee on behalf of a Fund of 1% of the net asset value of the units redeemed or switched and/or the rejection of future purchase or switch orders where multiple or frequent short-term trading activity is detected in an account or group of accounts, as appropriate.

A Fund may charge you a short-term trading fee of 1% of the net asset value of the units redeemed, if the short-term trade, as determined by the Manager, is detrimental to the Fund or to other unitholders. The fee is deducted from the amount you redeem, reclassify or switch, or it is charged to your account. Any short-term trading fee is in addition to any other trading fees to which you would otherwise be subject under the Simplified Prospectus.

The fee will not be applied in circumstances which do not involve inappropriate trading activity, including redemptions, switches or reclassifications:

- from Dynamic Dollar-Cost Averaging Fund; or
- from securities of a Fund under a SWIP; or

- that are automatic reinvestments of distributions.

All unitholders of each Fund are subject to the short-term trading policy. Please see "Purchases, Switches and Redemptions – Short-Term Trading" in the Simplified Prospectus for additional information.

## PRINCIPAL HOLDERS OF UNITS

As at September 13, 2019, the only persons or companies owning beneficially, directly or indirectly, or exercising control or direction over more than 10% of any series of outstanding securities of a Pool were as follows:

Fund	Name of Securityholder	Type of Ownership	Series of Securities Held	Number of Securities	Percentage of Total
Dynamic Alpha Performance II Fund	Corporate Investor 1	Beneficial	H	15,060	10.92
Dynamic Alpha Performance II Fund	Individual Investor 1	Registered and Beneficial	T	13,123	16.17
Dynamic Alpha Performance II Fund	Individual Investor 2	Registered and Beneficial	T	10,070	12.41
Dynamic Credit Absolute Return II Fund	Manager	Registered and Beneficial	A	250,758	82.36
Dynamic Credit Absolute Return II Fund	3953076 Canada Inc.	Registered and Beneficial	A	35,285	11.59
Dynamic Credit Absolute Return II Fund	Manager	Registered and Beneficial	F	251,095	51.79
Dynamic Credit Absolute Return II Fund	Dynamic Active Credit Strategies Private Pool	Registered and Beneficial	O	500,000	99.98
Dynamic Premium Yield PLUS Fund	Sonik Corp.	Registered and Beneficial	H	93,522	15.90
Dynamic Premium Yield PLUS Fund	Corporate Investor 2	Beneficial	I	52,567	17.47
Dynamic Premium Yield PLUS Fund	Individual Investor 3	Registered and Beneficial	I	38,637	12.84
Dynamic Premium Yield PLUS Fund	Dynamic Premium Yield Fund	Registered and Beneficial	O	2,692,716	74.95
Dynamic Premium Yield PLUS Fund	Dynamic Alternative Managed Risk Private Pool Class	Registered and Beneficial	O	899,852	25.05
Dynamic Real Estate & Infrastructure Income II Fund	QW Elevate Enhanced Global	Registered and Beneficial	I	963,582	91.25
Dynamic Real Estate & Infrastructure Income II Fund	Dynamic Strategic Yield Fund	Registered and Beneficial	O	2,702,138	33.65
Dynamic Real Estate & Infrastructure Income II Fund	Scotia Diversified Monthly Income Fund	Registered and Beneficial	O	2,196,748	27.35

As at September 13, 2019, to the Manager's knowledge, the directors and senior officers of the General Partner and the senior officers of the Manager, in aggregate, did not beneficially own more than 10%, directly or indirectly, of any units of any series of the Fund. As at September 13, 2019, the directors and officers of the General Partner and the senior officers of the Manager, did not own any securities of the Manager or more than one percent of the outstanding common

