

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

## PROSPECTUS

*Initial Public Offering and Continuous Offering*

October 21, 2024



This prospectus qualifies the distribution of units (“Units”) of the following exchange traded funds (together, the “Dynamic ETFs”, and each, a “Dynamic ETF”), each of which is a trust created under the laws of the province of Ontario.

### **Dynamic Active Corporate Bond ETF (“DXCB”) Dynamic Active Bond ETF (“DXBB”)**

1832 Asset Management L.P. (the “Manager” and “Trustee”) is the manager, trustee and portfolio adviser of the Dynamic ETFs. 1832 Asset Management L.P. is also the promoter of the Dynamic ETFs. The head office of the Manager is located at 40 Temperance Street East, 16th Floor, Toronto, Ontario, M5H 0B4. See “Organization and Management Details of the Dynamic ETFs”.

#### **Investment Objectives**

##### *Dynamic Active Corporate Bond ETF*

DXCB seeks to provide income and the potential for long-term capital appreciation by investing in an actively managed and diversified portfolio of primarily investment grade corporate fixed income securities.

##### *Dynamic Active Bond ETF*

DXBB seeks to provide income while preserving capital through investment in an actively managed and diversified portfolio of primarily North American fixed income securities.

See “Investment Objectives”.

#### **Listing of Units**

The Units of the Dynamic ETFs have been conditionally approved for listing on the Toronto Stock Exchange (the “TSX”). Subject to satisfying the TSX’s original listing requirements on or before October 17, 2025, the Units will be listed on the TSX and investors will be able to buy and sell such units on the TSX through registered brokers and dealers in the province or territory where the investor resides. The Units are denominated in Canadian dollars.

Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or any Dynamic ETF in connection with buying or selling of Units on the TSX. Holders of Units may also (i) redeem Units of any Dynamic ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the net asset value per Unit (“NAV per Unit”) on the effective day of redemption, less any applicable administration fee determined by the Manager, in its sole discretion, from time to time, or (ii) exchange a Prescribed Number of Units (as defined herein) (or an integral multiple thereof) for Baskets of Securities (as defined herein) and cash or, in certain circumstances, for cash. See “Exchange and Redemption of Units – Redemption of Units of a

Dynamic ETF for Cash” and “Exchange and Redemption of Units – Exchange of Units of a Dynamic ETF at NAV per Unit for Baskets of Securities and/or Cash” for further information.

**The Dynamic ETFs will generally issue Units directly to the designated broker and dealers.**

### **Eligibility for Investment**

In the opinion of Blake, Cassels & Graydon LLP, if the Units of a Dynamic ETF are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX), or if a Dynamic ETF qualifies as a mutual fund trust within the meaning of the Tax Act, the Units of such Dynamic ETF, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan, a tax-free savings account or a first home savings account (collectively, “**Registered Plans**”).

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

### **Additional Considerations**

No designated broker or dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and as such, the designated broker and dealers do not perform many of the usual underwriting activities in connection with the distribution by the Dynamic ETFs of their Units under this prospectus.

For a discussion of the risks associated with an investment in Units of the Dynamic ETFs, see “Risk Factors”.

Registration of interests in, and transfer of, the Units are made only through CDS Clearing and Depository Services Inc. Beneficial owners do not have the right to receive physical certificates evidencing their ownership.

### **Documents Incorporated by Reference**

Additional information about each Dynamic ETF is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“**MRFP**”), any interim MRFP filed after the annual MRFP for each Dynamic ETF, and the most recently filed ETF Facts (as defined herein) for each Dynamic ETF. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. See “Documents Incorporated By Reference” for further details.

## TABLE OF CONTENTS

<b>GLOSSARY .....</b>	<b>I</b>
<b>PROSPECTUS SUMMARY .....</b>	<b>V</b>
<b>OVERVIEW OF THE LEGAL STRUCTURE OF THE DYNAMIC ETFS.....</b>	<b>1</b>
<b>INVESTMENT OBJECTIVES .....</b>	<b>1</b>
<b>INVESTMENT STRATEGIES.....</b>	<b>1</b>
Investment in other Investment Funds.....	3
ESG Considerations.....	3
Use of Derivatives .....	3
Currency Hedging.....	4
Securities Lending.....	4
<b>OVERVIEW OF THE SECTORS IN WHICH THE DYNAMIC ETFS INVEST .....</b>	<b>5</b>
<b>INVESTMENT RESTRICTIONS .....</b>	<b>5</b>
Tax Related Investment Restriction.....	5
<b>FEES AND EXPENSES .....</b>	<b>5</b>
Fees and Expenses Payable by the Dynamic ETFs .....	5
Fees and Expenses Payable Directly by the Unitholders.....	7
<b>RISK FACTORS .....</b>	<b>7</b>
General Risks Relating to an Investment in the Dynamic ETFs.....	7
Additional Risks Relating to an Investment in each Dynamic ETF .....	17
Risk Ratings of the Dynamic ETFs .....	22
<b>DISTRIBUTION POLICY .....</b>	<b>23</b>
Distribution Reinvestment Plan.....	23
<b>PURCHASES OF UNITS .....</b>	<b>24</b>
Initial Investment in the Dynamic ETFs.....	24
Continuous Distribution .....	24
Designated Broker .....	24
Buying and Selling Units of a Dynamic ETF.....	25
<b>EXCHANGE AND REDEMPTION OF UNITS .....</b>	<b>26</b>
Exchange of Units of a Dynamic ETF at NAV per Unit for Baskets of Securities and/or Cash .....	26
Redemption of Units of a Dynamic ETF for Cash .....	26
Suspension of Exchanges and Redemptions.....	27
Administration Fee .....	27
Allocations of Capital Gains to Redeeming or Exchanging Unitholders.....	27
Book-Entry Only System.....	28
Short-Term Trading.....	28
<b>PRICE RANGE AND TRADING VOLUME OF UNITS .....</b>	<b>28</b>
<b>INCOME TAX CONSIDERATIONS.....</b>	<b>28</b>
Status of the Dynamic ETFs.....	29
Taxation of the Dynamic ETFs.....	30
Taxation of Holders .....	33
Taxation of Registered Plans .....	35
Tax Implications of the Dynamic ETF's Distribution Policy .....	36
<b>ORGANIZATION AND MANAGEMENT DETAILS OF THE DYNAMIC ETFS.....</b>	<b>36</b>
Manager.....	36
Duties and Services to be Provided by the Manager .....	36
Executive Officers and Directors of the General Partner of the Manager .....	37
Executive Officers of the Manager.....	39
Portfolio Management .....	39

Designated Broker .....	39
Brokerage Arrangements .....	40
Conflicts of Interest .....	41
Independent Review Committee .....	42
Trustee .....	42
Custodian .....	43
Auditor .....	43
Valuation Agent .....	43
Transfer Agent and Registrar .....	44
Lending Agent .....	44
Promoter .....	44
Affiliated Entities .....	44
Designated Website .....	44
<b>CALCULATION OF NAV .....</b>	<b>45</b>
Net Asset Value .....	45
Calculation of Net Asset Value .....	45
Valuation Policies and Procedures of the Dynamic ETFs .....	45
Differences from IFRS Accounting Standards .....	47
Reporting of NAV .....	47
<b>ATTRIBUTES OF THE SECURITIES .....</b>	<b>48</b>
Description of the Securities Distributed .....	48
Certain Provisions of the Units .....	48
Exchange of Units for Baskets of Securities .....	48
Redemptions of Units for Cash .....	48
Modification of Terms .....	48
Voting Rights in the Portfolio Securities .....	49
<b>UNITHOLDER MATTERS .....</b>	<b>49</b>
Meetings of Unitholders .....	49
Matters Requiring Unitholder Approval .....	49
Amendments to the Declaration of Trust .....	50
Permitted Mergers .....	50
Reporting to Unitholders .....	51
International Information Reporting .....	51
<b>TERMINATION OF THE DYNAMIC ETFS .....</b>	<b>51</b>
<b>PLAN OF DISTRIBUTION .....</b>	<b>52</b>
Non-Resident Unitholders .....	52
<b>RELATIONSHIP BETWEEN THE DYNAMIC ETFS AND THE DEALERS .....</b>	<b>53</b>
<b>PRINCIPAL HOLDERS OF UNITS .....</b>	<b>53</b>
<b>PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD .....</b>	<b>53</b>
Policies and Procedures .....	53
Disclosure of Proxy Voting Guidelines and Record .....	54
<b>MATERIAL CONTRACTS .....</b>	<b>54</b>
<b>LEGAL AND ADMINISTRATIVE PROCEEDINGS .....</b>	<b>54</b>
Penalties and Sanctions .....	54
<b>EXPERTS .....</b>	<b>54</b>
<b>EXEMPTIONS AND APPROVALS .....</b>	<b>55</b>
<b>PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION .....</b>	<b>56</b>
<b>DOCUMENTS INCORPORATED BY REFERENCE .....</b>	<b>56</b>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>1</b>

**CERTIFICATE OF THE DYNAMIC ETFS AND THE MANAGER..... C-1**  
**CERTIFICATE OF THE PROMOTER..... C-2**

## GLOSSARY

*Unless otherwise indicated, the references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.*

*allowable capital loss* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of Holders”.

*Basket of Securities* – means, in relation to a particular Dynamic ETF, a group of securities and/or assets determined by the Manager from time to time.

*Canadian Securities Legislation* – means the securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the Securities Regulatory Authorities, as the same may be amended, restated or replaced from time to time.

*Capital Gains Amendments* – has the meaning ascribed thereto under “Income Tax Considerations”.

*Capital Gains Refund* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Dynamic ETFs”.

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

*CDS Participant* – means a registered dealer or other financial institution that is a participant in CDS and that holds Units on behalf of beneficial owners of Units.

*Close Price* – has the meaning ascribed thereto under “Calculation of NAV – Differences from IFRS Accounting Standards”.

*Constituent Issuers* – means the issuers included in the portfolio of a Dynamic ETF from time to time.

*Constituent Securities* – means the securities included in the portfolio of a Dynamic ETF from time to time.

*CRA* – means the Canada Revenue Agency.

*CRS Provisions* – has the meaning ascribed thereto under “Unitholder Matters – International Information Reporting”.

*Custodian* – means State Street Trust Company Canada, in its capacity as custodian of the Dynamic ETFs pursuant to the Custodian Agreement.

*Custodian Agreement* – means the amended and restated master custodian agreement dated April 27, 2004, as amended, between the Manager, on behalf of the Dynamic ETFs, and the Custodian, as may be further supplemented, amended and/or amended and restated from time to time.

*Dealer* – means a registered dealer (that may or may not be a Designated Broker), including Scotia Capital Inc., an affiliate of the Manager, that has entered into a continuous distribution dealer agreement with the Manager, on behalf of a Dynamic ETF, and that subscribes for and purchases Units from that Dynamic ETF.

*Declaration of Trust* – means, in respect of the Dynamic ETFs, the amended and restated master declaration of trust establishing the Dynamic ETFs, dated October 21, 2024, as the same may be amended, restated or replaced from time to time.

*Designated Broker* – means a registered dealer that has entered into a designated broker agreement with the Manager, on behalf of a Dynamic ETF, pursuant to which the Designated Broker agrees to perform certain duties in relation to that Dynamic ETF.

*DFA Rules* – has the meaning ascribed thereto under “Risk Factors – Taxation of the Dynamic ETFs”.

*Distribution Record Date* – means, in relation to a particular Dynamic ETF, a date determined by the Manager as a record date for the determination of the Unitholders of the Dynamic ETF entitled to receive a distribution.

*DPSP* – means a deferred profit sharing plan within the meaning of the Tax Act.

*DRIP* – means the distribution reinvestment plan of each Dynamic ETF as described under “Distribution Policy – Distribution Reinvestment Plan”.

*Dynamic ETFs* – means collectively, DXCB and DXBB, and each, an investment trust established under the laws of the province of Ontario pursuant to the Declaration of Trust.

*EIFEL Rules* – has the meaning ascribed thereto under “Risk Factors – Taxation of the Dynamic ETFs”.

*Equity Repurchase Rules* – has the meaning ascribed thereto under “Risk Factors – Taxation of the Dynamic ETFs”.

*ETF Facts* – means the ETF Fact document prescribed by Canadian Securities Legislation in respect of an exchange traded fund, which summarizes certain features of the exchange traded fund and which is publicly available at [www.sedarplus.ca](http://www.sedarplus.ca) and provided or made available to registered dealers for delivery to purchasers of securities of an exchange traded fund.

*FHSA* – means a first home savings account with the meaning of the Tax Act.

*Financial Statements* – has the meaning ascribed thereto under “Calculation of NAV – Differences from IFRS Accounting Standards”.

*General Partner* – has the meaning ascribed thereto under “Organization and Management Details of the Dynamic ETFs – Manager”.

*GST/HST* – means taxes levied under Part IX of the Excise Tax Act (Canada) and the regulations made thereunder.

*Holder* – has the meaning ascribed thereto under “Income Tax Considerations”.

*IFRS* – has the meaning ascribed thereto under “Calculation of NAV – Differences from IFRS Accounting Standards”.

*IGA* – has the meaning ascribed thereto under “Unitholder Matters – International Information Reporting”.

*IRC or Independent Review Committee* – means the independent review committee of the Dynamic ETFs established under NI 81-107.

*Lending Agent* – means State Street Bank and Trust Company, in its capacity as lending agent pursuant to the Securities Lending Agreement.

*Manager* – has the meaning ascribed thereto on the cover page.

*Management Fee* – has the meaning ascribed thereto under “Fees and Expenses – Fees and Expenses Payable by the Dynamic ETFs – Management Fees”.

*Management Fee Distributions* – has the meaning ascribed thereto under “Fees and Expenses – Fees and Expenses Payable by the Dynamic ETFs – Management Fees”.

*Minimum Distribution Requirements* – has the meaning ascribed thereto under “Income Tax Considerations – Status of the Dynamic ETFs”.

*MRFP* – means management report of fund performance.

*NAV and NAV per Unit* – means, in relation to a particular Dynamic ETF, the net asset value of the Dynamic ETF and the net asset value per Unit, calculated by the Valuation Agent, as described under “Calculation of NAV”.

*NI 81-102* – means National Instrument 81-102 – Investment Funds, as the same may be amended, restated or replaced from time to time.

*NI 81-106* – means National Instrument 81-106 – Investment Fund Continuous Disclosure, as the same may be amended, restated or replaced from time to time.

*NI 81-107* – means National Instrument 81-107 – Independent Review Committee for Investment Funds, as the same may be amended, restated or replaced from time to time.

*Non-Portfolio Income* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Dynamic ETFs”.

*Other Funds* – collectively, investment funds which may or may not be managed by the Manager or an affiliate, in which a Dynamic ETF is permitted to invest in accordance with NI 81-102.

*Permitted Mergers* – has the meaning ascribed thereto under “Unitholder Matters – Permitted Mergers”.

*Plan Participant* – has the meaning ascribed thereto under “Distribution Policy – Distribution Reinvestment Plan”.

*Plan Units* – has the meaning ascribed thereto under “Distribution Policy – Distribution Reinvestment Plan”.

*PNU or Prescribed Number of Units* – means, in relation to a particular Dynamic ETF, the number of Units determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

*Proxy Voting Policy* – has the meaning ascribed thereto under “Proxy Voting Disclosure for Portfolio Securities Held”.

*RDSP* – means a registered disability savings plan within the meaning of the Tax Act.

*Registered Plans* – has the meaning ascribed thereto under “Income Tax Considerations – Status of the Dynamic ETFs”.

*Registrar and Transfer Agent* – means State Street Trust Company Canada or its successor.

*Reporting Date* – has the meaning ascribed thereto under “Calculation of NAV – Differences from IFRS Accounting Standards”.

*RESP* – means a registered education savings plan within the meaning of the Tax Act.

*RRIF* – means a registered retirement income fund within the meaning of the Tax Act.

*RRSP* – means a registered retirement savings plan within the meaning of the Tax Act.

*Scotiabank* – means The Bank of Nova Scotia.

*Securities Lending Agreement* – means the securities lending agreement dated October 1, 2015, as amended, between the Manager, in its capacity as trustee and manager of the Dynamic ETFs, and the Lending Agent, as may be further supplemented, amended and/or amended and restated from time to time.

*Securities Regulatory Authorities* – means the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian Securities Legislation in force in such province or territory.



*SIFT Rules* – has the meaning ascribed thereto under “Risk Factors – Taxation of the Dynamic ETFs”.

*SIFT trust* – means a specified investment flow-through trust within the meaning of the Tax Act.

*Substituted Property* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Dynamic ETFs”.

*Tax Act* – means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

*Tax Amendment* – means a proposed amendment to the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof.

*taxable capital gain* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of Holders”.

*Tax Treaties* – has the meaning ascribed thereto under “Risk Factors – Taxation of the Dynamic ETFs”.

*TFSA* – means a tax-free savings account within the meaning of the Tax Act.

*Trading Day* – means a day on which a session of the TSX is held.

*Trustee* – has the meaning ascribed thereto on the cover page.

*TSX* – means the Toronto Stock Exchange.

*Unit* – means, in relation to a particular Dynamic ETF, a redeemable, transferable unit of that Dynamic ETF, which represents an equal, undivided interest in the net assets of that Dynamic ETF.

*Unitholder* – means a holder of Units of a Dynamic ETF.

*Valuation Agent* – means State Street Bank and Trust Company, which maintains its principal place of business at 225 Franklin Street, Boston, Massachusetts 02110, USA.

*Valuation Date* – means each Trading Day or any other day designated by the Manager on which the NAV and NAV per Unit of a Dynamic ETF is calculated.

*Valuation Time* – means, in relation to a Dynamic ETF, 4:00 p.m. (Toronto time) on a Valuation Date or such other time that the Manager deems appropriate on each Valuation Date.

## PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information, financial data and financial statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.

<b>Issuers:</b>	<p>Dynamic Active Corporate Bond ETF (“DXCB”)</p> <p>Dynamic Active Bond ETF (“DXBB”)</p> <p>(together, the “<b>Dynamic ETFs</b>”, and each, a “<b>Dynamic ETF</b>”)</p> <p>1832 Asset Management L.P. (the “<b>Manager</b>” and “<b>Trustee</b>”) is the manager, trustee and portfolio adviser of the Dynamic ETFs. 1832 Asset Management L.P. is also the promoter of the Dynamic ETFs.</p>	
<b>Continuous Distribution:</b>	<p>Each Dynamic ETF issues Units on a continuous basis and there is no maximum number of Units that may be issued. Units of the Dynamic ETFs are denominated in Canadian dollars.</p> <p>The Units are listed on the Toronto Stock Exchange (“<b>TSX</b>”). Investors are able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or any Dynamic ETF in connection with the buying or selling of Units on the TSX. Investors may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders.</p> <p>See “Purchases of Units – Continuous Distribution” and “Purchases of Units – Buying and Selling Units of a Dynamic ETF”.</p>	
<b>Investment Objectives:</b>	<b>Dynamic ETF</b>	<b>Investment Objectives</b>
	DXCB	<p><i>Dynamic Active Corporate Bond ETF</i></p> <p>DXCB seeks to provide income and the potential for long-term capital appreciation by investing in an actively managed and diversified portfolio of primarily investment grade corporate fixed income securities.</p>
	DXBB	<p><i>Dynamic Active Bond ETF</i></p> <p>DXBB seeks to provide income while preserving capital through investment in an actively managed and diversified portfolio of primarily North American fixed income securities.</p>
	See “Investment Objectives”.	

<p><b>Investment Strategies:</b></p>	<p><b>Specific Investment Strategies</b></p> <p><b><i>Dynamic Active Corporate Bond ETF</i></b></p> <p>To achieve its objective, DXCB will invest primarily in a diversified portfolio of investment grade corporate bonds, with the flexibility to invest across a broad spectrum of fixed income securities.</p> <p>The portfolio adviser seeks to maintain a weighted average credit rating of BBB- or above across the portfolio and may not hold more than 25% in non-investment grade rated securities. For the purposes of determining whether securities qualify as investment grade and measuring the average credit rating of the portfolio, unrated securities may be treated as equivalent to having a particular credit rating based on the judgement of the portfolio adviser.</p> <p>DXCB may invest in a variety of debt and fixed income securities and debt-like instruments, including but not limited to: (a) publicly traded bonds, debentures, obligations and private debt placements issued by corporations whose shares are listed on a recognized stock exchange, including convertible bonds and hybrid securities of such corporations; (b) mortgage-backed securities, asset-backed securities and collateralized debt obligations; (c) preferred shares; (d) government debt securities; (e) unrated securities; and (f) exchange-traded funds.</p> <p>The portfolio adviser will use a total return portfolio approach, based on fundamental and technical analysis of the debt markets, consisting of asset allocation among different fixed income sectors and issue types, credit selection and management, and duration and yield curve management. The portfolio adviser may also choose to employ strategies using derivatives such as options, forward contracts, futures contracts, swaps, and warrants to:</p> <ul style="list-style-type: none"> <li>• hedge against losses from changes in the prices of the portfolio’s investments; and/or</li> <li>• protect the portfolio against exposure to foreign currencies, interest changes, and credit risk; and/or</li> <li>• gain exposure to individual securities and markets instead of buying the securities directly; and/or</li> <li>• generate income.</li> </ul> <p>DXCB may (a) invest up to 49% of its assets in foreign securities outside of North America and/or (b) hold cash and cash equivalents for strategic reasons.</p> <p><b><i>Dynamic Active Bond ETF</i></b></p> <p>To achieve its objective, DXBB will invest primarily in a diversified portfolio of government-issued bonds and investment grade corporate bonds, with the flexibility to invest across a broad spectrum of fixed income securities.</p> <p>The portfolio adviser seeks to maintain a weighted average credit rating of BBB- or above across the portfolio and may not hold more than 25% in non-investment grade rated securities. For the purposes of determining whether securities qualify as investment grade and measuring the average credit rating of the portfolio, unrated securities may be treated as equivalent to having a particular credit rating based on the judgement of the portfolio adviser.</p>
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DXBB may invest in a variety of debt and fixed income securities and debt-like instruments, including but not limited to: (a) publicly traded bonds, treasury bills, debentures and other debt instruments issued or guaranteed by the Government of Canada, by any province, by any municipality, by any other developed sovereign country or by a supranational agency; (b) publicly traded bonds, debentures, obligations and private debt placements issued by corporations whose shares are listed on a recognized stock exchange, including convertible bonds and hybrid securities of such corporations; (c) mortgage-backed securities, asset-backed securities and collateralized debt obligations; (d) Canadian prime residential mortgages; (e) preferred shares; (f) unrated securities; and (g) exchange-traded funds. Investment exposure may be obtained through direct investment in the securities described above, or indirectly by investing in securities of one or more Other Funds, and/or through the use of derivatives as more fully described herein.