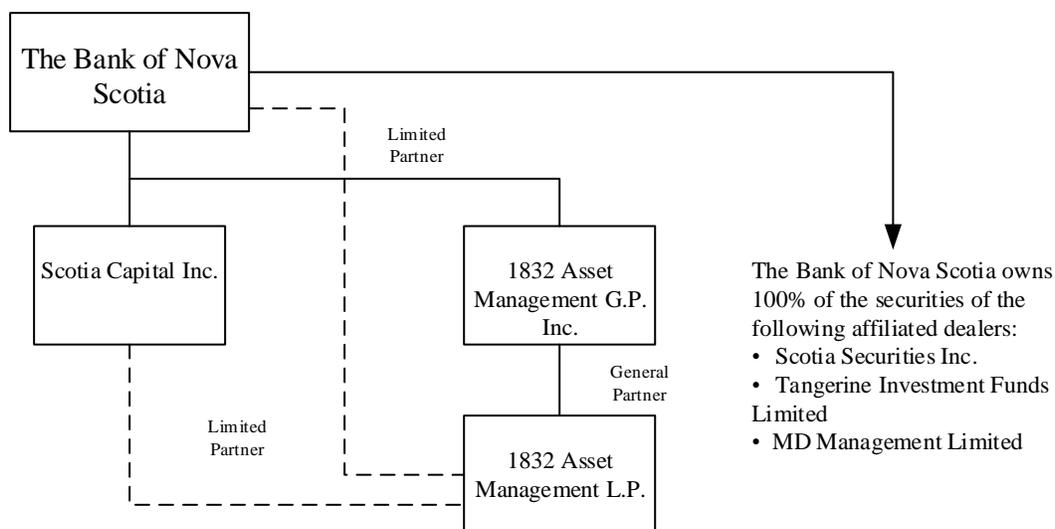
shares and preferred shares of Scotiabank, or any significant amount of any material service provider to the Funds or to the Manager.

As at September 13, 2019, the members of the IRC, in aggregate, did not beneficially own more than 10%, directly or indirectly, of any units of any series of the Fund. As at September 13, 2019, the members of the IRC did not own any securities of the Manager or more than one percent of the outstanding common shares and preferred shares of Scotiabank, or any significant amount of any material service provider to the Funds or to the Manager.

## AFFILIATED ENTITIES

The general partner of 1832 L.P., 1832 Asset Management G.P. Inc., is wholly-owned by The Bank of Nova Scotia. The Bank of Nova Scotia owns, directly or indirectly, 100% of Scotia Securities Inc. and Tangerine Investment Funds Limited, each a mutual fund dealer, MD Management Limited and Scotia Capital Inc., each an investment dealer. Each of the above dealers may sell securities of the Fund. The amount of fees received from the Fund by these entities each year is disclosed in the Fund's audited annual financial statements.

The relationship between 1832 L.P. and certain of its affiliates as at October 1, 2019 is shown below.



## INCOME TAX CONSIDERATIONS FOR INVESTORS

This section is a general, but not an exhaustive, summary of how your investments in the Funds are taxed under the Tax Act. It applies to investors (other than trusts) who are residents of Canada, deal with the Funds at arm's length and hold their securities as capital property. This summary is based on the current provisions of the Tax Act and the regulations thereunder, specific proposals to amend the Tax Act and regulations that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), except as otherwise noted and the published administrative practices and assessing policies of the Canada Revenue Agency. It has been assumed that the Tax Proposals will be enacted as proposed; however, no assurance can be given in this respect.

This summary does not otherwise take into account or anticipate any change in law or administrative practice, whether by legislative, regulatory, administrative or judicial action. In addition, it does not take into account provincial, territorial or foreign tax considerations. This summary assumes that the Corporation will qualify as a "mutual fund corporation" within the meaning of the Tax Act at all material times. This summary also assumes that each Fund will qualify as a "mutual fund trust" within the meaning of the Tax Act at all material times. A Fund in the future may not qualify as a "mutual fund trust" and, in the event, reference is made to "*Taxation of the Funds – Non-Qualification as a Mutual Fund Trust*" below.

**This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Accordingly, prospective investors should consult their own tax advisors about their individual circumstances.**

## **Taxation of All Funds**

Each Fund will be subject to tax under Part I of the Tax Act, in each taxation year, on its net income (computed in Canadian dollars in accordance with the Tax Act), including net realized taxable capital gains, interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year (except to the extent such interest was included in computing its income for a prior year) and dividends received in the year, less the portion thereof that it deducts in respect of amounts paid or payable to unitholders in the year. Each Fund will pay or make payable to unitholders sufficient net income and net realized capital gains in respect of each taxation year so that the Fund will not be liable for income tax under Part I of the Tax Act (after taking into account any applicable losses and any capital gains refund to which the Fund is entitled).

All of a Fund's revenues, deductible expenses (including expenses common to all series of the Fund and management fees, performance fees and other expenses specific to a particular series of a Fund), capital gains and capital losses will be taken into account in determining the income or losses of the Fund as a whole. Losses incurred by a Fund cannot be allocated to investors but may, subject to certain limitations, be deducted by the Fund from capital gains or other income realized in other years.