The portfolio adviser will use a total return portfolio approach, based on fundamental and technical analysis of the debt markets, consisting of asset allocation among different fixed income sectors and issue types, credit selection and management, and duration and yield curve management. The portfolio adviser may also choose to employ strategies using derivatives such as options, forward contracts, futures contracts, swaps, and warrants to:

- hedge against losses from changes in the prices of the portfolio's investments; and/or
- protect the portfolio against exposure to foreign currencies, interest changes, and credit risk; and/or
- gain exposure to individual securities and markets instead of buying the securities directly; and/or
- generate income.

DXBB may (a) invest up to 49% of its assets in foreign securities outside of North America and/or (b) hold cash and cash equivalents for strategic reasons.

#### **General Investment Strategies**

The Dynamic ETFs may invest, directly or indirectly, in a portfolio comprised of various securities and instruments which may include, but are not limited to, equity and equity related securities, fixed income securities and futures contracts (provided such investments are consistent with such Dynamic ETF's investment objectives and strategies). Equity related securities held by the Dynamic ETFs may include, but are not limited to, American depositary receipts, convertible debt, income trust units, single issuer equity options, preferred shares and warrants. If market conditions require, in order to preserve capital, a Dynamic ETF may seek to invest a substantial portion of its assets in cash and cash equivalents or other money market instruments in order to meet their current obligations.

#### *Investment in other Investment Funds*

In accordance with applicable securities legislation, including NI 81-102 or an exemption therefrom, a Dynamic ETF may invest in one or more Other Funds. Such underlying funds may themselves invest in securities of other investment funds, which include mutual funds, including alternative mutual funds, non-redeemable investment funds and/or exchange-traded funds, and may be managed by the same, affiliated or third-party investment fund managers. A Dynamic ETF may indirectly bear its share of an underlying fund's fees and expenses. The fees and expenses of the underlying funds may be higher than the fees and expenses payable by a Dynamic ETF. However, neither management fees nor performance

fees will be paid to the manager of an underlying fund by a Dynamic ETF which, to a reasonable investor, would duplicate a fee payable by the underlying funds for the same service.

*ESG Considerations*

Funds that do not incorporate environmental, social and governance (ESG) considerations into their investment objectives or primary investment strategies, do not seek to achieve any ESG-related outcome or attributes at the security or portfolio level, and do not make any commitments regarding the ESG-related attributes at the security or portfolio level. For those actively managed funds advised by the Manager that do not incorporate ESG considerations into their investment objectives or primary investment strategies, ESG factors are considered, when deemed material, alongside many other factors, through the lens of how they could impact the fund's risk and/or return and investment objectives. For passively managed funds, such as index-trackers, that do not incorporate ESG considerations into their investment objectives or primary investment strategies, ESG factors are not considered in the investment process, except insofar as the Manager or sub-adviser, as applicable, incorporates ESG considerations into proxy voting.

For the actively managed funds advised by the Manager, the consideration of ESG factors is part of the fundamental investment process, which means that relevant financial and non-financial factors (ESG and otherwise) are considered when researching and analyzing securities and may include shareholder engagement strategies. Incorporating ESG factors into the investment process may include proprietary research, and a systematic approach to risks and opportunities. Issuers may also be evaluated based on ESG data provided by third-party research. ESG-related factors that may be considered could include but are not limited to: direct or indirect impacts of climate change (e.g., greenhouse gas emissions and associated regulatory costs, property damage, supply disruptions), poor labour standards and/or hiring practices, and weak or ineffective governance policies and procedures (e.g., lack of ethics policies, bribery and corruption). Company engagement may include meetings with issuers to foster a deeper understanding of specific companies and issues, direct engagement with issuers to communicate views to management, and exercising proxy voting rights.

For both active and passively managed funds, proxy voting is informed by many considerations, including relevant ESG factors, but these activities are not necessarily directed towards any ESG related outcome. Proxies will be voted in the best interest of the funds in all cases. The rationale for proxy votes could be informed by ESG considerations along with many other factors to determine what is in the best interest of the funds.

*Use of Derivatives*

The Dynamic ETFs may use warrants and derivatives such as options, forward contracts, futures contracts and swaps to (i) hedge against losses from changes in the prices of the fund's investments and from exposure to foreign currencies; (ii) gain exposure to individual securities and markets instead of buying the securities directly; and (iii) generate income. For example, a Dynamic ETF may use derivatives to gain exposure to a particular issuer or class of issuers in circumstances where the Manager has determined that synthetic exposure would be preferable to a direct investment.

Any use of derivative instruments by a Dynamic ETF must be in compliance with NI 81-102 and other applicable derivatives legislation and must be consistent with the investment objective and investment strategies of the Dynamic ETF.

	<p><i>Currency Hedging</i></p> <p>Any portion of the portfolio of a Dynamic ETF exposed to foreign currencies may be hedged back to the Canadian dollar at the discretion of the portfolio manager(s) of the Dynamic ETF.</p> <p><i>Short Selling</i></p> <p>In accordance with its investment objectives and investment strategies, a Dynamic ETF is permitted to engage in a limited amount of short selling in compliance with securities regulations.</p> <p><i>Securities Lending</i></p> <p>A Dynamic ETF may enter into securities lending transactions and repurchase and reverse purchase transactions in compliance with NI 81-102 in order to earn additional income for the Dynamic ETF.</p> <p>See “Investment Strategies”.</p>
<b>Special Considerations for Purchasers:</b>	<p>The provisions of the so-called “early warning” requirements set out in Canadian Securities Legislation do not apply in connection with the acquisition of Units. In addition, the Dynamic ETFs have obtained exemptive relief from the Securities Regulatory Authorities to permit Unitholders to acquire more than 20% of the Units of any Dynamic ETF through purchases on the TSX without regard to the take-over bid requirements of Canadian Securities Legislation.</p> <p>See “Attributes of the Securities – Description of the Securities Distributed”.</p>
<b>Risk Factors:</b>	<p>There are certain risks inherent in an investment in the Dynamic ETFs. See “Risk Factors”.</p>
<b>Income Tax Considerations:</b>	<p>This summary of Canadian federal income tax considerations for Canadian resident Unitholders is subject in its entirety to the qualifications, limitations and assumptions set out under the heading “Income Tax Considerations”.</p> <p>A Unitholder of a Dynamic ETF who is an individual (other than a trust) resident in Canada will generally be required to include, in computing income for a taxation year, the amount of income (including any net realized taxable capital gains) that is paid or becomes payable to the Unitholder by that Dynamic ETF in that year (including such income that is paid in Units of the Dynamic ETF or reinvested in additional Units of the Dynamic ETF).</p> <p>A Unitholder of a Dynamic ETF who disposes of a Unit of that Dynamic ETF that is held as capital property (within the meaning of the Tax Act), including on a redemption or otherwise, will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by the Dynamic ETF which represents capital gains allocated and designated to the redeeming Unitholder in accordance with the Declaration of Trust), net of costs of disposition, exceed (or are less than) the adjusted cost base of that Unit.</p> <p>Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units of a Dynamic ETF by obtaining advice from his or her tax advisor.</p> <p>See “Income Tax Considerations”.</p>
<b>Exchanges and Redemptions:</b>	<p>In addition to the ability to sell Units on the TSX, Unitholders may also (i) redeem Units of any Dynamic ETF for cash at a redemption price per Unit equal to 95% of the closing price</p>

	<p>for the applicable Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administration fee determined by the Manager, in its sole discretion, from time to time, or (ii) exchange a PNU (or an integral multiple thereof) for Baskets of Securities and cash or, in certain circumstances, for cash.</p> <p>See “Exchange and Redemption of Units – Redemption of Units of a Dynamic ETF for Cash” and “Exchange and Redemption of Units – Exchange of Units of a Dynamic ETF at NAV per Unit for Baskets of Securities and/or Cash”.</p>						
<b>Distributions:</b>	<p>Each Dynamic ETF will distribute, in each taxation year, any net income and any net realized capital gains of the Dynamic ETF to such an extent that the Dynamic ETF will not be liable for non-refundable income tax under the Tax Act in respect of the taxation year.</p> <p>Cash distributions on Units of a Dynamic ETF, if any, will be made in the currency in which Units of the Dynamic ETF are denominated and are expected to be made periodically as set out in the table below:</p> <table border="1" data-bbox="451 684 1401 890"> <thead> <tr> <th>Dynamic ETFs</th> <th>Frequency of Distributions</th> </tr> </thead> <tbody> <tr> <td>DXCB</td> <td>Monthly</td> </tr> <tr> <td>DXBB</td> <td>Monthly</td> </tr> </tbody> </table> <p>Distributions are not guaranteed and the Manager may, in its sole discretion, change the frequency or amount of such distributions, which change will be announced by the Manager in a press release.</p> <p>Depending on the underlying investments of a Dynamic ETF, distributions on Units may consist of ordinary income, including interest, foreign source income and taxable dividends from taxable Canadian corporations, sourced from dividends or distributions received by the Dynamic ETF but may also include net realized capital gains, in any case, less the expenses of that Dynamic ETF. Distributions on Units may also include returns of capital which will generally reduce the adjusted cost base of the Unitholder’s Units of that Dynamic ETF.</p> <p>In addition to the distributions described above, a Dynamic ETF may from time to time pay additional distributions on its Units, including without restriction in connection with a special distribution or in connection with returns of capital.</p> <p>The tax treatment to Unitholders of distributions is discussed under the heading “Income Tax Considerations”.</p> <p>See “Distribution Policy”.</p>	Dynamic ETFs	Frequency of Distributions	DXCB	Monthly	DXBB	Monthly
Dynamic ETFs	Frequency of Distributions						
DXCB	Monthly						
DXBB	Monthly						
<b>Distribution Reinvestment Plan:</b>	<p>At any time, a Unitholder may elect to participate in the DRIP by contacting the CDS Participant through which the Unitholder holds its Units. Under the DRIP, cash distributions will be used to acquire additional Units (commission free to the Unitholder) of the same Dynamic ETF by purchasing them at market price on an exchange, which Units will be credited to the account of the Unitholder’s broker through CDS.</p> <p>See “Distribution Policy – Distribution Reinvestment Plan” below for additional information relating to the DRIP.</p>						
<b>Termination:</b>	<p>The Dynamic ETFs do not have a fixed termination date but may be terminated at the discretion of the Manager in accordance with the terms of the Declaration of Trust. See “Termination of the Dynamic ETFs”.</p>						

<p><b>Eligibility for Investment:</b></p>	<p>If the Units of a Dynamic ETF are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX), or if a Dynamic ETF qualifies as a mutual fund trust within the meaning of the Tax Act, the Units of such Dynamic ETF, if issued on the date hereof, would be on such date qualified investments under the Tax Act for Registered Plans.</p> <p>Notwithstanding the foregoing, an annuitant of an RRSP or RRIF, the holder of a TFSA, FHSA or RDSP or the subscriber of an RESP may be subject to a penalty tax in respect of Units of a Dynamic ETF held by the RRSP, RRIF, RESP, RDSP, TFSA or FHSA if the Units of that Dynamic ETF are “prohibited investments” for such RRSP, RRIF, RESP, RDSP, TFSA or FHSA as determined under the Tax Act.</p> <p>See “Income Tax Considerations – Taxation of Registered Plans”.</p>
<p><b>Documents Incorporated by Reference:</b></p>	<p>Additional information about each Dynamic ETF is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“MRFP”), any interim MRFP filed after the annual MRFP for each Dynamic ETF, and the most recently filed ETF Facts for each Dynamic ETF. These documents are incorporated by reference into, and legally form an integral part of, this prospectus.</p> <p>These documents are available at no charge by calling 1-800-268-8186, or by asking your registered investment professional. Unitholders will also find these documents on the Dynamic ETFs’ designated website at <a href="http://www.dynamic.ca">www.dynamic.ca</a>. These documents and other information about the Dynamic ETFs are also available at <a href="http://www.sedarplus.ca">www.sedarplus.ca</a>.</p> <p>See “Documents Incorporated By Reference”.</p>

*Organization and Management of the Dynamic ETFs*

- The Manager, Trustee and Investment Manager:** 1832 Asset Management L.P. manages the overall business and operations of the Dynamic ETFs, including providing portfolio management, fund accounting and administration services and promoting the sales of the securities of the Dynamic ETFs.
- The general partner of the Manager, 1832 Asset Management G.P. Inc. (the “**General Partner**”), is wholly-owned by The Bank of Nova Scotia. The Bank of Nova Scotia also owns, directly or indirectly, 100% of Scotia Securities Inc. and Tangerine Investment Funds Limited, each a mutual fund dealer, and MD Management Limited and Scotia Capital Inc., each an investment dealer.
- The principal office of the Dynamic ETFs and 1832 Asset Management L.P. is located at 40 Temperance Street, 16<sup>th</sup> Floor, Toronto, Ontario, M5H 0B4.
- See “Organization and Management Details of the Dynamic ETFs – Manager” and “Organization and Management Details of the Dynamic ETFs – Trustee”.
- Promoter:** 1832 Asset Management L.P. has taken the initiative of founding and organizing the Dynamic ETFs, and is, accordingly, the promoter of the Dynamic ETFs, within the meaning of securities legislation of certain provinces and territories of Canada.
- See “Organization and Management Details of the Dynamic ETFs – Promoter”.
- Custodian:** State Street Trust Company Canada is the custodian of the Dynamic ETFs and is independent of the Manager. The Custodian provides custodial services to the Dynamic ETFs. The Custodian is located in Toronto, Ontario.
- See “Organization and Management Details of the Dynamic ETFs – Custodian”.



- Valuation Agent:** State Street Bank and Trust Company provides accounting services in respect of the Dynamic ETFs. State Street Trust Company Canada is located in Toronto, Ontario.  
See “Organization and Management Details of the Dynamic ETFs – Valuation Agent”.
- Registrar and Transfer Agent:** State Street Trust Company Canada, at its principal office in Toronto, Ontario, is the registrar and transfer agent for the Units of the Dynamic ETFs and maintains the register of registered Unitholders. The register of the Dynamic ETFs is kept in Toronto, Ontario.  
See “Organization and Management Details of the Dynamic ETFs – Transfer Agent and Registrar”.
- Lending Agent:** State Street Bank and Trust Company may act as the securities lending agent for the Dynamic ETFs pursuant to a Securities Lending Agreement.  
See “Organization and Management Details of the Dynamic ETFs – Lending Agent”.
- Auditor:** KPMG LLP, at their principal offices in Toronto, Ontario, is the auditor of the Dynamic ETFs. The auditor will audit each Dynamic ETF’s annual financial statements and provide an opinion as to whether they present fairly the Dynamic ETF’s financial position, financial performance and cash flows in accordance with IFRS. The auditor is independent with respect to the Dynamic ETFs within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.  
See “Organization and Management Details of the Dynamic ETFs – Auditor”.

*Summary of Fees and Expenses*

The following table lists the fees and expenses that an investor may have to pay if the investor invests in the Dynamic ETFs. An investor may have to pay some of these fees and expenses directly. The Dynamic ETFs may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Dynamic ETFs. See “Fees and Expenses”.

*Fees and Expenses Payable by the Dynamic ETFs*

Type of Fee	Amount and Description						
<b>Management Fee:</b>	<p>Annual management fees (the “<b>Management Fees</b>”) are paid by the Dynamic ETFs to the Manager in consideration for providing, or arranging for the provision of, management, trustee, portfolio advisory and custodial services, maintaining portfolio systems used to manage the Dynamic ETFs, maintaining the website of the Dynamic ETFs, marketing and promotional services. See “Organization and Management Details of the Dynamic ETFs – Duties and Services to be Provided by the Manager” for a description of the services provided by the Manager.</p> <p>The Management Fee is based on a percentage of the NAV of each of the following Dynamic ETFs and is listed below:</p> <table border="1"> <thead> <tr> <th>Dynamic ETFs</th> <th>Management Fee (annual rate)</th> </tr> </thead> <tbody> <tr> <td>DXCB</td> <td>0.35%</td> </tr> <tr> <td>DXBB</td> <td>0.30%</td> </tr> </tbody> </table>	Dynamic ETFs	Management Fee (annual rate)	DXCB	0.35%	DXBB	0.30%
Dynamic ETFs	Management Fee (annual rate)						
DXCB	0.35%						
DXBB	0.30%						

The Management Fees, including applicable GST/HST, paid to the Manager by each Dynamic ETF are calculated and accrued daily and are paid monthly. The Management Fees (annual rate) above are exclusive of GST/HST.

From time to time the Manager may decide, in its discretion, to waive a portion of the Management Fee of a Dynamic ETF. The Manager is under no obligation to do so and,

if any portion of a Management Fee is waived by the Manager, it may discontinue this practice at any time without notice.

The Manager is responsible for each of the Dynamic ETF's fees and expenses except the fees and expenses payable by the Dynamic ETFs described under "Fees and Expenses – Fees and Expenses Payable by the Dynamic ETFs". The fees and expenses for which the Manager is responsible include the fees payable to the Custodian, Registrar and Transfer Agent and other service providers retained by the Manager as described under "Organization and Management Details of the Dynamic ETFs – Manager".

See "Fees and Expenses – Fees and Expenses Payable by the Dynamic ETFs - Management Fees".

**Management Fee Distributions:**

To encourage very large investments in the Dynamic ETFs and to ensure Management Fees are competitive for these investments, the Manager may at its discretion agree to charge a reduced fee as compared to the fee it otherwise would be entitled to receive from a Dynamic ETF with respect to investments in the Dynamic ETF by Unitholders that hold, on average during any period specified by the Manager from time to time (currently a quarter), Units having a specified aggregate value. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the Dynamic ETF under administration and the expected amount of account activity. An amount equal to the difference between the fee otherwise chargeable and the reduced fee of the Dynamic ETF will be distributed quarterly in cash by the Dynamic ETF, at the discretion of the Manager, to those Unitholders as management fee distributions. See "Fees and Expenses – Fees and Expenses Payable by the Dynamic ETFs - Management Fee Distributions".

**Operating Expenses:**

The Dynamic ETFs are also responsible for fees and expenses incurred in complying with NI 81-107, including the fees payable and expenses reimbursed to members of the IRC, brokerage expenses and commissions, fees relating to the usage of derivatives, income tax, GST/HST, withholding and other taxes.

A Dynamic ETF is required to pay GST/HST on management fees charged to the Dynamic ETF. In general, the total GST/HST paid by a Dynamic ETF will depend on the distribution by provincial residence of a Dynamic ETF's Unitholders. Changes in existing GST/HST rates, changes to the group of provinces that have adopted harmonization, and changes in the distribution by provincial residence of a Dynamic ETF's Unitholders will have an impact on the management expense ratio of a Dynamic ETF year over year.

There are certain fees and expenses payable, directly or indirectly, by the Other Funds whose securities may be held by the Dynamic ETFs, in addition to the fees and expenses directly payable by the Dynamic ETFs. The Dynamic ETFs indirectly bear their share of such fees and expenses.

See "Fees and Expenses – Fees and Expenses Payable by the Dynamic ETFs – Operating Expenses".

**Expenses of the Issue:**

Apart from the initial organizational costs of a Dynamic ETF, all expenses related to the issuance of Units of a Dynamic ETF shall be borne by the Dynamic ETF unless otherwise waived or reimbursed by the Manager. See "Fees and Expenses".

*Fees and Expenses Payable Directly by Unitholders*

**Administration Fee:**

An amount as may be agreed to between the Manager and the Designated Broker or Dealer, of a Dynamic ETF may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units of that Dynamic ETF.

This charge does not apply to Unitholders who buy and sell their Units through the facilities of the TSX.

See “Exchange and Redemption of Units – Administration Fee”.

## OVERVIEW OF THE LEGAL STRUCTURE OF THE DYNAMIC ETFs

The Dynamic ETFs are exchange traded mutual funds established under the laws of the province of Ontario, pursuant to the terms of the Declaration of Trust. Each Dynamic ETF is a mutual fund under Canadian Securities Legislation.

1832 Asset Management L.P. is the trustee, manager and investment manager of the Dynamic ETFs and is responsible for the administration of the Dynamic ETFs.

The principal office of the Dynamic ETFs and the Manager is located at 40 Temperance Street, 16<sup>th</sup> Floor, Toronto, Ontario, M5H 0B4.

The following chart sets out the full legal name as well as the TSX ticker symbol for each of the Dynamic ETFs:

<b>Dynamic ETFs</b>	<b>TSX Ticker Symbol</b>
Dynamic Active Corporate Bond ETF	DXCB
Dynamic Active Bond ETF	DXBB

## INVESTMENT OBJECTIVES

The investment objectives of the Dynamic ETFs are as follows:

### ***Dynamic Active Corporate Bond ETF***

DXCB seeks to provide income and the potential for long-term capital appreciation by investing in an actively managed and diversified portfolio of primarily investment grade corporate fixed income securities.

### ***Dynamic Active Bond ETF***

DXBB seeks to provide income while preserving capital through investment in an actively managed and diversified portfolio of primarily North American fixed income securities.

The investment objective of each Dynamic ETF may not be changed except with the approval of its Unitholders. See “Unitholder Matters”.

## INVESTMENT STRATEGIES

### **Specific Investment Strategies**

#### ***Dynamic Active Corporate Bond ETF***

To achieve its objective, DXCB will invest primarily in a diversified portfolio of investment grade corporate bonds, with the flexibility to invest across a broad spectrum of fixed income securities.

The portfolio adviser seeks to maintain a weighted average credit rating of BBB- or above across the portfolio and may not hold more than 25% in non-investment grade rated securities. For the purposes of determining whether securities qualify as investment grade and measuring the average credit rating of the portfolio, unrated securities may be treated as equivalent to having a particular credit rating based on the judgement of the portfolio adviser.

DXCB may invest in a variety of debt and fixed income securities and debt-like instruments, including but not limited to: (a) publicly traded bonds, debentures, obligations and private debt placements issued by corporations whose shares are listed on a recognized stock exchange, including convertible bonds and hybrid securities of such corporations; (b) mortgage-backed securities, asset-backed securities and collateralized debt obligations; (c) preferred shares; (d) government debt securities; (e) unrated securities; and (f) exchange-traded funds.

The portfolio adviser will use a total return portfolio approach, based on fundamental and technical analysis of the debt markets, consisting of asset allocation among different fixed income sectors and issue types, credit selection and management, and duration and yield curve management. The portfolio adviser may also choose to employ strategies using derivatives such as options, forward contracts, futures contracts, swaps, and warrants to:

- hedge against losses from changes in the prices of the portfolio's investments; and/or
- protect the portfolio against exposure to foreign currencies, interest changes, and credit risk; and/or
- gain exposure to individual securities and markets instead of buying the securities directly; and/or
- generate income.

DXCB may (a) invest up to 49% of its assets in foreign securities outside of North America and/or (b) hold cash and cash equivalents for strategic reasons.

#### *Dynamic Active Bond ETF*

To achieve its objective, DXBB will invest primarily in a diversified portfolio of government-issued bonds and investment grade corporate bonds, with the flexibility to invest across a broad spectrum of fixed income securities.

The portfolio adviser seeks to maintain a weighted average credit rating of BBB- or above across the portfolio and may not hold more than 25% in non-investment grade rated securities. For the purposes of determining whether securities qualify as investment grade and measuring the average credit rating of the portfolio, unrated securities may be treated as equivalent to having a particular credit rating based on the judgement of the portfolio adviser.

DXBB may invest in a variety of debt and fixed income securities and debt-like instruments, including but not limited to: (a) publicly traded bonds, treasury bills, debentures and other debt instruments issued or guaranteed by the Government of Canada, by any province, by any municipality, by any other developed sovereign country or by a supranational agency; (b) publicly traded bonds, debentures, obligations and private debt placements issued by corporations whose shares are listed on a recognized stock exchange, including convertible bonds and hybrid securities of such corporations; (c) mortgage-backed securities, asset-backed securities and collateralized debt obligations; (d) Canadian prime residential mortgages; (e) preferred shares; (f) unrated securities; and (g) exchange-traded funds. Investment exposure may be obtained through direct investment in the securities described above, or indirectly by investing in securities of one or more Other Funds, and/or through the use of derivatives as more fully described herein.

The portfolio adviser will use a total return portfolio approach, based on fundamental and technical analysis of the debt markets, consisting of asset allocation among different fixed income sectors and issue types, credit selection and management, and duration and yield curve management. The portfolio adviser may also choose to employ strategies using derivatives such as options, forward contracts, futures contracts, swaps, and warrants to:

- hedge against losses from changes in the prices of the portfolio's investments; and/or
- protect the portfolio against exposure to foreign currencies, interest changes, and credit risk; and/or
- gain exposure to individual securities and markets instead of buying the securities directly; and/or
- generate income.

DXBB may (a) invest up to 49% of its assets in foreign securities outside of North America and/or (b) hold cash and cash equivalents for strategic reasons.

## **General Investment Strategies**

The Dynamic ETFs may invest, directly or indirectly, in a portfolio comprised of various securities and instruments which may include, but are not limited to, equity and equity related securities, fixed income securities and futures contracts (provided such investments are consistent with such Dynamic ETF's investment objectives and strategies). Equity related securities held by the Dynamic ETFs may include, but are not limited to, American depositary receipts, convertible debt, income trust units, single issuer equity options, preferred shares and warrants. If market conditions require, in order to preserve capital, a Dynamic ETF may seek to invest a substantial portion of its assets in cash and cash equivalents or other money market instruments in order to meet their current obligations.

### ***Investment in other Investment Funds***

In accordance with applicable securities legislation, including NI 81-102 or an exemption therefrom, a Dynamic ETF may invest in one or more Other Funds. Such underlying funds may themselves invest in securities of other investment funds, which include mutual funds, including alternative mutual funds, non-redeemable investment funds and/or exchange-traded funds, and may be managed by the same, affiliated or third-party investment fund managers. A Dynamic ETF may indirectly bear its share of an underlying fund's fees and expenses. The fees and expenses of the underlying funds may be higher than the fees and expenses payable by the Dynamic ETFs. However, neither management fees nor performance fees will be paid to the manager of an underlying fund by a Dynamic ETF which, to a reasonable investor, would duplicate a fee payable by the underlying funds for the same service.

### ***ESG Considerations***

Funds that do not incorporate environmental, social and governance (ESG) considerations into their investment objectives or primary investment strategies, do not seek to achieve any ESG-related outcome or attributes at the security or portfolio level, and do not make any commitments regarding the ESG-related attributes at the security or portfolio level. For those actively managed funds advised by the Manager that do not incorporate ESG considerations into their investment objectives or primary investment strategies, ESG factors are considered, when deemed material, alongside many other factors, through the lens of how they could impact the fund's risk and/or return and investment objectives. For passively managed funds, such as index-trackers, that do not incorporate ESG considerations into their investment objectives or primary investment strategies, ESG factors are not considered in the investment process, except insofar as the Manager or sub-adviser, as applicable, incorporates ESG considerations into proxy voting.

For the actively managed funds advised by the Manager, the consideration of ESG factors is part of the fundamental investment process, which means that relevant financial and non-financial factors (ESG and otherwise) are considered when researching and analyzing securities and may include shareholder engagement strategies. Incorporating ESG factors into the investment process may include proprietary research, and a systematic approach to risks and opportunities. Issuers may also be evaluated based on ESG data provided by third-party research. ESG-related factors that may be considered could include but are not limited to: direct or indirect impacts of climate change (e.g., greenhouse gas emissions and associated regulatory costs, property damage, supply disruptions), poor labour standards and/or hiring practices, and weak or ineffective governance policies and procedures (e.g., lack of ethics policies, bribery and corruption). Company engagement may include meetings with issuers to foster a deeper understanding of specific companies and issues, direct engagement with issuers to communicate views to management, and exercising proxy voting rights.

For both active and passively managed funds, proxy voting is informed by many considerations, including relevant ESG factors, but these activities are not necessarily directed towards any ESG related outcome. Proxies will be voted in the best interest of the funds in all cases. The rationale for proxy votes could be informed by ESG considerations along with many other factors to determine what is in the best interest of the funds.

### ***Use of Derivatives***

The Dynamic ETFs may use warrants and derivatives such as options, forward contracts, futures contracts and swaps to (i) hedge against losses from changes in the prices of the fund's investments and from exposure to foreign currencies; (ii) gain exposure to individual securities and markets instead of buying the securities directly; and

(iii) generate income. For example, a Dynamic ETF may use derivatives to gain exposure to a particular issuer or class of issuers in circumstances where the Manager has determined that synthetic exposure would be preferable to a direct investment. Any use of derivative instruments by a Dynamic ETF must be in compliance with NI 81-102 and other applicable derivatives legislation and must be consistent with the investment objective and investment strategies of the Dynamic ETF.

### ***Currency Hedging***

Any portion of the portfolio of a Dynamic ETF exposed to foreign currencies may be hedged back to the Canadian dollar at the discretion of the portfolio manager(s) of the Dynamic ETF.

### ***Short Selling***

In accordance with its investment objectives and investment strategies, a Dynamic ETF is permitted to engage in a limited amount of short selling in compliance with securities regulations. A “short sale” is where a Dynamic ETF 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 Dynamic ETF and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the Dynamic ETF pays interest to the lender. If the value of the securities declines between the time that a Dynamic ETF borrows the securities and the time it repurchases and returns the securities, that Dynamic ETF makes a profit for the difference (less any interest the Dynamic ETF is required to pay to the lender). In this way, the Dynamic ETFs may have more opportunities for gains when markets are generally volatile or declining.

### ***Securities Lending***

A Dynamic ETF may, in compliance with NI 81-102, lend securities to securities borrowers that are acceptable to it pursuant to the terms of a Securities Lending Agreement under which: (i) the borrower will pay to the Dynamic ETF a negotiated securities lending fee and will make compensation payments to the Dynamic ETF equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as “securities lending arrangements” for the purposes of the Tax Act; and (iii) the Dynamic ETF will receive collateral security. The Lending Agent is responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis. Any securities lending revenue earned by a Dynamic ETF will be credited to the account of that Dynamic ETF.

Pursuant to the requirements of NI 81-102, the Manager intends to manage the risks associated with securities lending by requiring that each Securities Lending Agreement be, at a minimum, secured 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 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 parties the Manager considers to be qualified borrowers. In the case of securities lending or repurchase transactions, the aggregate market value of all securities lent and sold by a Dynamic ETF will not exceed more than 50% of the NAV of that Dynamic ETF immediately after the Dynamic ETF enters into such a transaction.

Policies and procedures relating to any securities lending, repurchase and reverse repurchase transaction entered into on behalf of a Dynamic ETF will be developed by the Manager and the Lending Agent in administering the transaction. Such policies and procedures will set out (i) the objectives and goals for securities lending, repurchase transactions or reverse repurchase transactions and (ii) the risk management procedures, including limits and other controls on such transactions, applicable to the Dynamic ETFs.

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 Dynamic ETF relating to securities lending will be reviewed and approved annually by senior management of the Manager. At present, there are no simulations used to test the portfolios under stress conditions to measure risk in connection with the use of securities lending transactions.

## OVERVIEW OF THE SECTORS IN WHICH THE DYNAMIC ETFS INVEST

Each Dynamic ETF will invest in accordance with its investment objective and investment strategies.

Please see “Investment Objectives” and “Investment Strategies” for additional information on the sectors applicable to each Dynamic ETF.

## INVESTMENT RESTRICTIONS

The Dynamic ETFs are subject to certain investment restrictions and practices contained in Canadian Securities Legislation, including NI 81-102, which are designed in part to ensure that the investments of the Dynamic ETFs are diversified and relatively liquid, and to ensure their proper administration. A change to the fundamental investment objectives of a Dynamic ETF would require the approval of the Unitholders of that Dynamic ETF. Please see “Unitholder Matters – Matters Requiring Unitholder Approval”.

Subject to the following, and any exemptive relief that has been or will be obtained, the Dynamic ETFs are managed in accordance with the investment restrictions and practices set out in the applicable Canadian Securities Legislation, including NI 81-102.

See “Exemptions and Approvals”.

### Tax Related Investment Restriction

A Dynamic ETF will not make an investment or conduct any activity that would result in the Dynamic ETF (i) failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act, or (ii) being subject to the tax applicable to “SIFT trusts” for purposes of the Tax Act.

The Manager intends to monitor the activities of any Dynamic ETF that is not a “mutual fund trust” for purposes of the Tax Act so as to ensure that such Dynamic ETF does not have any “designated income” for purposes of the Tax Act.

## FEES AND EXPENSES

This section details the fees and expenses that an investor may have to pay if the investor invests in the Dynamic ETFs. An investor may have to pay some of these fees and expenses directly. The Dynamic ETFs may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Dynamic ETFs.

### Fees and Expenses Payable by the Dynamic ETFs

#### *Management Fees*

Annual management fees (the “**Management Fees**”) are paid by the Dynamic ETFs to the Manager in consideration for providing, or arranging for the provision of, management, trustee, portfolio advisory and custodial services, maintaining portfolio systems used to manage the Dynamic ETFs, maintaining the website of the Dynamic ETFs, marketing and promotional services. See “Organization and Management Details of the Dynamic ETFs – Duties and Services to be Provided by the Manager” for a description of the services provided by the Manager.

The Management Fee is based on a percentage of the NAV of each of the following Dynamic ETFs and is listed below:



<b>Dynamic ETFs</b>	<b>Management Fee (annual rate)</b>
DXCB	0.35%
DXBB	0.30%

The Management Fees, including applicable GST/HST, paid to the Manager by each Dynamic ETF are calculated and accrued daily and are paid monthly. The Management Fees (annual rate) above are exclusive of GST/HST.

From time to time the Manager may decide, in its discretion, to waive a portion of the Management Fee of a Dynamic ETF. The Manager is under no obligation to do so and, if any portion of a Management Fee is waived by the Manager, it may discontinue this practice at any time without notice.

The Manager is responsible for each of the Dynamic ETF's fees and expenses except the fees and expenses payable by the Dynamic ETFs described under "Fees and Expenses – Fees and Expenses Payable by the Dynamic ETFs". The fees and expenses for which the Manager is responsible include the fees payable to the Custodian, Registrar and Transfer Agent and other service providers retained by the Manager as described under "Organization and Management Details of the Dynamic ETFs – Manager".

#### *Management Fee Distributions*

To encourage very large investments in the Dynamic ETFs and to ensure Management Fees are competitive for these investments, the Manager may at its discretion agree to charge a reduced fee as compared to the fee it otherwise would be entitled to receive from a Dynamic ETF with respect to investments in the Dynamic ETF by Unitholders that hold, on average during any period specified by the Manager from time to time (currently a quarter), Units having a specified aggregate value. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the Dynamic ETF under administration and the expected amount of account activity. An amount equal to the difference between the fee otherwise chargeable and the reduced fee of the Dynamic ETF will be distributed quarterly in cash by the Dynamic ETF, at the discretion of the Manager, to those Unitholders as management fee distributions (the "**Management Fee Distributions**").

The availability and amount of Management Fee Distributions with respect to Units of a Dynamic ETF will be determined by the Manager. Management Fee Distributions for a Dynamic ETF will generally be calculated and applied based on a Unitholder's average holdings of Units of the Dynamic ETF over each applicable period as specified by the Manager from time to time. Management Fee Distributions will be available only to beneficial owners of Units and not to the holdings of Units by dealers, brokers or other CDS Participants that hold Units on behalf of beneficial owners. Management Fee Distributions will be paid first out of net income of the Dynamic ETF, then out of capital gains of the Dynamic ETF and thereafter out of capital. In order to receive a Management Fee Distribution for any applicable period, a beneficial owner of Units of a Dynamic ETF must submit a claim for a Management Fee Distribution that is verified by a CDS Participant on the beneficial owner's behalf and provide the Manager with such further information as the Manager may require in accordance with the terms and procedures established by the Manager from time to time.

The Manager reserves the right to discontinue or change Management Fee Distributions at any time. The tax consequences of Management Fee Distributions made by a Dynamic ETF generally will be borne by the Unitholders of the Dynamic ETF receiving these distributions from the Manager.

#### *Operating Expenses*

The Dynamic ETFs are responsible for fees and expenses incurred in complying with NI 81-107, including the fees payable and expenses reimbursed to members of the IRC, brokerage expenses and commissions, fees relating to the usage of derivatives, income tax, GST/HST, withholding and other taxes.

A Dynamic ETF is required to pay GST/HST on Management Fees charged to the Dynamic ETF. In general, the total GST/HST paid by a Dynamic ETF will depend on the distribution by provincial residence of a Dynamic ETF's Unitholders. Changes in existing GST/HST rates, changes to the group of provinces that have adopted harmonization, and changes in the distribution by provincial residence of a Dynamic ETF's Unitholders will have an impact on the management expense ratio of a Dynamic ETF year over year.

There are certain fees and expenses payable, directly or indirectly, by the Other Funds whose securities may be held by the Dynamic ETFs, in addition to the fees and expenses directly payable by the Dynamic ETFs. The Dynamic ETFs indirectly bear their share of such fees and expenses, including any applicable GST/HST on such fees and expenses.

#### *Expenses of Issue*

Apart from the initial organizational costs of a Dynamic ETF, all expenses related to the issuance of Units of a Dynamic ETF shall be borne by the Dynamic ETF unless otherwise waived or reimbursed by the Manager.

### **Fees and Expenses Payable Directly by the Unitholders**

#### *Administration Fees*

An amount as may be agreed to between the Manager and the Designated Broker or Dealer, of a Dynamic ETF may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units of that Dynamic ETF. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the TSX.

## **RISK FACTORS**

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

### **General Risks Relating to an Investment in the Dynamic ETFs**

#### *No Guaranteed Return*

There is no guarantee that an investment in a Dynamic ETF will earn any positive return. The value of the Units may increase or decrease depending on market, economic, political, regulatory and other conditions affecting a Dynamic ETF's investments. All prospective Unitholders should consider an investment in a Dynamic ETF within the overall context of their investment policies. Investment policy considerations include, but are not limited to, setting objectives, defining risk/return constraints and considering time horizons.

#### *General Risks of Investments*

The value of the underlying securities of a Dynamic ETF, whether held directly or indirectly, may fluctuate in accordance with changes in the financial condition of the issuers of those underlying securities, the condition of equity and currency markets generally and other factors. The identity and weighting of the Constituent Issuers and Constituent Securities in a Dynamic ETF also change from time to time.

The risks inherent in investments in equity securities, whether held directly or indirectly, include the risk that the financial condition of the issuers of the securities may become impaired or that the general condition of the stock market may deteriorate (either of which may cause a decrease in the value of the Constituent Securities and, as a result, a decrease in the value of the Units of a Dynamic ETF). Equity securities are susceptible to general stock market fluctuations and the financial condition of the issuer. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction and global or regional political, economic and banking crises.

### *Asset Class Risk*

The Constituent Securities may underperform the returns of other securities that track other countries, regions, industries, asset classes or sectors. Various asset classes tend to experience cycles of outperformance and underperformance in comparison to the general securities markets.

### *Issuer Risk*

Changes in the financial condition of a company or other issuer, changes in specific market, economic, political, regulatory, geopolitical, and other conditions that affect a particular type of investment or issuer, and changes in general market, economic, political, regulatory, geopolitical and other conditions can adversely affect the price of an investment. The prices of securities of smaller, less well-known issuers can be more volatile than the prices of securities of larger issuers or the market in general.

### *Illiquid Securities Risk*

Liquidity risk is the risk that a Dynamic ETF may not be able to dispose of securities or close out derivatives transactions readily at favorable times or prices (or at all) or at prices approximating those at which a Dynamic ETF currently values them. For example, certain investments may be subject to restrictions on resale, may trade in the over-the-counter market or in limited volume, or may not have an active trading market. Illiquid securities may trade at a discount from comparable, more liquid investments and may be subject to wide fluctuations in market value. It may be difficult for a Dynamic ETF to value illiquid securities accurately. The market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. Disposal of illiquid securities may entail registration expenses and other transaction costs that are higher than those for liquid securities.

### *Reliance on Key Personnel*

Unitholders are dependent on the abilities of the Manager to effectively manage the Dynamic ETFs in a manner consistent with their investment objectives, investment strategies and investment restrictions. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to the Dynamic ETFs will continue to be employed by the Manager.