The "suspended loss" rules in the Tax Act may prevent a Fund from recognizing capital losses on the disposition of securities in certain circumstances which may increase the amount of net realized capital gains of a Fund to be paid to investors.

Each Fund is required to compute its respective net income and net realized capital gains in Canadian dollars for the purposes of the Tax Act. As a consequence, each Fund may realize income or capital gains by virtue of changes in the value of a foreign currency relative to the Canadian dollar. Also, where a Fund accepts subscriptions or makes payments for redemptions or distributions in foreign currency, it may experience a foreign exchange gain or loss between the date the order is accepted or the distribution is calculated and the date the Fund receives or makes payment.

Each Fund may derive income or gains from investments in countries other than Canada and, as a result, may be liable to pay or deemed to have paid income or profits tax to such countries.

In general, subject to the application of the DFA rules discussed below, gains and losses realized by the Fund from derivative transactions will be treated for income tax purposes as being on income account unless applicable jurisprudence or CRA administrative policy would support treating such gains and losses as being on capital account. Any such gains and losses will generally be recognized for income tax purposes at the time they are realized by the Fund. Pursuant to the Tax Act, an election to realize gains and losses on "eligible derivatives" (as defined in the Tax Act) of the Fund on a mark-to-market basis may be available. The Manager will consider whether such election, if available, would be advisable for the Fund.

The DFA rules target financial arrangements (referred to as "derivative forward agreements") that seek to deliver a return based on an "underlying interest" (other than certain excluded underlying interests). The DFA rules are broad in scope and could apply to other agreements or transactions (including certain options). If the DFA rules were to apply in respect of derivatives utilized by the Fund, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains. The Tax Act exempts the application of the DFA rules on currency forward contracts or certain other derivatives that are entered into in order to hedge foreign exchange risk in of an investment held as capital property."

If a Fund experiences a "loss restriction event" and does not qualify as an "investment fund" for the purposes of the tax loss restriction rules in the Tax Act, the Fund (i) will be deemed to have a year-end for tax purposes (which, if the Fund has not distributed sufficient net income and net realized capital gains, if any, for such taxation year, would result in the Fund being liable for income tax on such amounts under Part I of the Tax Act), and (ii) will become subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, the Fund would be subject to a loss restriction event if a person becomes a "majority-interest beneficiary", or a group of persons becomes a "majority-interest group of beneficiaries", of the Fund, as those terms are defined in the Tax Act. A person would be a majority-interest beneficiary of the Fund if it, together with persons with whom it is affiliated, owns more than 50% of the fair market value of the Fund's outstanding units. The Tax Act excludes a person or group of persons from becoming a majority-interest beneficiary or a majority-interest group of beneficiaries of a trust that qualifies as an

“investment fund” simply as a result of the acquisition or redemption of units by another unitholder of the trust. Generally, a loss restriction event will be deemed not to occur for a Fund if it meets certain conditions to qualify as an “investment fund” under the Tax Act, including complying with certain asset diversification requirements.

#### *Non-Qualification as a Mutual Fund Trust*

If a Fund does not qualify as a “mutual fund trust”, the Fund could be subject to tax under Part XII.2 of the Tax Act. Part XII.2 of the Tax Act provides that certain trusts (excluding mutual fund trusts) that have a unitholder who is a “designated beneficiary” will be subject to a special tax at the rate of 40% on the trust’s “designated income”. A designated beneficiary includes a non-resident person. “Designated income” generally includes income from a business carried on in Canada and taxable capital gains from dispositions of “taxable Canadian property”. If a Fund is subject to tax under Part XII.2, unitholders who are not designated beneficiaries may be entitled to a refund of a portion of the Part XII.2 tax paid by the Fund, provided that the Fund makes the appropriate designation. If a Fund does not qualify as a mutual fund trust for purposes of the Tax Act, it may be subject to alternative minimum tax under the Tax Act (very generally, to the extent that its expenses exceed its income other than taxable capital gains). As well, a Fund will not be entitled to claim the capital gains refund that would otherwise be available to it if it were a mutual fund trust throughout the year. A Fund that does not qualify as a mutual fund trust will be a “financial institution” for purposes of the “mark-to-market” rules contained in the Tax Act at any time if more than 50% of the fair market value of all interests in the Fund are held at that time by one or more financial institutions. The Tax Act contains special rules for determining the income of a financial institution. If a Fund is not a mutual fund trust and is a registered investment, the Fund may be liable for tax under Part X.2 of the Tax Act if, at the end of any month, a Fund holds property that is not a “qualified investment” for the type of Registered Plan in respect of which the Fund is registered.