### *Trading Price of Securities*

The securities of the Dynamic ETFs and any Other Funds that are ETFs held by the Dynamic ETFs may trade below, at, or above their respective NAV per Unit. The NAV per Unit will fluctuate with changes in the market value of the portfolio investments of a Dynamic ETF or an Other Fund. The trading prices of the securities of a Dynamic ETF or an Other Fund will fluctuate in accordance with changes in the NAV per Unit of the Dynamic ETF or the Other Fund, as well as market supply and demand for the Units of the Dynamic ETF or the securities of the Other Fund on the market(s) on which such Units or securities are traded. However, under normal market conditions, given that Dealers may subscribe for, and Unitholders and Dealers may exchange, the Prescribed Number of Units of a Dynamic ETF for securities and cash of total value equal to the NAV per Unit of a Dynamic ETF, the Manager believes that large discounts or premiums to the NAV per Unit of such Dynamic ETF should not be sustained. However, in periods of market distress, elevated volatility, severe liquidity disruption, or abnormal market conditions generally, larger and more sustained differences between trading prices and NAV per Unit are possible.

If a Unitholder or a Dynamic ETF purchases securities of a Dynamic ETF or an Other Fund at a time when the market price of a security is at a premium to the NAV per Unit or sells securities of a Dynamic ETF or an Other Fund at a time when the market price of a security is at a discount to the NAV per Unit, the Unitholder or the Dynamic ETF may sustain a loss.

### *Fluctuations in NAV and NAV per Unit*

The NAV and NAV per Unit of a Dynamic ETF will vary according to, among other things, the value of the securities held by the Dynamic ETF. The Manager and the Dynamic ETF have no control over the factors that affect the value of the securities held by the Dynamic ETF, including factors that affect the equity markets generally, such as general economic and political conditions, fluctuations in interest rates and factors unique to each Constituent Issuer, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

### *Currency Fluctuation Risk*

Direct or indirect investments in issuers in different countries are often denominated in currencies different from a Dynamic ETF's base currency. The NAV of the Units of such Dynamic ETF, when measured in the base currency in which the Units are denominated, will, to the extent this has not been hedged against, be affected by changes in the value of the foreign currencies relative to the base currency which may have a positive or negative effect on the values of a Dynamic ETF's investments denominated in those currencies.

The values of other currencies relative to a Dynamic ETF's base currency may fluctuate in response to, among other factors, interest rate changes, intervention (or failure to intervene) by national governments, central banks, or supranational entities such as the International Monetary Fund, the imposition of currency controls, and other political or regulatory developments. Currency values can decrease significantly both in the short term and over the long term in response to these and other developments.

### *Cease Trading of Securities Risk*

If the securities of an issuer included in the portfolio of a Dynamic ETF or an Other Fund are cease-traded by order of the relevant Securities Regulatory Authority or are halted from trading by the relevant stock exchange, the applicable Dynamic ETF or Other Fund may halt trading in its securities. Accordingly, securities of a Dynamic ETF bear the risk of cease-trading orders against all issuers whose securities are included in its portfolio or in the Other Fund's portfolio, not just one. If portfolio securities of the Dynamic ETFs or the Other Fund are cease-traded by order of a Securities Regulatory Authority, if normal trading of such securities is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for such securities, the Dynamic ETFs or the applicable Other Fund may suspend the right to redeem securities for cash as described under "Exchange and Redemption of Units – Suspension of Exchanges and Redemptions", subject to any required prior regulatory approval. If the right to redeem securities for cash is suspended, the Dynamic ETFs or the applicable Other Fund may return redemption requests to securityholders who have submitted them. If securities are cease-traded, they may not be delivered on an exchange of a PNU for a Basket of Securities until such time as the cease-trade order is lifted.

### *Concentration Risk*

A Dynamic ETF may have more of its net assets invested in one or more Constituent Issuers than is typical for many investment funds. In these circumstances, the Dynamic ETF may be affected more by the performance of individual issuers in its portfolio, with the result that the NAV of the Dynamic ETF may be more volatile and may fluctuate more over short periods of time than the NAV of a more broadly diversified investment fund. In addition, this may increase the liquidity risk of these Dynamic ETFs which may, in turn, have an effect on the Dynamic ETFs' ability to satisfy redemption requests.

### *Use of Derivative Instruments*

Each Dynamic ETF may use derivative instruments from time to time in accordance with NI 81-102 as described under "Investment Strategies". The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (i) there is no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when the Dynamic ETF wants to complete the derivative contract, which could prevent the Dynamic ETF from reducing a loss or making a profit; (iii) securities

exchanges may impose trading limits on options and futures contracts, and these limits may prevent the Dynamic ETF from completing the derivative contract; (iv) the Dynamic ETF could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; (v) if the Dynamic ETF has an open position in an option, a futures contract or a forward contract or a swap with a counterparty who goes bankrupt, the Dynamic ETF could experience a loss and, for an open futures or forward contract or a swap, a loss of margin deposits with that counterparty; and (vi) if a derivative is based on a stock market index and trading is halted on a substantial number of stocks in the index or there is a change in the composition of the index, there could be an adverse effect on the derivative.

#### *Risk of Volatile Markets*

Market prices of investments held by a Dynamic ETF will go up or down, sometimes rapidly or unpredictably. Each Dynamic ETF's investments are subject to changes in general economic conditions, market fluctuations and the risks inherent in investment in securities markets. Investment markets can be volatile and prices of investments can change substantially due to various factors including, but not limited to, economic growth or recession, changes in interest rates, changes in actual or perceived creditworthiness of issuers and general market liquidity. Even if general economic conditions do not change, the value of an investment in a Dynamic ETF could decline if the particular industries, sectors or companies in which a Dynamic ETF invests do not perform well or are adversely affected by events. Further, legal, political, regulatory and tax changes also may cause fluctuations in markets and securities prices.

#### *Market Disruptions Risk*

Significant events such as natural disasters, incidents of war, terrorism, civil unrest or disease outbreaks and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally, including U.S., Canadian and other economies and securities markets. The effects of such unexpected disruptive events on the economies and securities markets of countries cannot be predicted and could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, inflation and other factors relating to the value of the portfolios of the Funds, and may adversely affect the performance of the Funds. Upon the occurrence of a disruptive event, the impacted country may not efficiently and quickly recover from such event, which could have a materially adverse effect on borrowers and other developing economic enterprises in such country.

#### *Developed Countries Investments Risk*

Investment in a developed country may subject certain Dynamic ETFs to regulatory, political, currency, security, economic and other risks associated with developed countries. Developed countries generally tend to rely on services sectors (e.g., the financial services sector) as the primary means of economic growth. A prolonged slowdown in services sectors is likely to have a negative impact on economies of certain developed countries, although individual developed country economies can be impacted by slowdowns in other sectors. In the past, certain developed countries have been targets of terrorism. Acts of terrorism in developed countries or against their interests may cause uncertainty in the financial markets and adversely affect the performance of the issuers to which certain Dynamic ETFs have exposure. Heavy regulation of certain markets, including labour and product markets, may have an adverse effect on certain issuers. Such regulations may negatively affect economic growth or cause prolonged periods of recession. Many developed countries are heavily indebted and face rising healthcare and retirement expenses. In addition, price fluctuations of certain commodities and regulations impacting the import of commodities may negatively affect developed country economies.

#### *Changes in Legislation*

There can be no assurance that income tax, securities and other laws will not be changed in a manner that adversely affects the Dynamic ETFs or the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts, SIFT trusts or other tax matters affecting trusts will not be changed in a manner that adversely affects the Dynamic ETFs or the Unitholders.

Changes in domestic and foreign tax laws, regulatory laws, or the administrative practices or policies of a tax or regulatory authority may adversely affect a Dynamic ETF and its investors. For example, the domestic and foreign tax and regulatory environment for derivative instruments is evolving, and changes in the taxation or regulation of derivative instruments may adversely affect the value of derivative instruments held by a Dynamic ETF and the ability of a Dynamic ETF to pursue its investment strategies. In addition, interpretation of the law and the application of administrative practices or policies by a taxation authority may also affect the characterization of a Dynamic ETF's earnings as capital gains or income. In such a case, the net income of the Dynamic ETF for tax purposes and the taxable component of distributions to investors could be determined to be more than originally reported, with the result that investors or the Dynamic ETF could be liable to pay additional income tax. The Dynamic ETF may also become liable for unremitted withholding taxes on prior distributions to non-resident unitholders. Any liability imposed on the Dynamic ETF may reduce the value of the Dynamic ETF and the value of an investor's investment in the Dynamic ETF.

#### *Significant Unitholder Risk*

Some Dynamic ETFs may have particular investors who own a large proportion of the outstanding Units of it. For example, institutions such as banks and insurance companies or fund companies may purchase Units of the Dynamic ETFs for their own mutual funds, including affiliated mutual funds of the Dynamic ETFs, segregated investment funds, structured notes or discretionary managed accounts. Retail investors may also own a significant amount of Units of a Dynamic ETF.

If one of those investors redeems a large amount of their investment in a Dynamic ETF, the Dynamic ETF may have to sell a significant portion of its portfolio investments at unfavourable prices to meet a redemption request, which can result in significant price fluctuations to the NAV of the Dynamic ETF and may potentially reduce the returns of the Dynamic ETF. Conversely, if a large investor were to increase its investment in a Dynamic ETF, that Dynamic ETF may have to hold a relatively large portion in cash for a period of time until the Manager finds suitable investments, which could also negatively impact the performance of the Dynamic ETF.

#### *Settlement Risk*

Markets in different countries have different clearance and settlement procedures and in certain markets there have been times when settlements have been unable to keep pace with the volume of transactions. Delays in settlement may increase credit risk to a Dynamic ETF's portfolio, limit the ability of a Dynamic ETF to reinvest the proceeds of a sale of securities, hinder the ability of a Dynamic ETF to lend its portfolio securities, and potentially subject a Dynamic ETF to penalties for its failure to deliver. Delays in the settlement of securities purchased by a Dynamic ETF may limit the ability of the Dynamic ETF to sell those securities at prices it considers desirable, and may subject the Dynamic ETF to losses and costs due to its own inability to settle with subsequent purchasers of the securities from it.

#### *Taxation of the Dynamic ETFs*

It is anticipated that each of the Dynamic ETFs will meet and will continue to meet all the requirements to qualify as a "mutual fund trust" for the purposes of the Tax Act at all times thereafter and each of the Dynamic ETFs is expected to make an election in its first tax return so that it qualifies or will qualify under the Tax Act as a mutual fund trust from the commencement of its first taxation year. If a Dynamic ETF does not qualify as a mutual fund trust under the Tax Act, or were to cease to so qualify, the income tax considerations described under the heading "Income Tax Considerations" would be materially and adversely different in certain respects. For instance, a Dynamic ETF that does not qualify as a mutual fund trust throughout a taxation year may become subject to the special tax on designated income pursuant to Part XII.2 of the Tax Act and/or tax under the Equity Repurchase Rules, and would not be entitled to the Capital Gains Refund. In addition, if a Dynamic ETF does not qualify as a mutual fund trust and one or more "financial institutions", as defined in the Tax Act, owns more than 50% of the fair market value of the Units of such Dynamic ETF, that Dynamic ETF will be a "financial institution" for purposes of the "mark-to-market property" rules contained in the Tax Act. In that event, gains and losses of such Dynamic ETF on property that is "mark-to-market property" for purposes of these rules will be fully included in or deducted from income on an annual mark-to-market basis. See the concluding paragraphs of this risk factor for further information on the consequences of not qualifying as a mutual fund trust.

A trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless, at that time, all or substantially all of its property is property other than property that would be “taxable Canadian property” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The law does not provide any means of rectifying a loss of mutual fund trust status if this requirement is not met. The Dynamic ETFs contain a restriction on the number of permitted non-resident Unitholders. See “Plan of Distribution – Non-Resident Unitholders”.

The tax treatment of gains and losses realized by each Dynamic ETF will depend on whether such gains or losses are treated as being on income or capital account, as described in this paragraph, subject to the discussion below pertaining to Dynamic ETFs that are “financial institutions” for purposes of the mark-to-market rules in the Tax Act. In determining its income for tax purposes, each Dynamic ETF will generally treat gains or losses realized on the disposition of portfolio securities held by it as capital gains and losses (unless, generally, in the case of a Dynamic ETF that is a financial institution, such securities are mark-to-market property). In general, gains and losses realized by a Dynamic ETF from derivative transactions and in respect of short sales of securities (other than Canadian securities) will be on income account except where such derivatives are used to hedge portfolio securities held on capital account provided the Dynamic ETF is not a financial institution and there is sufficient linkage, subject to the DFA Rules discussed below. Further, each Dynamic ETF intends, where applicable, to take the position that gains or losses in respect of foreign currency hedges entered into in respect of amounts invested in its portfolio will constitute capital gains and capital losses to such Dynamic ETF if the portfolio securities are capital property to such Dynamic ETF, such Dynamic ETF is not a financial institution and there is sufficient linkage. The Tax Act includes rules that clarify that the DFA Rules generally should not apply to such foreign currency hedges. Designations with respect to each Dynamic ETF’s income and capital gains will be made and reported to Unitholders on the foregoing basis. The CRA’s practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. In addition, there can be no assurance that the CRA will agree with the tax treatment otherwise adopted by a Dynamic ETF in filing its tax return. If the CRA disagrees with any tax treatment adopted by a Dynamic ETF, including if the foregoing dispositions or transactions of a Dynamic ETF are determined not to be on capital account (whether because of the DFA Rules discussed below or otherwise), the net income of the Dynamic ETF for tax purposes and the taxable component of distributions to its Unitholders could increase. Any such redetermination by the CRA may result in a Dynamic ETF being liable for unremitted withholding taxes on prior distributions made to its Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the NAV and NAV per Unit of that Dynamic ETF.

A Dynamic ETF may invest in securities of one or more Other Funds. To the extent that a Dynamic ETF holds trust units issued by an Other Fund, the Dynamic ETF will be required to include in the calculation of its income for a taxation year the net income, including net taxable capital gains (subject to the Capital Gains Amendments), paid or payable to the Dynamic ETF by such Other Fund in the calendar year in which that taxation year ends, notwithstanding that certain of such amounts may be reinvested in additional units of the trust. To the extent that the CRA disagrees with any tax treatment adopted by an Other Fund in filing its tax return, the net income of the Other Fund for tax purposes made payable to the relevant Dynamic ETF and the taxable component of distributions to the relevant Dynamic ETF could increase, and as a result the net income made payable by the Dynamic ETF and the taxable component of distributions by such Dynamic ETF could be more than originally reported, with the result that investors or the Dynamic ETF could be liable to pay additional income tax.

The Tax Act contains rules (the “**DFA Rules**”) that target certain financial arrangements (described in the DFA Rules as “derivative forward agreements”) that seek to deliver a return based on an “underlying interest” (other than certain excluded underlying interests) for purposes of the DFA Rules. The DFA Rules are broad in scope and could apply to other agreements or transactions. If the DFA Rules were to apply in respect of any derivatives to be utilized by a Dynamic ETF, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

Pursuant to rules in the Tax Act, a Dynamic ETF that experiences a “loss restriction event” (i) will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the Dynamic ETF’s net income and net realized capital gains, if any, at such time to Unitholders so that the Dynamic ETF is not 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 (with the result that the taxable component of distributions in the future may be larger). Generally, a Dynamic ETF will be subject to a loss restriction event if a Unitholder becomes a “majority-interest beneficiary”, or a group of persons becomes a “majority-interest group of beneficiaries”, of the Dynamic ETF, as those terms are defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of a Dynamic ETF is a beneficiary in the income or capital, as the case may be, of the Dynamic ETF whose beneficial interests, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, have a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the Dynamic ETF. Please see “Income Tax Considerations – Taxation of Holders” for the tax consequences of an unscheduled or other distribution to Unitholders. Trusts that qualify as “investment funds” as defined in the rules in the Tax Act relating to loss restriction events are generally exempted from the application of such rules. An “investment fund” for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a “mutual fund trust” for purposes of the Tax Act, not holding any property that is used in the course of carrying on a business and complying with certain asset diversification requirements. If a Dynamic ETF were not to qualify as an “investment fund”, it could potentially have a loss restriction event and thereby become subject to the related tax consequences described above. It may not be possible for a Dynamic ETF to determine whether or when a loss restriction event has occurred because of the nature of its investments and the way Units are bought and sold. Therefore, there can be no assurances that a Dynamic ETF will not experience a loss restriction event, and there can be no assurances regarding when or to whom the distributions resulting from a loss restriction event will be made or that a Dynamic ETF will not be required to pay tax notwithstanding such distributions.

The Tax Act contains rules (the “**SIFT Rules**”) concerning the taxation of publicly traded Canadian trusts and partnerships that own certain types of property defined as “non-portfolio property”. A trust that is subject to these rules is subject to trust level taxation, at rates comparable to those that apply to corporations, on the trust’s income earned from “non-portfolio property” to the extent that such income is distributed to its unitholders. The Dynamic ETFs are not expected to be subject to tax under these rules as the Dynamic ETFs are not expected to hold any non-portfolio property for purposes of the SIFT Rules.

Further, pursuant to recent amendments to the Tax Act (the “**Equity Repurchase Rules**”), a trust that is a “SIFT trust” or that is otherwise a “covered entity” as described in the Equity Repurchase Rules is subject to a 2% tax on the value of certain equity repurchases (i.e., redemptions) by the trust in a taxation year (net of cash subscriptions received by the trust in that taxation year). A mutual fund trust that has one or more classes of units in continuous distribution (and that is not a “SIFT trust” nor a “real estate investment trust” as defined in the Tax Act) would not be a “covered entity” for purposes of these rules. Further, provided that certain Tax Amendments released on August 12, 2024 are enacted as proposed, redemptions of Units of a Dynamic ETF for an amount that does not exceed the net asset value attributable to such Units would generally not be included in the calculation of such tax. If the SIFT Rules or the Equity Repurchase Rules apply to a Dynamic ETF, the after-tax return to its Unitholders could be reduced, particularly in the case of the SIFT Rules for a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada.

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

Based on rules in the Tax Act applicable to trusts that are “mutual fund trusts” for purposes of the Tax Act throughout the taxation year, amounts of taxable capital gains so allocated and designated to redeeming Unitholders will be deductible to a Dynamic ETF to the extent of the redeeming Unitholders’ pro rata share (as determined under the Tax Act) of the net taxable capital gains of such Dynamic ETF for the year. Any such taxable capital gains that would not be deductible by a Dynamic ETF if allocated to redeeming or exchanging Unitholders may be made payable to non-redeeming or non-exchanging Unitholders of such Dynamic ETF so that such Dynamic ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming or non-exchanging Unitholders of a Dynamic ETF may be greater than they would have been in the absence of the rules described above.



Certain of the Dynamic ETFs may invest in global debt or equity securities. Many foreign countries preserve their right under domestic tax laws and applicable tax conventions with respect to taxes on income and on capital (“**Tax Treaties**”) to impose tax on interest, dividends or distributions paid or credited to persons who are not resident in such countries. Under foreign tax laws and subject to any applicable Tax Treaties, investments in global equity securities may subject the Dynamic ETFs to foreign taxes on interest, dividends or distributions paid or credited to them or any gains realized on the disposition of such securities. Any foreign taxes incurred by a Dynamic ETF will generally reduce the value of its portfolio. To the extent that such foreign tax paid by a Dynamic ETF exceeds 15% of the amount included in the Dynamic ETF’s income from such investments, such excess may generally be deducted by the Dynamic ETF in computing its net income for the purposes of the Tax Act. To the extent that foreign tax paid does not exceed 15% of the amount included in the Dynamic ETF’s income from such investments and has not been deducted in computing the Dynamic ETF’s income and the Dynamic ETF designates its income from a foreign source in respect of a Unitholder of the Dynamic ETF, the Unitholder will, for the purposes of computing its foreign tax credits, be entitled to treat the Unitholder’s proportionate share of foreign taxes paid by the Dynamic ETF in respect of such income as foreign taxes paid by the Unitholder. The availability of foreign tax credits to a Unitholder of a Dynamic ETF is subject to the detailed rules in the Tax Act.

In certain circumstances, the deductibility of interest on money borrowed to invest in certain trusts may be reduced on a pro rata basis in respect of distributions from such trusts that are a return of capital and that are not reinvested for an income earning purpose. Accordingly, part of the interest payable by a Dynamic ETF in connection with money borrowed to acquire units of an underlying fund could be non-deductible, increasing the net income of the Dynamic ETF for tax purposes and the amount of income to be distributed each year to its Unitholders. Further, recent amendments to the Tax Act (the “**EIFEL Rules**”) generally limit the deductibility of interest and financing expenses of a Canadian resident corporation or trust that is not an “excluded entity” to a fixed ratio of tax EBITDA (as calculated in accordance with the EIFEL Rules). If the EIFEL Rules apply to a Dynamic ETF, the amount of interest and other financing expenses otherwise deductible by the Dynamic ETF may be reduced and the taxable component of distributions by the Dynamic ETF to its Unitholders may be increased accordingly.

The Tax Act provides for a special tax on the designated income of certain trusts (other than a trust that was throughout the year a mutual fund trust) that have designated beneficiaries. The Manager intends to monitor the activities of any Dynamic ETF that is not a mutual fund trust so as to ensure that such Dynamic ETF does not earn any designated income for purposes of the Tax Act. On this basis, it is anticipated that the Dynamic ETFs will not have any liability with respect to this special tax. However, if a Dynamic ETF that is not a mutual fund trust for purposes of the Tax Act is considered to be carrying on business in respect of any of its investing activities for purposes of these rules, the income related thereto may be designated income and may be subject to the above-noted special tax.

If a Dynamic ETF does not qualify as a mutual fund trust under the Tax Act and more than 50% of the fair market value of all interests in the Dynamic ETF are held by holders that are “financial institutions”, as such term is defined for purposes of the “mark-to-market property” rules in the Tax Act, the Dynamic ETF will be a “financial institution” for purposes of these rules. In that event, gains and losses of such Dynamic ETF on property that is “mark-to-market property” for purposes of these rules will be fully included in or deducted from income on an annual mark-to-market basis. A trust that becomes or ceases to be a financial institution for the above purposes will be deemed to have a year-end for tax purposes at such time, and will be deemed to have disposed of certain properties at their fair market value and to have reacquired them immediately thereafter. A deemed taxation year-end would result in an unscheduled distribution of the Dynamic ETF’s net income and net realized capital gains, if any, at such time to Unitholders so that the Dynamic ETF is not liable for income tax on such amounts under Part I of the Tax Act. Please see “Income Tax Considerations – Taxation of Holders” for the tax consequences of an unscheduled or other distribution to Unitholders.

Given the manner in which the Units of the Dynamic ETFs are distributed, there may be circumstances in which it may not be possible to identify whether a Dynamic ETF has become, or ceased to be, a financial institution. As a result, there can be no assurance as to when and to whom any distributions arising on the change in financial institution status of a Dynamic ETF will be made, or that the Dynamic ETF will not be required to pay tax on any undistributed income or taxable capital gains realized on such event.

### *Valuation Risk*

Some portfolio holdings, and potentially a large portion of a Dynamic ETF's investment portfolio, may be valued on the basis of factors other than market quotations. This may occur more often in times of market turmoil or reduced liquidity. There are multiple methods that can be used to value a portfolio holding when market quotations are not readily available. The value established for any portfolio holding at a point in time might differ from what would be produced using a different methodology or if it had been priced using market quotations. Portfolio holdings that are valued using techniques other than market quotations, including "fair valued" securities, may be subject to greater fluctuation in their valuations from one day to the next than if market quotations were used. In addition, there is no assurance that a Dynamic ETF could sell or close out a portfolio position for the value established for it at any time, and a Dynamic ETF could incur a loss because a portfolio position is sold or closed out at a discount to the valuation established by a Dynamic ETF at that time.

### *Cybersecurity Risk*

Technology is used in virtually all aspects of the Manager's business and operations and those of a Dynamic ETF and other service providers. The Manager has a robust and evolving information security program that features policies, processes, technologies and dedicated professionals that protect information, systems and networks. Despite this, there can be no assurances that these measures will be successful in every instance in protecting our networks and information assets against attacks. The Manager and its service providers may not be able to anticipate or to implement effective preventive measures against all disruptions or privacy and security breaches, especially as attack techniques change frequently, increase in sophistication, are often not recognizable until launched, and can originate from a wide variety of sources. The Manager is likely to continue to be the target of cyberattacks that could result in the violation of privacy laws or information security regulations, or that could materially disrupt network access or business operations. This may result in the disclosure of confidential information, access to sensitive information or destruction or corruption of data.

### *Cease Trading of Units*

If Constituent Securities of a Dynamic ETF are cease-traded at any time by a Securities Regulatory Authority or other relevant regulator or stock exchange, the Manager may suspend the exchange or redemption of Units of the applicable Dynamic ETF until such time as the transfer of the securities is permitted as described under "Exchange and Redemption of Units – Suspension of Exchanges and Redemptions".

### *Portfolio Management Risk*

The investment portfolios of the Dynamic ETFs are subject to a degree of management risk. The Manager's judgments about the implementation of a strategy or the attractiveness, relative value, or potential appreciation of a particular sector, security, or investment strategy may prove incorrect and may cause the Dynamic ETFs to incur losses. There can be no assurance that the Manager's investment techniques and decisions will produce the desired results.

### *Securities Lending Risk*

The Dynamic ETFs may enter into securities lending transactions to generate additional income from securities held in a Dynamic ETF's portfolio. In lending its securities, a Dynamic ETF is exposed to the risk that the borrower may not be able to satisfy its obligations under the securities lending agreement and the lending Dynamic ETF is forced to take possession of the collateral held. Losses could result if the collateral held by the Dynamic ETF is insufficient, at the time the remedy is exercised, to replace the securities borrowed. To address these risks, any securities lending transactions entered into by a Dynamic ETF will comply with applicable securities laws, 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. A Dynamic ETF will enter into securities lending transactions only with parties that the Manager believes, through conducting credit evaluations, have adequate resources and financial ability to meet their obligations under such agreements. Prior to entering into a securities lending agreement, a Dynamic ETF must ensure that the aggregate value of the securities loaned, together with those

that have been sold pursuant to repurchase transactions, does not exceed 50% of the NAV of the Dynamic ETF immediately after the Dynamic ETF enters into the transaction.

#### *Short Selling Risk*

A Dynamic ETF may engage in a limited amount of short selling consistent with its investment objectives and as permitted by the Canadian securities regulators. A “short sale” is where a Dynamic ETF 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 Dynamic ETF and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the Dynamic ETF pays interest to the lender. If the value of the securities declines between the time that a Dynamic ETF borrows the securities and the time it repurchases and returns the securities, the Dynamic ETF makes a profit for the difference (less any interest the Dynamic ETF is required to pay to the lender). Short selling involves certain risks. There is no assurance that securities will decline in value during the period of the short sale sufficient to offset the interest paid by the Dynamic ETF and make a profit for the Dynamic ETF, and securities sold short may instead appreciate in value. The Dynamic ETF also may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender from whom the Dynamic ETF has borrowed securities may go bankrupt and the Dynamic ETF may lose the collateral it has deposited with the lender. Each Dynamic ETF that engages in short selling will adhere to controls and limits that are intended to offset these risks by short selling only securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure for short sales. The Dynamic ETFs also will deposit collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits.

#### *Withholding Tax Risk*

As a Dynamic ETF’s portfolio may consist of securities issued by foreign issuers, distributions received by such Dynamic ETF on the securities in its portfolio may be subject to foreign withholding tax. The return on such a Dynamic ETF’s portfolio will be net of such foreign withholding tax, unless the terms of the securities in its portfolio require the issuers of such securities to “gross-up” distributions and gains, as applicable, so that a holder of such securities receives the amount that it would have received in the absence of such withholding tax. There can be no assurances that (i) distributions and gains on securities held in a Dynamic ETF’s portfolio will not be subject to foreign withholding tax or (ii) the terms of securities held in a Dynamic ETF’s portfolio will provide for the gross-up referred to above.

#### *Underlying ETFs and Underlying Funds Risk*

Some Dynamic ETFs may invest, directly or indirectly, in Other Funds that are ETFs which (i) invest in securities that are included in one or more indices in substantially the same proportion as those securities are reflected in a referenced index or indices, or (ii) invest in a manner that substantially replicates the performance of such a referenced index or indices. The investments of ETFs may include stocks, bonds, commodities, and other financial instruments. ETFs and their underlying investments are subject to the same general types of investment risks as those that apply to the Dynamic ETFs found in this prospectus. The risk of each ETF will be dependent on the structure and underlying investments of the ETF.

The Dynamic ETFs’ ability to realize the full value of an investment in an ETF will depend on its ability or the ability of an Other Fund in which it invests, as the case may be, to sell such ETF units or shares on a stock exchange. If a Dynamic ETF or an Other Fund in which it invests, as the case may be, chooses to exercise its rights to redeem ETF units or shares, then the Dynamic ETF or the Other Fund, as the case may be, may receive less than 100% of the ETF’s then net asset value per unit or share. The trading price of the units or shares of ETFs will fluctuate in accordance with changes in the ETFs’ net asset value, as well as market supply and demand on the respective stock exchanges on which they are listed. Units or shares of an ETF may trade in the market at a premium or discount to the ETF’s net asset value per unit or share and there can be no assurance that units or shares will trade at prices that reflect their net asset value. The ETFs are or will be listed on a Canadian or U.S. stock exchange, or such other stock exchanges as may be approved from time to time by Canadian securities regulators, however there is no assurance that an active public market for an ETF will develop or be sustained.

If the computer or other facilities of the index providers or a stock exchange malfunction for any reason, calculation of the value of the indices may be delayed and trading in units or shares of the ETF may be suspended for a period of time. If constituent securities of the indices are cease traded at any time, the manager of the ETF may suspend the exchange or redemption of units or shares of the ETF until such time as the transfer of the securities is permitted by law. The indices on which the ETFs are based were not created by the index providers for the purpose of the ETFs. The index providers have the right to make adjustments or to cease calculating the indices without regard to the particular interests of the manager of the ETFs, the ETFs, or the investors in the ETFs.

Deviations in the tracking by an ETF of the index on which it is based could occur for a variety of reasons. For example, the total return generated will be reduced by the management fee payable to the manager of the ETF and transaction costs incurred in adjusting the portfolio of securities held by the ETFs and other expenses of the ETFs, whereas such transaction costs and expenses are not included in the calculation of such indices.

The Dynamic ETFs may invest in securities of underlying Other Funds, including underlying Other Funds managed by the Manager or an affiliate or associate of the Manager. The proportions and types of underlying Other Funds held by a Dynamic ETF will vary according to the risk and investment objectives of the Dynamic ETF.

Pursuant to the requirements of applicable securities legislation, no Dynamic ETF will vote any of the securities it holds in an underlying Other Fund managed by the Manager or any of the Manager's affiliates and associates.

To the extent that a Dynamic ETF invests in underlying Other Funds it will have the same risks as the underlying Other Funds.

*Limited Operating History and Absence of an Active Market*

The Dynamic ETFs are newly organized investment trusts with no operating history. The Units of the Dynamic ETFs have been conditionally approved for listing on the TSX, subject to satisfying the TSX's original listing requirements. There is no assurance that an active public market for the Units will develop or be sustained.

**Additional Risks Relating to an Investment in each Dynamic ETF**

In addition to the general risk factors, the following additional risk factors are inherent in an investment in one or more of the Dynamic ETFs as indicated in the table below. A description of each of these risks follows the table.

<b>Dynamic ETF Specific Risks</b>	<b>DXCB</b>	<b>DXBB</b>
Borrowing Risk	✓	✓
Credit Risk	✓	✓
Debt Instruments Risk	✓	✓
ESG Factor Risk	✓	✓
Foreign Investment Risk	✓	✓
High Yield Securities Risk	✓	✓
Inflation Risk	✓	✓
Preferred Share Investments Risk	✓	✓
Sector Risk	✓	✓
Sensitivity to Interest Rates	✓	✓

*Borrowing Risk*

From time to time, a Dynamic ETF may borrow cash as permitted by applicable Canadian securities legislation and any applicable exemptive relief, including, as applicable, as a temporary measure to fund the portion of any

distributions payable to Unitholders that represents amounts that have not yet been received by a Dynamic ETF, to accommodate requests for redemptions of Units of a Dynamic ETF while the Dynamic ETF effects an orderly liquidation of portfolio assets, or to permit a Dynamic ETF to settle portfolio transactions. The Dynamic ETF is limited to borrowing up to the amount of the unpaid distribution in the case of borrowings to fund unpaid distributions and, in any event, not more than 5% of the NAV of the Dynamic ETF. There is a risk that the Dynamic ETF will not be able to repay the borrowed amount because it is unable to collect a distribution from the applicable issuer or because a trading counterparty is unable to deliver cash or securities. Under these circumstances, the Dynamic ETF would be required to repay the borrowed amount by disposing of portfolio assets. Commitment fees and/or interest charges associated with borrowing may reduce the NAV of a Dynamic ETF.

#### *Credit Risk*

Certain Dynamic ETFs may, directly or indirectly, be subject to credit risk. Credit risk is the risk that the issuer of a fixed income security or preferred shares will default by failing to make interest payments or pay back the principal amount. Securities issued by well-established companies or by governments of developed countries tend to have lower credit risk, while securities issued by less well-established companies or governments of emerging markets tend to have higher credit risk. Issuers with more volatile or uncertain revenue will tend to have higher credit risk than issuers with more stable revenue, and companies with smaller market capitalizations may be less creditworthy than larger companies. The credit risk of an issuer will also be affected by its overall level of indebtedness relative to its revenues. Changes in the market's assessment of the credit risk of an issuer will generally affect the price of that issuer's securities, even if no default occurs. Securities with higher credit risk tend to be more volatile than securities with lower credit risk.

While securities issued in domestic currency by the Government of Canada or the United States Treasury are generally considered to carry minimal risk of default, the credit risk associated with such securities could increase in the future.

Certain Dynamic ETFs may invest in asset-backed securities. Payment of principal and interest on asset-backed securities may be largely dependent upon the cash flows generated by the assets backing the securities and asset-backed securities may not have the benefit of any security interest in the related assets. Defaults on the underlying assets of the asset-backed securities may impair the value of the securities and there may be limitations on the enforceability of any security interest granted with respect to those assets.

When the Manager is analyzing bonds, notes and other debt-related investments for a Dynamic ETF, it may consider credit ratings. A credit rating generally reflects an assessment by the rating's provider of the relative credit risk of an investment compared to other investments rated by the provider. Credit rating agencies, including designated rating organizations (each, a "**Rating Agency**"), may rate specific investments (e.g., bonds), issuers (e.g., corporations, governments and financial institutions) and/or programs (e.g., commercial paper programs). Certain types of investments generally are not rated by Rating Agencies, such as certain government/sovereign obligations and/or certain government agency securities, commercial paper, time deposits at financial institutions, and derivative instruments such as credit default swaps. For those types of investments, as well as US Treasury securities (some of which are not rated), where a Rating Agency has not rated the specific investment but has rated the investment's issuer, program, financial institution or underlying reference asset, the Manager typically considers the investment to have the same Rating Agency rating as its issuer, program, financial institution or underlying reference asset, as appropriate.

New issue securities (regardless of type) rarely are rated by a Rating Agency at the time of their initial offering. Preliminary prospectuses or term sheets for new issue securities often include an expected rating for the security (as determined by the Dealer and/or issuer) or a Rating Agency rating for the issuer of the security. If applicable, when deciding whether to purchase a new issue security that has not yet been rated by a Rating Agency, the Manager typically will attribute an expected rating to the security based on: (i) the expected rating of the security set forth in the preliminary prospectus or term sheet for the security; (ii) the Rating Agency's rating for the issuer of the security set forth in the preliminary prospectus or term sheet for the security; or (iii) with respect to asset-backed securities, the rating of a prior issuance.

Credit ratings are subject to change and do not reflect all of the risks associated with an investment.

The possibility that any Constituent Security held by a Dynamic ETF, whether directly or indirectly, could have its credit rating downgraded or that it could default by failing to make scheduled dividend payments or payments of redemption proceeds could potentially reduce the Dynamic ETF's income and Unit price.

A Dynamic ETF may gain exposure to fixed-income securities directly or through the use of futures and other derivative contracts, or indirectly through other exchange-traded funds. The value of fixed-income securities depends, in part, on the perceived ability of the government or company which issued the securities to pay the interest and to repay the original investments. Securities issued by issuers that have a low credit rating are considered to have a higher credit risk than securities issued by issuers with a high credit rating. Although generally considered less volatile than equity securities, certain types of fixed-income securities and certain market conditions may result in significant volatility in the value of one or more fixed-income investments to which a Dynamic ETF may be exposed.

As a result of the Canadian bail-in debt conversion regime, a Dynamic ETF that normally holds certain debt of a domestic systemically important bank ("**D-SIB**") may, in certain circumstances, hold resulting securities of a different type and quality for a period of time which may not be of the type and quality in which such Dynamic ETF would normally invest. If the Office of the Superintendent of Financial Institutions is of the opinion that a D-SIB has ceased, or is about to cease, to be viable, the Canada Deposit Insurance Corporation may, in certain circumstances, take temporary control or ownership of the D-SIB and convert all or a portion of the D-SIB's bail-in debt into common shares of the D-SIB. Bail-in debt generally includes all unsubordinated unsecured debt of a D-SIB that is tradeable and transferable with an original term to maturity of over 400 days, subject to exclusions.

#### *Debt Instruments Risk*

Certain Dynamic ETFs may invest, directly or indirectly, in debt instruments, including corporate bonds. The value of debt instruments will be affected by changes in the general level of interest and inflation rates. Generally, debt securities will decrease in value when interest rates rise and increase in value when interest rates decline. Debt securities with a longer term to maturity are generally more sensitive to changes in interest rates than securities with a shorter term to maturity and may be more volatile as a result. The NAV and NAV per Unit of a Dynamic ETF will fluctuate with interest rate changes, as well as other factors such as changes to maturities and the credit ratings of debt instruments or issuers, and the corresponding changes in the value of the debt securities held, directly or indirectly, by the Dynamic ETFs.

Distributions on the Units of certain Dynamic ETFs will generally depend upon the ongoing payment of coupon interest on underlying debt investments and there can be no assurance that debt instruments will continue to pay coupon interest (or coupon interest at positive interest rates), or that the interest payments will be in an amount sufficient to offset a Dynamic ETF's fees and expenses. Generally, where a Dynamic ETF does not have net income to distribute it may not pay a cash distribution.

Some additional risks associated with investments in debt instruments include:

- *Call Risk:* Certain Dynamic ETFs may invest, directly or indirectly, in callable securities. During periods of falling interest rates, an issuer of a callable security may "call" or repay a security before its stated maturity, which may result in a Dynamic ETF having to reinvest the proceeds at lower interest rates, resulting in a decline in its income.
- *Extension Risk:* During periods of rising interest rates, certain debt instruments will be paid off substantially more slowly than originally anticipated and the value of those securities may fall sharply, resulting in a decline in the income of certain Dynamic ETFs or Other Funds and potentially in the value of the investments of certain Dynamic ETFs or Other Funds.
- *Credit Risk:* The value of the debt instruments held, directly or indirectly, by certain Dynamic ETFs will be affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness. Therefore, changes in an issuer's financial strength or in an instrument's or issuer's credit rating may affect an instrument's value and, thus, affect the performance of a Dynamic ETF. More information about credit risk can be found under "Additional Risks Relating to an Investment in Certain Dynamic ETFs – Credit Risk".
- *Inflation Risk:* It is possible that the value of fixed income securities, which generally pay a fixed par value upon maturity could depreciate as the level of inflation rises in the market where the security was issued. Inflation rates

are generally measured by the government and are reported as the CPI. During times of higher and rising rates of the CPI, investors may demand higher interest rates, which can lead to a fall in the value of fixed income securities. More information about inflation risk can be found under “General Risks Relating to an Investment in the Dynamic ETFs – Inflation Risk”.

- *Liquidity Risk*: Debt instruments typically trade in over-the-counter markets, which can reduce market transparency and hinder price discovery. Liquidity in over-the-counter markets is generally supplied by bond dealers or other intermediaries. These features of the market for debt instruments can lead to a significant reduction in liquidity during periods of market stress. More information about liquidity risk can be found under “General Risks Relating to an Investment in the Dynamic ETFs – Illiquid Securities Risk”.

#### *ESG Factor Risk*

The ESG factors considered in a Dynamic ETF’s investment process and the extent to which they are considered, if at all, depend on a Dynamic ETF’s particular investment objectives and strategies. Dynamic ETFs that do not incorporate ESG considerations into their investment objectives do not seek to achieve any ESG-related outcome or attributes at the security or portfolio level, and do not make any commitments regarding the ESG-related attributes at the security or portfolio level. For those Dynamic ETFs that do not incorporate ESG considerations into their investment objectives, ESG factors are considered, when deemed material, alongside many other factors, through the lens of how they could impact the investment objectives of each Dynamic ETF. The investment approach of the Manager or sub-adviser, as applicable, may not eliminate the possibility of the Dynamic ETF having exposure to companies that certain investors may perceive to exhibit negative ESG characteristics or poor performance on certain ESG factors. Investors can differ in their views of what constitutes positive or negative ESG performance on any given ESG factor. As a result, a Dynamic ETF may invest in issuers that do not reflect the beliefs and values of every investor.

#### *Foreign Investment Risk*

A Dynamic ETF or an Other Fund may invest, directly or indirectly, in foreign securities. In addition to the general risks associated with equity and fixed income investments, investments in foreign securities may involve unique risks not typically associated with investing in Canada. Foreign exchanges may be open on days when a Dynamic ETF or an Other Fund do not price their securities and, therefore, the value of the securities traded on such exchanges may change on days when investors are not able to purchase or sell Units. Information about corporations not subject to Canadian reporting requirements may not be complete, may not reflect the extensive accounting or auditing standards required in Canada and may not be subject to the same level of government supervision or regulation as would be the case in Canada.

Some foreign securities markets may be volatile or lack liquidity and some foreign markets may have higher transaction and custody costs and delays in attendant settlement procedures. In some countries, there may be difficulties in enforcing contractual obligations and investments could be affected by political instability, social instability, expropriation or confiscatory taxation.

In the case of a Dynamic ETF holding foreign securities, whether directly or indirectly, dividends, interest or distributions on those foreign securities may be subject to withholding taxes.