#### **Taxation of Unitholders**

Unitholders are required to compute their net income and net realized capital gains in Canadian dollars for purposes of the Tax Act and may, as a consequence, realize income or capital gains by virtue of changes in the value of the U.S. dollar relative to the value of the Canadian dollar in connection with U.S. dollar denominated units of Funds purchased in U.S. dollars.

#### *Taxable Unitholders of the Funds*

Upon the actual or deemed disposition of a unit of a Fund, including on the redemption of a unit by a Fund and on a switch between Funds (but not a reclassification of units between series of the same Fund except as described below), a capital gain (or a capital loss) will be realized to the extent that the proceeds of disposition of the unit of the Fund exceed (or are exceeded by) the aggregate adjusted cost base to the unitholder of the unit and any reasonable costs of disposition. Unitholders of a Fund must calculate the adjusted cost base separately for units of each series of a Fund owned. Generally, one-half of a capital gain is included in computing income as a taxable capital gain and one-half of a capital loss is an allowable capital loss which is deducted against taxable capital gains for the year. Generally, any excess of allowable capital losses over taxable capital gains of the unitholder for the year may be carried back up to three years or forward indefinitely and deducted against taxable capital gains in those other years.

The reclassification of units of a particular series of a Fund as units of another series of the same Fund will generally not be considered to be a disposition for tax purposes and, in that case, a unitholder will realize neither a gain nor a loss as a result of a reclassification, provided that the two series of units derive their value in the same proportion from the same property or group of properties, which will not be the case if the two series differ as to whether or how they use hedging instruments. Where a reclassification of units is not considered a disposition for tax purposes, the cost of the acquired units will be averaged with the adjusted cost base of identical units of such series owned by the unitholder.

A unitholder that is a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay an additional refundable tax of 10<sup>2</sup>/<sub>3</sub>% on its “aggregate investment income” for the year. Recent amendments to the Tax Act may limit the deferral advantage that could be obtained from earning passive income in a private corporation. Unitholders that are private corporations should consult their own tax advisors.

If a unitholder disposes of units of a Fund and the unitholder, the unitholder’s spouse or another person affiliated with the unitholder (including a corporation controlled by the unitholder) has acquired units of the same Fund within 30 days before or after the unitholder disposes of the unitholder’s units (such newly acquired units being considered “substituted property”), the unitholder’s capital loss may be deemed to be a “superficial loss”. If so, the unitholder’s loss will be

deemed to be nil and the amount of the loss will instead be added to the adjusted cost base of the units which are "substituted property".

Unitholders that are individuals (including certain trusts) may be liable for alternative minimum tax in respect of Canadian source dividends, capital gains dividends and capital gains realized by, or distributed to, the unitholder.

#### *Distributions*

Unitholders must include in computing their income for the year the amount of net income and the taxable portion of net realized capital gains that are paid or payable to them (including Management Fee Distributions) by a Fund, whether or not such amounts are reinvested in additional units of the Fund.

To the extent that distributions (including Management Fee Distributions) to a unitholder by a Fund in any year exceed the unitholder's share of net income and net realized capital gains of the Fund for the year, such excess distributions (except to the extent that they are proceeds of disposition) will not be taxable in the hands of the unitholder but will reduce the adjusted cost base of the unitholder's units of such Fund. To the extent that the adjusted cost base of a unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the unitholder in the year and the unitholder's adjusted cost base of such unit will be increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by the Fund, the amount, if any, of foreign source income, net taxable capital gains and taxable dividends from taxable Canadian corporations of the Fund that are paid or payable to a unitholder (including such amounts invested in additional units) will effectively retain their character for tax purposes and be treated as foreign source income, taxable capital gains and taxable dividends earned directly by the unitholder. Foreign source income received by the Fund will generally be net of any taxes withheld in the foreign jurisdictions. The taxes so withheld will be included in the determination of the Fund's income. To the extent that the Fund so designates, the unitholder will be deemed to have paid its proportionate share of such taxes.