#### *High Yield Securities Risk*

Certain Dynamic ETFs may invest in or have exposure to high yield securities that are, at the time of purchase, rated below investment grade (or, as applicable, are determined by the Manager or an affiliate to be of similar quality). High yield securities risk is the risk that securities that are rated below investment grade (commonly referred to as “junk bonds,” which include those bonds rated lower than “BBB-” by Standard and Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., and by Fitch Rating Service Inc., or “Baa3” by Moody’s Investor’s Services, Inc.), or, as applicable, are determined by the Manager or an affiliate to be of similar quality to securities so rated, at the time of purchase, may be more volatile than higher-quality securities of similar maturity.

High yield securities may also be subject to greater levels of credit or default risk than higher-quality securities. Where applicable, the markets on which high yield securities are traded may be less liquid than the markets for higher-quality securities. The value of high yield securities can be adversely affected by overall economic conditions, such as an economic downturn or a period of rising interest rates, and high yield securities may be less liquid and more difficult to sell at an advantageous time or price, or to value than higher-quality securities.

In particular, high yield securities are often issued by smaller, less creditworthy companies, or by highly leveraged (indebted) firms, which are generally less able to make scheduled payments of interest and principal than more financially stable firms. High yield securities may also be issued by sovereign governments of countries with less-well developed economies, political systems, and/or financial markets. A Dynamic ETF may, in certain circumstances, as a result of a restructuring or corporate action of an issuer of high yield securities in which a Dynamic ETF is invested, hold resulting securities of a different type and quality for a period of time which may not be of the type and quality in which such Dynamic ETF would normally invest.

### *Inflation Risk*

Inflation is an investment risk which has not been considered for many years. However, it is possible that the value of fixed income investments and currencies could depreciate as the level of inflation rises in the country of origin. Inflation rates are generally measured by government and are reported as the Consumer Price Index (“CPI”). During times of higher and rising rates of the CPI, investors are better protected by being invested in hard asset investments such as real estate, commodities and precious metals or mutual funds that invest in companies in these industries.

### *Preferred Share Investments Risk*

Unlike interest payments on debt securities, dividend payments on preferred shares typically must be declared by the issuer’s board of directors. An issuer’s board of directors is generally not under any obligation to pay dividends (even if such dividends have accrued), and may suspend payment of dividends on preferred shares at any time. In the event an issuer of preferred shares experiences economic difficulties, the issuer’s preferred shares may lose substantial value due to the reduced likelihood that the issuer’s board of directors will declare a dividend and the fact that the preferred shares may be subordinated to other securities of the same issuer. Certain additional risks associated with preferred shares could adversely affect investments in a Dynamic ETF:

- *Default Risk.* There is a chance that the issuer of any of preferred shares held, directly or indirectly, by the Dynamic ETF will have its ability to pay dividends deteriorate or will default (fail to make scheduled dividend payments on the preferred shares or scheduled interest payments on other obligations of the issuer not held by the Dynamic ETF), which would negatively affect the value of any such holding.
- *Interest Rate Risk.* Because many preferred shares pay dividends at a fixed rate, their market price can be sensitive to changes in interest rates in a manner similar to bonds – that is, as interest rates rise, the value of the preferred shares held by the Dynamic ETF are likely to decline. To the extent that the Dynamic ETF invests a substantial portion of its assets in fixed rate preferred shares, rising interest rates may cause the value of the Dynamic ETF’s investments to decline significantly.
- *Issuer Risk.* Because many preferred shares allow holders to convert preferred shares into common shares of the issuer, their market price can be sensitive to changes in the value of the issuer’s common shares. To the extent that the Dynamic ETF invests a substantial portion of its assets in convertible preferred shares, directly or indirectly, declining common share values may also cause the value of the Dynamic ETF’s investments to decline.

### *Sector Risk*

A Dynamic ETF may concentrate its investments in a certain sector or industry within the marketplace. While this allows a Dynamic ETF to better focus on a particular sector’s potential, investment in the Dynamic ETF may also be riskier than mutual funds with broader diversification. Sector specific investment funds tend to experience greater fluctuations in price because securities in the same industry tend to be affected by the same factors. A Dynamic ETF



must continue to follow its investment objectives by investing in their particular sector, even during periods when such sector is performing poorly.

#### *Sensitivity to Interest Rates*

Investment funds that invest in fixed income securities, such as money market instruments and bonds, as well as equity securities, will be sensitive to changes in interest rates. Generally, the value of these types of investments tends to fall as interest rates rise and increase as interest rates decline. Those fixed income securities with longer terms to maturity tend to be more sensitive to interest rate changes.

Like all fixed income securities, commercial paper prices are also susceptible to fluctuations in interest rates. If interest rates rise, commercial paper prices will decline.

#### **Risk Ratings of the Dynamic ETFs**

As required by applicable securities legislation, the Manager determines the investment risk level of the Dynamic ETFs in accordance with a standardized risk classification methodology that is based on the Dynamic ETF's historical volatility as measured by the 10-year standard deviation of the returns of the Dynamic ETF. Standard deviation is a statistical tool used to measure the historical variability of a fund's returns relative to the fund's average return. The higher the standard deviation of the Dynamic ETF, the greater the range of returns it has experienced in the past. A Dynamic ETF with a higher standard deviation will be classified as riskier.

For a newly established fund, the standardized methodology requires the use of the standard deviation of a reference fund or reference index that is reasonably expected to approximate the standard deviation of the fund. Where a fund has offered securities to the public for less than 10 years, the standardized methodology will calculate the standard deviation of the fund using the available return history of the fund and imputing the return history of the reference fund or reference index for the remainder of the 10-year period. Once the Dynamic ETFs have 10 years of performance history, the methodology will calculate the standard deviation of the Dynamic ETFs using the return history of the Dynamic ETFs rather than that of the reference index. The Dynamic ETFs are assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk.

The following chart sets out a description of the reference index used for each Dynamic ETF:

<b>Dynamic ETF</b>	<b>Reference Index</b>	<b>Description</b>
DXCB	FTSE Canada Corporate Universe Index	This index measures the performance of the Canadian corporate bond sector. It is comprised primarily of semi-annual pay fixed rate corporate bonds issued domestically in Canada.
DXBB	FTSE Canada Universe Bond Index	This index is designed to be a broad measure of the Canadian investment-grade fixed income market including Government of Canada bonds, provincial bonds, municipal bonds and corporate obligations.

The Manager reviews the investment risk rating of the Dynamic ETFs at least annually as well as if there is a material change in the Dynamic ETF's investment objectives or investment strategies.

Historical performance may not be indicative of future returns and the Dynamic ETF's historical volatility may not be indicative of its future volatility. There may be times when the Manager believes the standardized methodology produces a result that does not reflect the Dynamic ETF's risk based on other qualitative factors. As a result, the Manager may assign a higher risk rating to the Dynamic ETF if the Manager determines it is reasonable to do so in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk ratings of the Dynamic ETFs is available on request, at no cost, by calling toll-free at 1-800-268-8186 or by writing to the Manager at 40 Temperance Street, 16<sup>th</sup> Floor, Toronto, Ontario M5H 0B4.

## DISTRIBUTION POLICY

Cash distributions on Units of a Dynamic ETF, if any, will be made in the currency in which Units of the Dynamic ETF are denominated and are expected to be made periodically as set out in the table below:

Dynamic ETFs	Frequency of Distributions
DXCB	Monthly
DXBB	Monthly

Distributions are not guaranteed and the Manager may, in its sole discretion, change the frequency or amount of such distributions, which change will be announced by the Manager in a press release.

Depending on the underlying investments of a Dynamic ETF, distributions on Units may consist of ordinary income, including interest, foreign source income and taxable dividends from taxable Canadian corporations, sourced from dividends or distributions received by the Dynamic ETF but may also include net realized capital gains, in any case, less the expenses of that Dynamic ETF. Distributions on Units of the Dynamic ETF may also include returns of capital which will generally reduce the adjusted cost base of the Unitholder's Units of that Dynamic ETF. To the extent that the expenses of a Dynamic ETF exceed the income generated by such Dynamic ETF in any given month or quarter, a monthly or quarterly distribution, as applicable, may not be paid.

If, for any taxation year, a Dynamic ETF has not otherwise distributed the full amount of its net income and net realized capital gains, the Dynamic ETF will, after December 15 but on or before December 31 of that calendar year (in the case of a taxation year that ends on December 15), or by the end of the taxation year (in any other case), be required to pay or make payable such net income and net realized capital gains as one or more special year-end distributions for such year to Unitholders as is necessary to ensure that the Dynamic ETF will not be liable for income tax on such amounts under Part I of the Tax Act (after taking into account all available deductions, credits and refunds). Such special distributions may be paid in the form of Units of the Dynamic ETF and/or cash. Any special distributions payable in Units of a Dynamic ETF will increase the aggregate adjusted cost base of a Unitholder's Units. Immediately following payment of such a special distribution in Units, the number of Units held by a Unitholder will be automatically consolidated such that the number of Units outstanding after such distribution will be equal to the number of Units held by such Unitholder immediately prior to such distribution, except in the case of a non-resident Unitholder to the extent tax is required to be withheld in respect of the distribution.

See "Income Tax Considerations".

### Distribution Reinvestment Plan

At any time, a Unitholder may elect to participate in the Dynamic ETFs' distribution reinvestment plan (the "DRIP") by contacting the CDS Participant through which the Unitholder holds its Units. Under the DRIP, cash distributions will be used to acquire additional Units of the same class ("Plan Units") by purchasing them at market price on an exchange and will be credited to the account of the Unitholder's broker through CDS.

### Fractional Units

No fractional Plan Units will be delivered under the DRIP. Payment in cash for any remaining uninvested funds will be made in lieu of delivering fractional Plan Units by the plan agent to CDS or a CDS Participant, on a monthly or quarterly basis, as the case may be. Where applicable, CDS will, in turn, credit the account of the Unitholder participating in the DRIP via the applicable CDS Participant.

### *Amendments, Suspensions or Termination of the DRIP*

A Unitholder may withdraw from the DRIP by providing notice to the CDS Participant through which the Unitholder holds Units. The Unitholder must provide such notice to the CDS Participant sufficiently in advance of the applicable distribution record date in respect of the next expected distribution in which the Unitholder does not wish to participate. The form of termination notice will be available from CDS Participants and any expenses associated with the preparation and delivery of such termination notice will be for the account of the Unitholder exercising its rights to terminate participation in the DRIP.

The Manager is permitted to terminate the DRIP, in its sole discretion, upon not less than 30 days' notice to Unitholders participating in the DRIP, via the CDS Participants through which Unitholders hold their Units, and to the plan agent, subject to any required regulatory approval. The Manager is also permitted to amend, modify or suspend the DRIP at any time in its sole discretion, provided that it complies with certain requirements, gives notice of that amendment, modification or suspension to Unitholders participating in the DRIP and to the plan agent, subject to any required regulatory approval, which notice may be given by issuing a press release containing a summary description of the amendment or in any other manner the Manager determines to be appropriate.

The Manager may from time to time adopt rules and regulations to facilitate the administration of the DRIP. The Manager reserves the right to regulate and interpret the DRIP as it deems necessary or desirable to ensure the efficient and equitable operation of the DRIP.

### *Other Provisions*

Participation in the DRIP is restricted to Unitholders who are residents of Canada for the purposes of the Tax Act. Partnerships (other than "Canadian partnerships" as defined in the Tax Act) are not eligible to participate in the DRIP. Upon becoming a non-resident of Canada or a partnership (other than a Canadian partnership), a participant in the DRIP (a "**Plan Participant**") shall notify its CDS Participant and terminate participation in the DRIP immediately.

Each Plan Participant will be provided annually, for tax reporting purposes, with information regarding the amounts paid or payable by a Dynamic ETF to the Plan Participant in the preceding taxation year. The automatic reinvestment of distributions under the DRIP will not relieve Plan Participants of any income tax applicable to such distributions.

## **PURCHASES OF UNITS**

### **Initial Investment in the Dynamic ETFs**

In compliance with NI 81-102, a Dynamic ETF will not issue Units to the public until orders aggregating not less than \$500,000 are received and accepted by the Dynamic ETF from investors other than the Manager, or its directors, officers or securityholders.

### **Continuous Distribution**

Units of the Dynamic ETFs are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued. Units of the Dynamic ETFs are denominated in Canadian dollars.

### **Designated Broker**

All orders to purchase Units directly from a Dynamic ETF must be placed by the Designated Broker or Dealers. The Manager reserves the absolute right to reject any subscription order placed by the Designated Broker and/or a Dealer. No fees will be payable by a Dynamic ETF to the Designated Broker or a Dealer in connection with the issuance of Units of the Dynamic ETF. On the issuance of Units, the Manager may, at its discretion, charge an administrative fee to a Dealer or Designated Broker to offset any expenses (including any applicable TSX additional listing fees) incurred in issuing the Units.

On any Trading Day, a Designated Broker or a Dealer may place a subscription order for the PNU or integral multiple PNU of a Dynamic ETF. If a subscription order is received by a Dynamic ETF at or before 2:00 p.m. (Toronto time) on a Trading Day, or such other time prior to the Valuation Time on such Trading Day as the Manager may permit, and is accepted by the Manager, the Dynamic ETF will generally issue to the Dealer or Designated Broker the PNU (or an integral multiple thereof) within two Trading Days, and subject to the implementation of proposed changes to the timeframe for settlement of securities in Canada, effective May 27, 2024, one Trading Day, from the effective date of the subscription order. The Dynamic ETF must receive payment for the Units subscribed for within two Trading Days from the effective date of the subscription order. Subject to the implementation of proposed changes to the timeframe for the settlement of securities in Canada, effective May 27, 2024, payment for Units of a Dynamic ETF will need to be received within one Trading Day after the purchase price is determined. The effective date of a subscription order is currently the Trading Day the subscription order is received (provided it is received at or before 2:00 p.m. (Toronto time)) on which the Valuation Time that applies to such subscription order takes place.

Unless the Manager shall otherwise agree or the Declaration of Trust shall otherwise provide, as payment for a PNU of a Dynamic ETF, a Dealer or Designated Broker must deliver subscription proceeds consisting of a Basket of Securities and cash in an amount sufficient so that the value of the Basket of Securities and cash delivered is equal to the NAV of the applicable PNU of the Dynamic ETF determined at the Valuation Time on the effective date of the subscription order. The Manager may, in its complete discretion, instead accept subscription proceeds consisting of (i) cash only in an amount equal to the NAV of the applicable PNU of the Dynamic ETF determined at the Valuation Time on the effective date of the subscription order, plus (ii) if applicable, administration fees including associated brokerage expenses, commissions, transaction costs and other costs and expenses that the Dynamic ETFs incur or expect to incur in purchasing securities on the market with such cash proceeds.

The Manager may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for Units of a Dynamic ETF for cash in a dollar amount not to exceed 0.30% of the NAV of the Dynamic ETF, or such other amount as may be agreed to by the Manager and the Designated Broker. The number of Units issued will be the subscription amount divided by the NAV per Unit next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the Units must be made by the Designated Broker by no later than the second Trading Day after the subscription notice has been delivered.

The Manager will, except when circumstances prevent it from doing so, disclose the number of Units comprising a PNU for a particular Dynamic ETF to applicable investors, the Designated Broker and Dealers following the close of business on each Trading Day. The Manager may, at its discretion, increase or decrease the applicable PNU from time to time and will provide notice of such change to applicable investors, the Designated Broker and Dealers.

#### ***To Unitholders of a Dynamic ETF Distributions Paid in Units***

In addition to the issuance of Units as described above, distributions may be made by way of the issuance of Units in accordance with the distribution policy of the Dynamic ETFs. See “Distribution Policy”.

#### **Buying and Selling Units of a Dynamic ETF**

The Units of the Dynamic ETFs have been conditionally approved for listing on the TSX. Subject to satisfying the TSX’s original listing requirements, the Units will be listed on the TSX and investors will be able to buy and sell such units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units of a Dynamic ETF. No fees are paid by investors to the Manager or any Dynamic ETF in connection with buying or selling of Units of a Dynamic ETF on the TSX.

#### ***Special Considerations for Unitholders***

The provisions of the so-called “early warning” requirements set out in Canadian Securities Legislation do not apply in connection with the acquisition of Units. In addition, the Dynamic ETFs have obtained exemptive relief from the

Securities Regulatory Authorities to permit Unitholders to acquire more than 20% of the Units of any Dynamic ETF through purchases on the TSX without regard to the take-over bid requirements of Canadian Securities Legislation.

## **EXCHANGE AND REDEMPTION OF UNITS**

### **Exchange of Units of a Dynamic ETF at NAV per Unit for Baskets of Securities and/or Cash**

Unitholders of a Dynamic ETF may exchange the applicable PNU (or an integral multiple thereof) of the Dynamic ETF on any Trading Day for Baskets of Securities and cash, subject to the requirement that a minimum PNU be exchanged. To effect an exchange of Units of a Dynamic ETF, a Unitholder must submit an exchange request in the form and at the location prescribed by the Dynamic ETF from time to time at or before 2:00 p.m. (Toronto time) on a Trading Day, or such other time prior to the Valuation Time on such Trading Day as the Manager may permit. The exchange price will be equal to the NAV of each PNU tendered for exchange determined at the Valuation Time on the effective date of the exchange request, payable by delivery of a Basket of Securities (constituted as most recently published prior to the effective date of the exchange request) and cash. The Units will be redeemed in the exchange. The Manager will also make available to applicable investors, Dealers and the Designated Broker the applicable PNU to redeem Units of the Dynamic ETFs on each Trading Day. The effective date of an exchange request is currently the Trading Day the exchange request is received (provided it is received at or before 2:00 p.m. (Toronto time)) on which the Valuation Time that applies to such exchange request takes place.

Upon the request of a Unitholder, the Manager may, in its complete discretion, satisfy an exchange request by delivering cash only in an amount equal to the NAV of each PNU tendered for exchange determined at the Valuation Time on the effective date of the exchange request, provided that the Unitholder agrees to pay applicable administration fees, including associated brokerage expenses, commissions, transaction costs and other costs and expenses that the Dynamic ETFs incur or expect to incur in selling securities on the market to obtain the necessary cash for the exchange.

If an exchange request is not received by the applicable cut-off time, the exchange order will be effective only on the next Trading Day. Settlement of exchanges for Baskets of Securities and/or cash will generally be made by the second Trading Day after the effective day of the exchange request.

If any securities in which a Dynamic ETF has invested are cease traded at any time by order of a Securities Regulatory Authority or other relevant regulator or stock exchange, the delivery of Baskets of Securities to a Unitholder, Dealer or Designated Broker on an exchange of the PNU may be postponed until such time as the transfer of the Baskets of Securities is permitted by law.

As described under “Book-Entry Only System”, registration of interests in, and transfers of, Units are made only through the book-entry only system of CDS. The redemption rights described below must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide redemption instructions to the CDS Participant through which they hold such Units sufficiently in advance of the cut-off times described below to allow such CDS Participant to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

### **Redemption of Units of a Dynamic ETF for Cash**

On any Trading Day, Unitholders of a Dynamic ETF may redeem (i) Units of the Dynamic ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administration fee determined by the Manager, in its sole discretion, from time to time, or (ii) a PNU of a Dynamic ETF or a multiple PNU of a Dynamic ETF for cash equal to the NAV of that number of Units of the Dynamic ETF less any applicable administration fee determined by the Manager, in its sole discretion from time to time. Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders of the Dynamic ETFs are advised to consult their brokers, dealers or investment advisers before redeeming such Units for cash. No fees or expenses are paid by Unitholders to the Manager or any Dynamic ETF in connection with selling Units on the TSX.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request with respect to the applicable Dynamic ETF must be delivered to the Manager in the form and at the location prescribed by the Manager from time to time at or before 9:30 a.m. (Toronto time) on such Trading Day. Any cash redemption request received after such time will be effective only on the next Trading Day. Where possible, payment of the redemption price will be made by no later than the second Trading Day after the effective day of the redemption. The cash redemption request forms may be obtained from any registered broker or Dealer.

Unitholders that have delivered a redemption request prior to the Distribution Record Date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of Units of a Dynamic ETF, the Dynamic ETF will generally dispose of securities or other financial instruments.

### **Suspension of Exchanges and Redemptions**

The exchange or redemption of Units may be suspended or postponed by any Dynamic ETF, provided that such suspension complies with applicable securities legislation.

The Manager may suspend the exchange or redemption of Units of a Dynamic ETF or payment of redemption proceeds of a Dynamic ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Dynamic ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Dynamic ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Dynamic ETF; or (ii) with the prior permission of the Securities Regulatory Authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Dynamic ETF or which impair the ability of the Custodian to determine the value of the assets of the Dynamic ETF. The suspension may apply to all requests for exchange or redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the exchange or redemption will be effected at a price determined on the first Valuation Day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for exchange or redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over a Dynamic ETF, any declaration of suspension made by the Manager shall be conclusive.

### **Administration Fee**

An amount, as may be agreed to between the Manager and the Designated Broker or Dealer of a Dynamic ETF, may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units of that Dynamic ETF. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the TSX.

### **Allocations of Capital Gains to Redeeming or Exchanging Unitholders**

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

Based on rules in the Tax Act applicable to trusts that are "mutual fund trusts" for purposes of the Tax Act throughout the taxation year, amounts of taxable capital gains so allocated and designated to redeeming Unitholders will be

deductible to a Dynamic ETF to the extent of the redeeming Unitholders' pro rata share (as determined under the Tax Act) of the net taxable capital gains of such Dynamic ETF for the year. Any such taxable capital gains that would not be deductible by a Dynamic ETF if allocated to redeeming or exchanging Unitholders may be made payable to non-redeeming or non-exchanging Unitholders of such Dynamic ETF so that such Dynamic ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming or non-exchanging Unitholders of a Dynamic ETF may be greater than they would have been in the absence of the rules described above.

### **Book-Entry Only System**

Registration of interests in, and transfers of, Units of a Dynamic ETF are made only through the book-entry only system of CDS. Units must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon buying Units of a Dynamic ETF, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest of such Units.

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

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

A Dynamic ETF has the option to terminate registration of Units through the book-entry only system in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

### **Short-Term Trading**

Unlike conventional open-end mutual fund trusts in which short term trading by investors may cause the mutual fund to incur additional unnecessary trading costs in connection with the purchase of additional portfolio securities and the sale of portfolio securities to fund unitholder redemptions, the Manager does not believe that it is necessary to impose any short-term trading restrictions on the Dynamic ETFs at this time as: (i) the Dynamic ETFs are exchange traded funds that are primarily traded in the secondary market; and (ii) the few transactions involving Units of the Dynamic ETFs that do not occur on the secondary market involve Designated Brokers and Dealers, who can only purchase or redeem Units in a PNU and on whom the Manager may impose an administration fee. The administration fee is intended to compensate the Dynamic ETFs for any costs and expenses incurred by the Dynamic ETFs in order to satisfy and process the redemption.

## **PRICE RANGE AND TRADING VOLUME OF UNITS**

Information on the trading price and volume of the Units of the Dynamic ETFs is not yet available because the Dynamic ETFs are new.

## **INCOME TAX CONSIDERATIONS**

In the opinion of Blake, Cassels & Graydon LLP, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of Units of a Dynamic ETF by a Unitholder of the Dynamic ETF who acquires Units of the Dynamic ETF pursuant to this prospectus. This summary only applies to a prospective Unitholder of a Dynamic ETF who is an individual (other than a trust) resident in Canada for purposes of the Tax Act who deals at arm's length with the Dynamic ETF and any Designated Broker or Dealer and is not affiliated with the Dynamic ETF or any Designated Broker or Dealer and who holds Units of the Dynamic ETF as capital property (a "**Holder**").

Generally, Units of a Dynamic ETF will be considered to be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Provided that a Dynamic ETF qualifies as a “mutual fund trust” for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units of the Dynamic ETF as capital property may, in certain circumstances, be entitled to have such Units and all other “Canadian securities” owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Holder who has entered or will enter into a “derivative forward agreement” as that term is defined in the Tax Act with respect to the Units.

This summary assumes that at all times each Dynamic ETF will (i) not make or hold any investment in property that would be “taxable Canadian property” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof) if more than 10% of the Dynamic ETF’s property consisted of such property; (ii) not invest in or hold (a) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Dynamic ETF (or the partnership) would be required to include significant amounts in income pursuant to section 94.1 of the Tax Act, (b) an interest in a trust (or a partnership which holds such an interest) which would require the Dynamic ETF (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or (c) any interest in a non-resident trust other than an “exempt foreign trust” for the purposes of section 94 of the Tax Act (or a partnership which holds such an interest); (iii) not invest in any security that would be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act; (iv) not invest in any security of an issuer that would be a “foreign affiliate” of the Dynamic ETF or of any Holder for purposes of the Tax Act; (v) not enter into any arrangement (including the acquisition of securities for the Dynamic ETF’s portfolio) where the result is a “dividend rental arrangement” for purposes of the Tax Act; and (vi) comply with its investment restrictions. The Manager has advised counsel that the Dynamic ETFs will at no time hold “non-portfolio property” within the meaning of the SIFT Rules, and this summary assumes as much.

This summary is based on the facts described herein, the current provisions of the Tax Act, counsel’s understanding of the current publicly available administrative policies and assessing practices of the CRA published in writing prior to the date hereof and certificates of the Manager. This summary takes into account the Tax Amendments. This description is not exhaustive of all Canadian federal income tax consequences and does not take into account or anticipate changes in the law or in administrative policy or assessing practice, whether by legislative, governmental or judicial action other than the Tax Amendments in their present form, nor does it take into account provincial, territorial or foreign tax considerations which may differ significantly from those discussed herein. There can be no assurance that the Tax Amendments will be enacted in the form publicly announced, or at all.

Certain Tax Amendments released by the Minister of Finance (Canada) on September 23, 2024 (the “**Capital Gains Amendments**”) to implement measures first announced in the 2024 Federal Budget would generally increase the capital gains inclusion rate from one-half to two-thirds. The Capital Gains Amendments are described in this summary under the heading “Income Tax Considerations - Capital Gains Amendments”, but are not otherwise described in this summary.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units of a Dynamic ETF. This summary does not address the deductibility of interest on any funds borrowed by a Holder to purchase Units of a Dynamic ETF. The income and other tax consequences of investing in Units will vary depending on an investor’s particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder of Units of a Dynamic ETF. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units of a Dynamic ETF based on their particular circumstances.**

### **Status of the Dynamic ETFs**

This summary is based on the assumptions (a) that each Dynamic ETF is a “unit trust” for purposes of the Tax Act and will qualify or be deemed to qualify at all times as a “mutual fund trust” within the meaning of the Tax Act, (b) that each Dynamic ETF is not and will not be a “SIFT trust” within the meaning of the Tax Act or a “covered



entity” within the meaning of the Equity Repurchase Rules, and (c) that each Dynamic ETF has not been established and will not be maintained primarily for the benefit of non-residents unless, at that time, substantially all of its property consists of property other than property that would be “taxable Canadian property” within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

To qualify as a mutual fund trust (i) a Dynamic ETF must be a Canadian resident “unit trust” for purposes of the Tax Act, (ii) the only undertaking of the Dynamic ETF must be (a) the investing of its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Dynamic ETF, or (c) any combination of the activities described in (a) and (b), and (iii) the Dynamic ETF must comply with certain minimum requirements respecting the ownership and dispersal of Units of a particular class (the “**Minimum Distribution Requirements**”). In this connection, the Manager has advised counsel that (i) it will endeavour to cause each Dynamic ETF to qualify as a unit trust throughout the life of the Dynamic ETF, (ii) each Dynamic ETF’s undertaking conforms with the restrictions for mutual fund trusts, (iii) the Manager intends to file the necessary election so that each of the Dynamic ETFs will qualify as a mutual fund trust from its inception in 2024, and the Manager has no reason to believe that any of the Dynamic ETFs will not comply with the Minimum Distribution Requirements before the 91<sup>st</sup> day after the end of its first taxation year (determined without regard to any taxation year-end that may be deemed to occur for other purposes under the rules in the Tax Act relating to “loss restriction events”) and at all times thereafter, thereby permitting the filing by the Dynamic ETFs of such election (although there can be no assurances in this regard).

**If a Dynamic ETF were not to qualify or be deemed to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different in respect of the Dynamic ETF.**

For instance, a Dynamic ETF that does not qualify as a mutual fund trust throughout a taxation year may become subject to the special tax on designated income pursuant to Part XII.2 of the Tax Act and/or tax under the Equity Repurchase Rules, would not be entitled to the Capital Gains Refund and may be subject to the “anti-straddle” rules which would defer the ability to claim certain losses. In addition, if a Dynamic ETF does not qualify as a mutual fund trust and one or more “financial institutions”, as defined in the Tax Act, owns more than 50% of the fair market value of the Units of such Dynamic ETF, that Dynamic ETF will be a “financial institution” for purposes of the “mark-to-market property” rules contained in the Tax Act. In that event, gains and losses of such Dynamic ETF on property that is “mark-to-market property” for purposes of these rules will be fully included in or deducted from income on an annual mark-to-market basis. A trust that becomes or ceases to be a financial institution for the above purposes will be deemed to have a year-end for tax purposes at such time, and will be deemed to have disposed of certain properties at their fair market value and to have reacquired them immediately thereafter. A deemed taxation year-end would result in an unscheduled distribution of the Dynamic ETF’s net income and net realized capital gains, if any, at such time to Unitholders so that the Dynamic ETF is not liable for income tax on such amounts under Part I of the Tax Act. The Manager has advised counsel that it intends to monitor the status of each Dynamic ETF with a view to identifying any deemed taxation year-ends and allocating the net income and realized taxable capital gains of such Dynamic ETF for such taxation years to Unitholders, such that no non-refundable income tax should be payable by such Dynamic ETF in respect of such deemed taxation year-ends. However, there can be no assurances in this regard.

Provided that the Units of a Dynamic ETF are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX), or the Dynamic ETF qualifies as a mutual fund trust within the meaning of the Tax Act, the Units of that Dynamic ETF will be qualified investments under the Tax Act for a trust governed by an RRSP, a RRIF, an RDSP, a DPSP, an RESP, a TFSA or an FHSA (collectively, “**Registered Plans**”). See “Income Tax Considerations – Taxation of Registered Plans” for the consequences of holding Units in Registered Plans.

### **Taxation of the Dynamic ETFs**

The Manager has advised counsel that each Dynamic ETF will elect (if available) to have a taxation year that ends on December 15 of each calendar year. A Dynamic ETF that has not validly made such election will have a taxation year that ends on December 31 of each calendar year. A Dynamic ETF must pay tax on its net income (including net realized taxable capital gains) for a taxation year, less the portion thereof that it deducts in respect of the amount paid or payable (or deemed to be paid or payable) to its Unitholders in the calendar year in which the taxation year ends.

An amount will be considered to be payable to a Unitholder of a Dynamic ETF in a calendar year if it is paid to the Unitholder in that year by the Dynamic ETF or if the Unitholder is entitled in that year to enforce payment of the amount. The Declaration of Trust requires that sufficient amounts be paid or made payable each year so that no Dynamic ETF is liable for any non-refundable income tax under Part I of the Tax Act.

A Dynamic ETF will be required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a security held in its portfolio.

With respect to indebtedness, a Dynamic ETF will be required to include in its income for a taxation year all interest thereon that accrues (or is deemed to accrue) to it to the end of that year (or until the disposition of the indebtedness in the year) or that has become receivable or is received by the Dynamic ETF before the end of that year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Dynamic ETF's income for a preceding taxation year and excluding any interest that accrued prior to the time of the acquisition of the indebtedness by the Dynamic ETF.

On a redemption or repayment of an indebtedness, a Dynamic ETF will be considered to have disposed of the indebtedness for proceeds of disposition equal to the amount received by the Dynamic ETF (other than any amount received or deemed to have been received on account of interest) on such redemption or repayment. Generally, on any disposition by a Dynamic ETF of an indebtedness, interest accrued thereon to the date of disposition and not yet due will be included in computing the Dynamic ETF's income, except to the extent such amount was otherwise included in the Dynamic ETF's income, and will be excluded in computing the Dynamic ETF's proceeds of disposition of the indebtedness.

To the extent a Dynamic ETF holds trust units issued by a trust resident in Canada that is not at any time in the relevant taxation year a "SIFT trust" and held as capital property for purposes of the Tax Act, the Dynamic ETF will be required to include in the calculation of its income for a taxation year the net income, including net taxable capital gains, paid or payable to the Dynamic ETF by such trust in the calendar year in which that taxation year ends, notwithstanding that certain of such amounts may be reinvested in additional units of the trust. Provided that appropriate designations are made by such trust, generally net taxable capital gains realized by the trust, foreign source income of the trust and taxable dividends from taxable Canadian corporations received by the trust that are paid or payable by the trust to the Dynamic ETF will effectively retain their character in the hands of the Dynamic ETF. The Dynamic ETF will be required to reduce the adjusted cost base of units of such trust by any amount paid or payable by the trust to the Dynamic ETF except to the extent that the amount was included in calculating the income of the Dynamic ETF or was the Dynamic ETF's share of the non-taxable portion of capital gains of the trust, the taxable portion of which was designated in respect of the Dynamic ETF. If the adjusted cost base to the Dynamic ETF of such units becomes a negative amount at any time in a taxation year of the Dynamic ETF, that negative amount will be deemed to be a capital gain realized by the Dynamic ETF in that taxation year and the Dynamic ETF's adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

At any time that a Dynamic ETF is a financial institution for purposes of the "mark-to-market property" rules contained in the Tax Act, gains and losses on the disposition of "mark-to-market property" will be on income account and will be brought into income for each taxation year on a mark-to-market basis. In respect of securities in the portfolio of a Dynamic ETF that are not "mark-to-market properties", or provided the Dynamic ETF is not a financial institution, in general, a Dynamic ETF will realize a capital gain (or capital loss) upon the actual or deemed disposition of a security included in its portfolio, to the extent the proceeds of disposition net of any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such security, unless the Dynamic ETF were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Dynamic ETF has acquired the security in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Manager has advised counsel that each Dynamic ETF will generally take the position that gains and losses realized on the disposition of its securities are capital gains and capital losses, provided such gains and losses are (i) in respect of property that is not "mark-to-market property" where the Dynamic ETF is a financial institution for purposes of the "mark-to-market property" rules, or (ii) in respect of any securities in the portfolio of a Dynamic ETF where the Dynamic ETF is not a financial institution. In addition, a Dynamic ETF may make (if applicable) an election under subsection 39(4) of the Tax Act in its taxation year in which it first disposes of "Canadian securities" (as defined in the Tax Act) to have all such Canadian securities deemed to be capital property of the Dynamic ETF. Such election will affect a disposition of securities if, at the time of such disposition, the Dynamic ETF is a mutual fund trust for

purposes of the Tax Act or is not (i) a financial institution for purposes of the “mark-to-market property” rules in the Tax Act, or (ii) a trader or dealer in securities.

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

In general, gains and losses realized by a Dynamic ETF from derivative transactions and in respect of short sales of securities (other than Canadian securities) will be on income account except where such derivatives are used to hedge portfolio securities held on capital account provided the Dynamic ETF is not a financial institution and there is sufficient linkage, subject to the DFA Rules discussed below, and such gains and losses will be recognized for tax purposes at the time they are realized by the Dynamic ETF. An election to realize gains and losses on “eligible derivatives” (as defined in the Tax Act) of a Dynamic ETF on a mark-to-market basis may be available. The Manager will consider whether such election, if available, would be advisable for any Dynamic ETF. Gains or losses in respect of currency hedges entered into in respect of amounts invested in the portfolio of a Dynamic ETF will constitute capital gains and capital losses to the Dynamic ETF if the securities in the Dynamic ETF’s portfolio are capital property to the Dynamic ETF, provided the Dynamic ETF is not a financial institution and there is sufficient linkage.

A loss realized by a Dynamic ETF on a disposition of capital property will be a suspended loss for purposes of the Tax Act if the Dynamic ETF, or a person affiliated with the Dynamic ETF, acquires a property (a “**Substituted Property**”) that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Dynamic ETF, or a person affiliated with the Dynamic ETF, owns the Substituted Property 30 days after the original disposition. If a loss is suspended, a Dynamic ETF cannot deduct the loss from the Dynamic ETF’s capital gains until the Substituted Property is disposed of and is not reacquired by the Dynamic ETF, or a person affiliated with the Dynamic ETF, within 30 days before and after the disposition.

A Dynamic ETF may enter into transactions denominated in currencies other than the Canadian dollar including the acquisition of securities in its portfolio. The cost and proceeds of disposition of securities, dividends, interest, distributions and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars using the appropriate exchange rates determined in accordance with the detailed rules in the Tax Act in that regard. The amount of income, gains and losses realized by a Dynamic ETF may be affected by fluctuations in the value of other currencies relative to the Canadian dollar.

The DFA Rules target certain financial arrangements (described in the DFA Rules as “derivative forward agreements”) that seek to deliver a return based on an “underlying interest” (other than certain excluded underlying interests) for purposes of the DFA Rules. The DFA Rules are broad in scope and could apply to other agreements or transactions. If the DFA Rules were to apply in respect of any derivatives to be utilized by a Dynamic ETF, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains. The DFA Rules generally should not apply to foreign currency hedging transactions.

A Dynamic ETF may derive income or gains from investments in countries other than Canada, and as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid by a Dynamic ETF exceeds 15% of the amount included in the Dynamic ETF’s income from such investments, such excess may generally be deducted by the Dynamic ETF in computing its net income for the purposes of the Tax Act. To the extent that such foreign tax paid does not exceed 15% of the amount included in the Dynamic ETF’s income from such investments and has not been deducted in computing the Dynamic ETF’s income, the Dynamic ETF may designate in respect of a Holder a portion of its foreign source income that can reasonably be considered to be part of the Dynamic ETF’s income distributed to such Holder so that such income and a portion of the foreign tax paid by the Dynamic ETF may be regarded as foreign source income of, and foreign tax paid by, the Holder for the purposes of the foreign tax credit provisions of the Tax Act.

A Dynamic ETF will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units. Such issue expenses paid by a Dynamic ETF and not reimbursed will be deductible by the Dynamic

ETF ratably over a five-year period subject to reduction in any taxation year which is less than 365 days. In computing its income under the Tax Act, a Dynamic ETF may deduct reasonable administrative and other expenses incurred to earn income.

Losses incurred by a Dynamic ETF in a taxation year cannot be allocated to Holders, but may be deducted by the Dynamic ETF in future years in accordance with the Tax Act.

In certain circumstances, the deductibility of interest on money borrowed to invest in certain trusts may be reduced on a pro rata basis in respect of distributions from such trusts that are a return of capital and that are not reinvested for an income earning purpose. Accordingly, part of the interest payable by a Dynamic ETF in connection with money borrowed to acquire units of an underlying fund could be non-deductible, increasing the net income of the Dynamic ETF for tax purposes and the amount of income to be distributed each year to its Unitholders. Further, the EIFEL Rules generally limit the deductibility of interest and financing expenses of a Canadian resident corporation or trust that is not an “excluded entity” to a fixed ratio of tax EBITDA (as calculated in accordance with the EIFEL Rules). If the EIFEL Rules apply to a Dynamic ETF, the amount of interest and other financing expenses otherwise deductible by the Dynamic ETF may be reduced and the taxable component of distributions by the Dynamic ETF to its Unitholders may be increased accordingly.

The Tax Act provides for a special tax on the designated income of certain trusts (other than a trust that was throughout the taxation year a mutual fund trust) that have designated beneficiaries. The Manager intends to monitor the activities of any Dynamic ETF that does not qualify as a mutual fund trust so as to ensure that such Dynamic ETF does not earn any designated income for purposes of the Tax Act. On this basis, it is anticipated that the Dynamic ETFs will not have any liability with respect to this special tax. However, if a Dynamic ETF is considered to be carrying on business in respect of any of its investing activities, the income related thereto may be designated income and may be subject to the above-noted special tax.

### **Taxation of Holders**

A Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income of a Dynamic ETF, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder in that particular taxation year (whether in cash or in Units, whether such amount is reinvested in additional Units, or whether as a Management Fee Distribution). In the case of a Dynamic ETF that has validly elected to have a December 15 taxation year end, amounts paid or payable by a Dynamic ETF to a Holder after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the Holder on December 15.

Under the Tax Act, a Dynamic ETF is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions of income and net realized taxable capital gains for the calendar year to the extent necessary to enable the Dynamic ETF to use, in that taxation year, losses from prior years without affecting the ability of the Dynamic ETF to distribute its income annually. In such circumstances, the amount distributed to a Holder of a Dynamic ETF but not deducted by the Dynamic ETF will not be included in the Holder’s income. However, the adjusted cost base of the Holder’s Units of the Dynamic ETF will be reduced by such amount. The non-taxable portion of a Dynamic ETF’s net realized capital gains for a taxation year, the taxable portion of which was designated in respect of a Holder for the taxation year, that is paid or becomes payable to the Holder for the year will not be included in computing the Holder’s income for the year. Any other amount in excess of a Holder’s share of the net income of a Dynamic ETF for a taxation year that is paid or becomes payable to the Holder for the year (i.e. returns of capital) will not generally be included in the Holder’s income for the year, but will reduce the adjusted cost base of the Holder’s Units of the Dynamic ETF. To the extent that the adjusted cost base of a Unit of a Dynamic ETF to a Holder would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Holder will be increased by the amount of such deemed capital gain to zero.

Provided that appropriate designations are made by a Dynamic ETF, such portion of the net realized taxable capital gains of the Dynamic ETF, the taxable dividends received or deemed to be received by the Dynamic ETF on shares of taxable Canadian corporations and foreign source income of the Dynamic ETF as is paid or becomes payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act, within the limits contemplated in the Tax Act and Tax Amendments. To the extent that amounts are designated

as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply. Where a Dynamic ETF makes designations in respect of its foreign source income, for the purpose of computing any foreign tax credit that may be available to a Holder, the Holder will generally be deemed to have paid as tax to the government of a foreign country that portion of taxes paid by the Dynamic ETF to that country that is equal to the Holder's share of the Dynamic ETF's income from sources in that country.