In the case of unitholders of a Fund that are corporations, amounts designated as taxable dividends will be included in computing income but generally will also be deductible in computing taxable income. A "private corporation" which is entitled to deduct taxable dividends in computing taxable income will normally be subject to the refundable tax under Part IV of the Tax Act. Certain other corporations that are controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) are also subject to the refundable tax under Part IV of the Tax Act. Corporations, other than private corporations, should consult their own tax advisors as to the possible application of tax under Part IV.1 of the Tax Act. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a unitholder that is a corporation as proceeds of disposition or a capital gain.

Amounts that retain their character as taxable dividends on shares of taxable Canadian corporations will be eligible for the normal gross-up and dividend tax credit rules under the Tax Act. An "eligible dividend" will be entitled to an enhanced gross-up and dividend tax credit. To the extent possible, the Fund will pass on to unitholders the benefit of the enhanced dividend tax credit with respect to any eligible dividends received, or deemed to be received, by the Fund to the extent that such dividends are included in distributions to unitholders.

#### *Non-Taxable Unitholders of the Funds*

In general, distributions or dividends (including capital gains dividends) paid or payable to trusts governed by Registered Plans from, or capital gains realized on a disposition of units of, a Fund, will not be taxable under the Tax Act. Withdrawals from Registered Plans (other than TFSAs) may be subject to tax.

#### **Eligibility for Registered Plans**

Provided that each Trust Fund is either a "registered investment" or a "mutual fund trust" within the meaning of those terms in the Tax Act at all material times, units of each Fund issued hereunder will be qualified investments for Registered Plans. See "Income Tax Considerations – Funds Held in a Registered Plan" in the Simplified Prospectus for additional information.

Provided that the annuitant or holder of a RRSP, RRIF, RESP, RDSP or TFSA (i) deals at arm's length with a Fund, and (ii) does not hold a "significant interest" (as defined in the Tax Act) in the Fund, the securities of the Fund will not be a prohibited investment for a trust governed by a RRSP, RRIF, RESP, RDSP or TFSA.

Investors should consult with their tax advisors regarding whether an investment in a Fund will be a prohibited investment for their RRSP, RRIF, RESP, RDSP or TFSA.

### **International Information Reporting Requirements**

Under the terms of the intergovernmental agreement between Canada and the U.S. (the "**Canada-U.S. IGA**") to provide for the implementation of the U.S. Foreign Account Tax Compliance provisions of the *U.S. Hiring Incentives to Restore Employment Act* of 2010 ("**FATCA**"), and its implementing provisions under Part XVIII of the Tax Act, a Fund will be treated as complying with FATCA and not subject to the 30% withholding tax on certain U.S. sourced income if the Fund complies with the terms of the Canada-U.S. IGA. Under the terms of the Canada-U.S. IGA, the Fund will not have to enter into an individual FATCA agreement with the U.S. Internal Revenue Service (the "**IRS**") but the Fund will be required to register with the IRS and to report information annually, including tax residency details and financial information such as account balances, of investors that failed to provide information or required documents to their financial advisor or dealer related to their citizenship and residency for tax purposes and/or investors that are identified as, or in the case of certain entities as having one or more controlling persons who are, U.S. Persons owning, directly or indirectly, an interest in the Fund to the Canada Revenue Agency (the "**CRA**"). The CRA will in turn provide such information to the IRS.

The Funds will endeavor to comply with the requirements imposed under the Canada-U.S. IGA and its implementing provision under the Tax Act. However, if a Fund cannot satisfy the applicable requirements under the Canada-U.S. IGA or its implementing provision of the Tax Act and is unable to comply with the requirements under FATCA, the Fund may be subject to U.S. withholding tax on U.S. and certain non-U.S. source income. Any potential U.S. withholding taxes or penalties associated with such failure to comply would reduce the Fund's Net Asset Value.

In addition, to meet the objectives of the Organisation for Economic Co-operation and Development Common Reporting Standards (the "**CRS**"), each Fund is required under Part XIX of the Tax Act to identify and to report annually to the CRA certain information (including residency details and financial information such as account balances) relating to investments held by unitholders or by the "controlling persons" of certain entities who are tax resident in a country other than Canada or the United States. The information is shared with CRS participating jurisdiction in which the securityholder resides for tax purposes under the provision and safeguards of the Multilateral Administrative Assistance in Tax Matters or the relevant bilateral tax treaty.

### **MATERIAL CONTRACTS**

Copies of material contracts are available for inspection at the head office of the Manager during normal business hours.

#### **Master Declaration of Trust**

The Master Declaration of Trust of the Funds is dated as noted under the heading "Name, Formation and History of the Funds" in this Annual Information Form. 1832 L.P. is the trustee of the Funds pursuant to the Master Declaration of Trust.

1832 L.P. may terminate a Fund at any time by giving to the Trustee and each unitholder at least 60 days' written notice. During this 60 day period, and with the approval of the Canadian securities regulators, the right of unitholders of the Fund to require payment for their units of any series of the Fund may be suspended.

#### **Master Management Agreement**

The Master Management Agreement is among 1832 LP, in its capacity as trustee of the Funds and 1832 LP in its capacity as manager of the Funds. The initial term of the manager in respect of a Fund is approximately five years and is automatically renewed for a further five years unless terminated in accordance with the provisions of the Master Management Agreement. The Master Management Agreement may be terminated at any time by the Manager on 90 days' written notice, or by the Trustee upon the expiry of the term in respect a Fund with unitholder approval on 90 days' written notice prior to the expiry of the term to 1832 LP, or by the Trustee at any time if bankruptcy or insolvency or other proceedings relating to 1832 LP are commenced and such proceedings are not stayed within 60 days.

## **Custodian Agreements**

Pursuant to a Custodian Agreement dated September 27, 2018, as amended, The Bank of Nova Scotia ("BNS") is custodian of the assets of Dynamic Alpha Performance II Fund and Dynamic Real Estate & Infrastructure Income II Fund. And pursuant to a Custodian Agreement dated September 27, 2018, as amended, TD Securities Inc. ("TDSI") is custodian of the assets of Dynamic Premium Yield PLUS Fund and Dynamic Credit Absolute Return II Fund (each, a "**Custodian Agreement**").

The Custodian Agreements may be terminated by either a custodian or the Trustee by giving 90 days' written notice to the other party. The Trustee may terminate a Custodian Agreement immediately if a custodian becomes insolvent, makes an assignment for the benefit of creditors or a petition in bankruptcy is filed by or against the custodian and is not discharged within 90 days or proceedings for the appointment of a receiver for the custodian are commenced and not discontinued within 90 days.

## **Securities Lending Authorization Agreement**

In the event a Fund engages in a Lending and Repurchase Transaction, then the Fund will enter into a Securities Lending Authorization Agreement with its securities lending agent. A Securities Lending Authorization Agreement will provide, with respect to that Fund, that:

- collateral equal to 102% of the market value of the loaned securities will be required to be delivered in connection with a securities lending transactions;
- the Fund will indemnify and hold harmless the securities lending agent from any loss or liability (including the reasonable fees and disbursements of counsel) incurred by the securities lending agent in rendering services under the agreement or in connection with any breach of the terms of the agreement or any loan by the Fund or the Manager on behalf of the Fund, except such loss or liability which results from the security lending agent's failure to exercise the standard of care required by the agreement; and
- the agreement can be terminated by any party on five business days' written notice.

## **SEVERAL DISCLOSURE**

The units of the Funds are offered under a single simplified prospectus and a single annual information form because many of the attributes of the Funds and their units are the same. Nevertheless, each of the Funds is responsible only for the disclosure contained in such documents which pertains to it and disclaims any responsibility for the disclosure pertaining to any other Fund. The certificate appended to the Annual Information Form applies severally to each of the Funds as though such Fund were the only Fund referred to therein.

## **LEGAL AND ADMINISTRATIVE PROCEEDING**

The Manager is not aware of any material litigation outstanding, threatened or pending by or against the Funds, the Manager or the Trustee.

The Manager entered into a settlement agreement with the Ontario Securities Commission (the "**OSC**") on April 24, 2018 (the "**Settlement Agreement**"). The Settlement Agreement states that, between November 2012 and October 2017, the Manager failed to (i) comply with National Instrument 81-105 Mutual Fund Sales Practices ("**NI 81-105**") by not meeting the minimum standards of conduct expected of industry participants in relation to certain sales practices; (ii) have systems of controls and supervision over sales practices sufficient to provide reasonable assurances the Manager was complying with its obligations under NI 81-105; and (iii) maintain adequate books, records and other documents to demonstrate compliance with NI 81-105. The Manager agreed to (i) pay an administrative penalty of \$800,000 to the OSC; (ii) submit to a review of its sales practices, procedures and controls by an independent consultant; and (iii) pay costs of the OSC's investigation in the amount of \$150,000. Other than the foregoing, the Manager has had no disciplinary history with any securities regulator.

## REMUNERATION OF TRUSTEE AND MEMBERS OF IRC

The Trustee of the Funds has not received any remuneration in its capacity as such.

Each member of the IRC receives a fee for attending each meeting of the IRC and each meeting held for education or information purposes, as well as an annual retainer and is reimbursed for reasonable expenses incurred. For the financial year ended June 30, 2019, each member of the IRC received the compensation and reimbursement of reasonable expenses as set out in the table below.

<b>IRC Member</b>	<b>Compensation</b>	<b>Expenses Reimbursed</b>
Stephen Griggs	\$54,032.61	\$0
Simon Hitzig	\$54,666.66	\$168.37
Heather Hunter	\$54,032.61	\$0
Carol S. Perry (Chair)	\$67,166.66	\$168.37
Jennifer L. Witterick	\$54,666.66	\$0

These fees and expenses were allocated among all the investment funds managed by the Manager for which the IRC has been appointed in a manner that, in the Manager's view, is considered fair and reasonable.

For a description of the role of the IRC see the "Fund Governance – Independent Review Committee" section earlier in this document.

## OTHER MATERIAL INFORMATION

Additional information about the Funds is available in the Funds' Fund Facts, management reports of fund performance and financial statements.

You can get a copy of these documents, at no cost by calling toll-free 1-800-268-8186, or from your dealer or by email at [invest@dynamic.ca](mailto:invest@dynamic.ca).

These documents and other information about the Funds, such as information circulars and material contracts, are also available on our website at [www.dynamic.ca](http://www.dynamic.ca) or at [www.sedar.com](http://www.sedar.com).

**CERTIFICATE OF THE FUNDS AND THE MANAGER AND PROMOTER OF THE FUNDS**

October 1, 2019

Dynamic Alpha Performance II Fund  
Dynamic Credit Absolute Return II Fund  
Dynamic Premium Yield PLUS Fund  
Dynamic Real Estate & Infrastructure Income II Fund

(collectively, the "**Funds**")

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each of the provinces and territories of Canada and do not contain any misrepresentations.

*"Neal Kerr"*

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Neal Kerr  
President, (Signing in the capacity of Chief Executive Officer) 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., as manager, promoter and trustee of the Fund

*"Anil Mohan"*

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Anil Mohan  
Chief Financial Officer, 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., as manager, promoter and trustee of the Funds

ON BEHALF OF THE BOARD OF DIRECTORS OF 1832 ASSET MANAGEMENT G.P. INC., AS GENERAL PARTNER FOR AND ON BEHALF OF 1832 ASSET MANAGEMENT L.P., AS MANAGER, PROMOTER AND TRUSTEE OF THE FUNDS

*"John Pereira"*

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John Pereira  
Director

*"Jim Morris"*

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Jim Morris  
Director

## CERTIFICATE OF THE PRINCIPAL DISTRIBUTOR OF THE FUNDS

October 1, 2019

To the best of our knowledge, information and belief, this annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each of the provinces and territories of Canada and do not contain any misrepresentations.

*"Anil Mohan"*

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Anil Mohan  
Chief Financial Officer  
1832 Asset Management G.P. Inc., as general  
partner for and on behalf of 1832 Asset  
Management L.P., as principal distributor of the  
Funds

**DYNAMIC ALPHA PERFORMANCE II FUND  
DYNAMIC CREDIT ABSOLUTE RETURN II FUND  
DYNAMIC PREMIUM YIELD PLUS FUND  
DYNAMIC REAL ESTATE & INFRASTRUCTURE INCOME II FUND**

Additional information about the Funds is available in each Fund's Fund Facts, management reports of fund performance and financial statements. You can get a copy of these documents at no cost by calling toll-free 1-800-268-8186 or from your dealer or by e-mail at [invest@dynamic.ca](mailto:invest@dynamic.ca). These documents and other information about the Funds, such as information circulars and material contracts, are also available on the Funds' internet site at [www.dynamic.ca](http://www.dynamic.ca) or at [www.sedar.com](http://www.sedar.com).

**Managed by:**

**1832 Asset Management L.P.  
Dynamic Funds Tower  
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