***Any loss of a Dynamic ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Holder.***

On the disposition or deemed disposition of a Unit of a Dynamic ETF, including on a redemption, a Holder will realize a capital gain (or capital loss) to the extent that the Holder's proceeds of disposition (other than any amount payable by the Dynamic ETF which represents capital gains allocated and designated to the redeeming Holder, as further described below), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit. For the purpose of determining the adjusted cost base of a Holder's Units of a Dynamic ETF, when additional Units of the Dynamic ETF are acquired by the Holder (as a result of a distribution by a Dynamic ETF in the form of Units or a reinvestment in Units of a Dynamic ETF), the cost of the newly acquired Units of the Dynamic ETF will be averaged with the adjusted cost base of all Units of the Dynamic ETF owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units that have been issued on a distribution will generally be equal to the amount of the distribution. Any additional Units acquired by a Holder on the reinvestment of distributions will generally have a cost equal to the amount reinvested. A consolidation of Units of a Dynamic ETF following a distribution paid in the form of additional Units of the Dynamic ETF as described under "Distribution Policy" will not be regarded as a disposition of Units of the Dynamic ETF and will not affect the aggregate adjusted cost base to a Holder.

In the case of an exchange of Units of a Dynamic ETF for a Basket of Securities, a Holder's proceeds of disposition of Units of the Dynamic ETF would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received. The cost to a Holder of any property received from the Dynamic ETF upon the exchange will generally be equal to the fair market value of such property at the time of the distribution. In the case of an exchange of Units for a Basket of Securities, the investor may receive securities that may or may not be qualified investments under the Tax Act for Registered Plans. If such securities are not qualified investments for Registered Plans, such Registered Plans (and, in the case of certain Registered Plans, the annuitants, beneficiaries or subscribers thereunder or holders thereof) may be subject to adverse tax consequences. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Registered Plans.

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

Based on rules in the Tax Act applicable to trusts that are "mutual fund trusts" for purposes of the Tax Act throughout the taxation year, amounts of taxable capital gains so allocated and designated to redeeming Unitholders will be deductible to a Dynamic ETF to the extent of the redeeming Unitholders' pro rata share (as determined under the Tax Act) of the net taxable capital gains of such Dynamic ETF for the year. Any such taxable capital gains that would not be deductible by a Dynamic ETF if allocated to redeeming or exchanging Unitholders may be made payable to non-redeeming or non-exchanging Unitholders of such Dynamic ETF so that such Dynamic ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming or non-exchanging Unitholders of a Dynamic ETF may be greater than they would have been in the absence of the rules described above.

One-half of any capital gain (a "**taxable capital gain**") realized by a Holder on the disposition of Units of a Dynamic ETF or a taxable capital gain designated by the Dynamic ETF in respect of the Holder for a taxation year of the Holder will generally be included in computing the Holder's income for that year and one-half of any capital loss (an

“allowable capital loss”) realized by the Holder in a taxation year of the Holder generally must be deducted from taxable capital gains realized by the Holder in the taxation year or designated by the Dynamic ETF in respect of the Holder for the taxation year in accordance with the detailed provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

Amounts designated by a Dynamic ETF to a Holder of the Dynamic ETF as taxable capital gains or dividends from taxable Canadian corporations, as well as taxable capital gains realized on the disposition of Units of the Dynamic ETF, may increase the Holder’s liability for alternative minimum tax.

### **Capital Gains Amendments**

Under the Capital Gains Amendments, the capital gains inclusion rate applicable for the purposes of determining a taxpayer’s taxable capital gains and allowable capital losses for a particular taxation year is proposed to increase from one-half to two-thirds. Where allowable capital losses in excess of taxable capital gains realized in a taxation year (a “net capital loss”) are applied against taxable capital gains realized in another taxation year for which there is a different inclusion rate, the amount of the net capital loss that can be applied against the taxable capital gains will be adjusted to match the inclusion rate used to compute those taxable capital gains.

The Capital Gains Amendments are generally proposed to apply for taxation years ending after June 24, 2024 (for a taxation year that includes June 25, 2024, the period prior to June 25, 2024 being the “first period” and the period after June 24, 2024 being the “second period”). Accordingly, the Capital Gains Amendments include transitional rules that will effectively adjust a taxpayer’s capital gains inclusion rate for the 2024 taxation year to generally include only one-half of “net capital gains” (i.e., capital gains in excess of capital losses) realized by the taxpayer in the first period (including any portion of a deemed capital gain that is or is deemed to be in respect of a disposition of property occurring in the first period), with the result that a taxpayer may have a blended inclusion rate for the 2024 taxation year.

A Holder’s income for a particular taxation year in which the increased rate applies will be subject to certain adjustments which are intended to effectively reduce the Holder’s net inclusion rate to the original one-half for up to \$250,000 of net capital gains realized (or deemed to be realized) by the Holder in the year that are not offset by an amount in respect of net capital losses carried back or forward from another taxation year.

Under the transitional rules of the Capital Gains Amendments, if a Dynamic ETF designates an amount of its net taxable capital gains in respect of a Holder for a particular taxation year of the Dynamic ETF that ends in a taxation year of the Holder that begins before June 25, 2024 and ends after June 24, 2024, the Holder will not include the amount of the designated gain in its income and will instead be deemed to realize a capital gain for its taxation year in which the taxation year of the Dynamic ETF ends equal to the amount of the designated gain divided by two-thirds. The deemed capital gain will be included in computing the Holder’s income at the Holder’s capital gains inclusion rate for the year as determined under the transitional rules discussed above, which may be blended, and the balance of the deemed capital gain will not be included in computing the Holder’s income.

The Capital Gains Amendments are complex and may be subject to further changes, and their application to a particular Holder will depend on the Holder’s particular circumstances. Holders should consult their own tax advisors with respect to the Capital Gains Amendments.

### **Taxation of Registered Plans**

Amounts of income and capital gains included in a Registered Plan’s income are generally not taxable under Part I of the Tax Act provided the Units are “qualified investments” for the Registered Plan for purposes of the Tax Act.

Notwithstanding the foregoing, the holder of a TFSA, FHSA or RDSP, the annuitant under an RRSP or RRIF or the subscriber of an RESP will be subject to a penalty tax in respect of Units held by such TFSA, FHSA, RRSP, RDSP, RESP or RRIF, as the case may be, if such Units are a “prohibited investment” for such TFSA, FHSA, RRSP, RDSP, RESP or RRIF for the purposes of the Tax Act. The Units of a Dynamic ETF will not be a “prohibited investment” for a trust governed by a TFSA, FHSA, RRSP, RDSP, RESP or RRIF unless the holder of the TFSA, FHSA or RDSP,

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

Holders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan. Holders, annuitants or subscribers should consult their own tax advisors with respect to whether Units of a Dynamic ETF would be prohibited investments, including with respect to whether such Units would be excluded property.

### **Tax Implications of the Dynamic ETF's Distribution Policy**

The NAV per Unit of a Dynamic ETF will, in part, reflect any income and gains of the Dynamic ETF that have accrued or have been realized, but have not been made payable at the time Units of the Dynamic ETF were acquired. Accordingly, a Holder of a Dynamic ETF who acquires Units of the Dynamic ETF, including on a reinvestment of distributions or a distribution of Units of the Dynamic ETF, may become taxable on the Holder's share of such income and gains of the Dynamic ETF. In particular, an investor who acquires Units of a Dynamic ETF at any time in the year but prior to a distribution being paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) notwithstanding that such amounts may have been reflected in the price paid by the Holder for the Units. Further, in the case of a Dynamic ETF that has validly elected to have a December 15 taxation year end, where a Holder acquires Units in a calendar year after December 15 of such year, such Holder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the Units were acquired.

## **ORGANIZATION AND MANAGEMENT DETAILS OF THE DYNAMIC ETFS**

### **Manager**

1832 Asset Management L.P. manages the overall business and operations of the Dynamic ETFs, including providing portfolio management, fund accounting and administration services and promoting the sales of the securities of the Dynamic ETFs. 1832 Asset Management L.P. is registered (i) with the Ontario Securities Commission as a portfolio manager, investment fund manager, exempt market dealer and commodity trading manager; (ii) as an investment fund manager in Québec, Newfoundland and Labrador and Northwest Territories; (iii) as a portfolio manager in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Prince Edward Island, Québec, Saskatchewan and Yukon; and (iv) as an exempt market dealer in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia and Québec.

The General Partner of the Manager, 1832 Asset Management G.P. Inc. is wholly-owned by The Bank of Nova Scotia. The Bank of Nova Scotia also 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.

The principal office of the Dynamic ETFs and 1832 Asset Management L.P. is located at 40 Temperance Street, 16th Floor, Toronto, Ontario, M5H 0B4.

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

Pursuant to the Declaration of Trust, the Manager provides and arranges for the provision of required portfolio management and administrative services to the Dynamic ETFs including, without limitation: negotiating contracts with certain third-party service providers, including, but not limited to, sub-advisers, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the Dynamic ETFs;

maintaining accounting records; preparing the reports to Unitholders and to the applicable Securities Regulatory Authorities; calculating the amount and determining the frequency of distributions by the Dynamic ETFs; preparing financial statements, income tax returns and financial and accounting information as required; ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the Dynamic ETFs comply with all other regulatory requirements including continuous disclosure obligations under applicable securities laws; administering purchases, redemptions and other transactions in Units; arranging for any payments required upon termination of the Dynamic ETFs; and dealing and communicating with Unitholders. The Manager will provide office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the Dynamic ETFs. The Manager will also monitor the investment strategies of the Dynamic ETFs to ensure that they comply with their investment objectives, investment strategies and investment restrictions and practices.

No manager of a Dynamic ETF shall be a person who (i) is not a resident of Canada for purposes of the Tax Act or, if a partnership, a partnership that is not managed and controlled in Canada, or (ii) does not agree to carry out its functions of managing the Dynamic ETF in Canada.

Pursuant to the Declaration of Trust, the Manager has full authority and responsibility to manage and direct the business and affairs of the Dynamic ETFs, to make all decisions regarding the business of the Dynamic ETFs and to bind the Dynamic ETFs. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Dynamic ETFs to do so.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Unitholders, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Manager will not be liable to the Dynamic ETFs or to any Unitholder or any other person for any loss or damage relating to any matter regarding the Dynamic ETFs, including any loss or diminution of value of the assets of any Dynamic ETF if it has satisfied its standard of care set forth above.

The Manager and each of its directors, officers, employees and agents may be indemnified out of the assets of the applicable Dynamic ETF from and against all claims whatsoever, including costs, charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done or omitted in or in relation to the execution of its duties to the applicable Dynamic ETF as long as the person acted honestly and in good faith with a view to the best interests of such Dynamic ETF.

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice period as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation.

The Manager is entitled to fees for its services as manager under the Declaration of Trust as described under "Fees and Expenses" and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Dynamic ETFs. The Manager may, in its discretion, terminate a Dynamic ETF without the approval of Unitholders if, in its opinion, it is no longer economically feasible to continue the Dynamic ETF and/or it would otherwise be in the best interests of Unitholders to terminate the Dynamic ETF.

The administration and management services of the Manager under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Dynamic ETFs) or from engaging in other activities.

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

The Board of Directors of the General Partner currently consists of eight 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 a Dynamic ETF's investments. The Manager will draw upon this experience, when necessary, in analyzing potential investments for the Dynamic ETFs.

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>
John Pereira Richmond Hill, Ontario	Chairman of the Board and Director	Senior Vice President and Chief Operating Officer, Global Wealth Management, Scotiabank
Neal Kerr Toronto, Ontario	President and Director	President, the Manager Executive Vice President, Global Asset Management, Global Wealth Management, Scotiabank
Gregory Joseph Grimsby, Ontario	Chief Financial Officer	Chief Financial Officer, the Manager Director, Global Asset Management Finance, Scotiabank
Rosemary Chan Toronto, Ontario	Director	Senior Vice President, Internal Control and Regulatory Affairs, Scotiabank
Raquel Costa Toronto, Ontario	Director	Senior Vice-President, International Wealth Management, Scotiabank
Todd Flick Burlington, Ontario	Director	Managing Director, Scotia Private Investment Counsel & Jarislowsky, Fraser Ltd. Private Wealth Management, Scotiabank
Craig Gilechrist Toronto, Ontario	Director	Senior Vice President, Vice Chairman and Head Global Family Office, Global Strategic Client Group Scotiabank
Anil Mohan Thornhill, Ontario	Director	Senior Vice President & Chief Financial Officer, Global Wealth Management, Scotiabank
Jim Morris Caledon, Ontario	Director	Chief Operating Officer, the Manager and Managing Director, Investment Management, Scotia Global Asset Management, 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 Ms. Costa who prior to August 2019 was Director Ejecutivo, Customers and Core Bank with HSBC Mexico.

## 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 Executive Vice President, Global Asset Management, Global Wealth Management, Scotiabank
Gregory Joseph Grimsby, Ontario	Chief Financial Officer	Chief Financial Officer, the Manager Director, Global Asset Management Finance, Scotiabank
Kevin Brown Milton, Ontario	Chief Compliance Officer	Chief Compliance Officer, the Manager Vice President, Asset Management 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).

## Portfolio Management

The following table sets forth the names of the members of the Manager, their position and their principal occupation (where different from their current principal occupation) in the last five years who are principally responsible for the day-to-day portfolio management of the Dynamic ETFs.

Name and Title	ETF	Length of Service with the Manager and Principal Occupation in the Last Five Years
Derek Amery Vice President and Senior Portfolio Manager	DXBB and DXCB	Joined in 2019
Domenic Bellissimo Vice President and Portfolio Manager	DXBB and DXCB	Joined in 2005
Romas Budd Vice President and Senior Portfolio Manager	DXBB and DXCB	Joined in 1990
Rose Devli Portfolio Manager	DXBB and DXCB	Joined in 2019
Bill Kim Portfolio Manager	DXBB and DXCB	Joined in 2010
Bill Lytwynchuk Portfolio Manager	DXBB and DXCB	Joined in 2017
Philippe Nolet Portfolio Manager	DXBB and DXCB	Joined in 2018

## Designated Broker

The Manager, on behalf of each Dynamic ETF, has entered into a designated broker agreement with a Designated Broker pursuant to which the Designated Broker has agreed to perform certain duties relating to that Dynamic ETF including, without limitation: (i) to subscribe for a sufficient number of Units of that Dynamic ETF to satisfy the TSX's original listing requirements; (ii) to subscribe for Units of that Dynamic ETF on an ongoing basis; and (iii) to post a liquid two-way market for the trading of Units of that Dynamic ETF on the TSX. Payment for Units of a

Dynamic ETF must be made by the Designated Broker, and those Units will be issued, by no later than the second Trading Day after the subscription notice has been delivered.

Units do not represent an interest or an obligation of such Designated Broker or Dealers or any affiliate thereof and a Unitholder of a Dynamic ETF will not have any recourse against any such parties in respect of amounts payable by the Dynamic ETF to such Designated Broker or Dealers.

### **Brokerage Arrangements**

The Manager has established policies and procedures for selecting and retaining, on behalf of the Dynamic ETFs, dealers to effect securities transactions for the Dynamic ETFs, 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 Dynamic ETFs, 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 Dynamic ETFs are used to obtain research and/or order execution goods and services that directly benefit the Dynamic ETFs. 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 execute on 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 (OMS), assist the Manager with investment and trading decisions and with effecting securities transactions on behalf of the Dynamic ETFs. 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 Dynamic ETFs 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 Dynamic ETFs.

The services provided to the Manager and its advisers or sub-advisers to the Dynamic ETFs 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 advisers or sub-advisers on behalf of the Dynamic ETFs will be provided upon request by contacting the Manager at 1-800-268-8186 or at [invest@dynamic.ca](mailto:invest@dynamic.ca).

No Dynamic ETF pays sales charges or redemption fees when it purchases or redeems securities of a mutual fund managed by the Manager or an affiliate of the Manager.

## **Conflicts of Interest**

The Manager and its affiliates are engaged in a wide range of investment management, investment advisory and other business activities. The services provided by the Manager under the Declaration of Trust are not exclusive and nothing in such agreements prevents the Manager or any of its affiliates from providing similar services to other investment funds and other persons (whether or not their investment objectives, strategies and policies are similar to those of the Dynamic ETFs) or from engaging in other activities. The Manager's investment decisions for the Dynamic ETFs will be made independently of those made for other persons and independently of its own investments.

The directors and officers of the Manager or any of its respective affiliates may be directors, officers, shareholders or unitholders of one or more issuers in which a Dynamic ETF may acquire securities. The Manager and its affiliates may be engaged as managers or portfolio managers for one or more issuers in which a Dynamic ETF may acquire securities and may be managers or portfolio managers of funds or accounts that invest in the same securities as the Dynamic ETFs. The Dynamic ETFs are permitted to purchase, sell and hold securities of certain issuers that are directly or indirectly related to the Manager. Such transactions will only be undertaken where permitted by applicable securities laws and upon obtaining any required regulatory approvals.

The Manager acts on a basis which is fair, reasonable and equitable to the Dynamic ETFs in recommending from among the particular investment opportunities that come to the Manager those investment opportunities which it presents to the Dynamic ETFs. Subject to this obligation, the Manager is not obligated to present any particular investment opportunity to the Dynamic ETFs even if the opportunity is of a character which, if presented to a Dynamic ETFs, could be taken by the Dynamic ETF and the Manager may take for its own account or recommend to others any such particular investment opportunity. When the Manager decides to buy or sell the same security for a Dynamic ETF as the Manager, or one or more of its affiliates has purchased for one or more of its clients or for clients of its affiliates, the orders for all such security transactions shall be placed for execution by methods determined by the Manager to be considered fair and equitable over time. The Manager may effect portfolio transactions on behalf of the Dynamic ETFs through their affiliates.

The Manager and its shareholders, affiliates and associates may have other business interests and may engage in other activities similar or in addition to those relating to the activities to be performed hereunder, including rendering of services and advice to other persons, including persons which may invest in securities of the same issuer as the Dynamic ETFs, the ownership, development and management of other investments including investments of the Manager and its affiliates in securities of the same issuers in which the Dynamic ETFs invest, and participation, whether as exclusive distributor, dealer, broker or otherwise, in the distribution of securities issued by corporations, unit investment trusts or other organizations and the Manager shall not be called upon to account in respect of such transactions or activity or benefit derived therefrom by virtue only of the relationship between the parties concerned. The Manager or its affiliates may own securities of the Dynamic ETFs and shall be free to dispose of or deal with any such investments in any manner it considers appropriate. The Manager may use information provided to it by third parties in providing services to the Dynamic ETFs in providing services to others.

The directors and officers of the Manager or its affiliates may be directors, officers, shareholders or unitholders of one or more issuers from which the Dynamic ETFs may acquire securities. The Manager and its affiliates may be managers or portfolio managers of one or more issuers from which the Dynamic ETFs may acquire securities and may be managers or portfolio managers of funds that invest in the same securities as the Dynamic ETFs.

A registered dealer acts as a Designated Broker, and one or more dealers acts or may act as a Dealer and/or a market maker. These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in a Dynamic ETF. In particular, by virtue of these relationships, these registered dealers may profit from the sale and trading of Units. The Designated Broker, as market maker of the Dynamic ETFs in the secondary market, may therefore have economic interests which differ from and may be adverse to those of Unitholders.

Any such registered Dealer and its affiliates may, at present or in the future, engage in business with the Dynamic ETFs, the issuers of securities making up the investment portfolio of the Dynamic ETFs, the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between any such registered Dealer and its

affiliates and the Manager may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager, or its affiliates.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus. The applicable Designated Broker and Dealers do not act as underwriters of any Dynamic ETF in connection with the distribution of Units under this prospectus. Units of the Dynamic ETFs do not represent an interest or an obligation of any Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by a Dynamic ETF to the applicable Designated Broker or Dealers. The Securities Regulatory Authorities have provided the Dynamic ETFs with a decision exempting the Dynamic ETFs from the requirement to include a certificate of any underwriter in the prospectus.

The Manager and its affiliates may at times have interests that differ from the interests of the Unitholders of a Dynamic ETF. Where the Manager or its affiliates otherwise perceive in the course of business, that they are or may be in a material conflict of interest position, the matter will be referred to the IRC. The IRC will consider all matters referred to it and provide its recommendations to the Manager as soon as possible. See “Organization and Management Details of the Dynamic ETFs – Independent Review Committee”.

### **Independent Review Committee**

The Manager has established an 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 a Dynamic ETF. 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 Dynamic ETF and other investment funds, and any change of the auditor of a Dynamic ETF. Subject to any corporate and securities law requirements, no Unitholder approval will be obtained in such circumstances, but Unitholders 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 four members, Stephen Griggs (Chair), Steve Donald, Heather Hunter and Jennifer L. Witterick, each of whom is independent of the Manager.

The IRC prepares and files a report to the 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 1-800-268-8186.

The compensation and other reasonable expenses of the IRC will be paid out of the assets of the Dynamic ETFs as well as out of the assets of the other investment funds for which the IRC may act as the independent review committee. Expenses of the IRC may include premiums for insurance coverage, travel expenses and reasonable out-of-pocket expenses.

As at the date of this prospectus, each member of the IRC receives an annual retainer (\$62,000 per member, and \$77,000 for the Chair) and is reimbursed for reasonable expenses incurred. These fees and expenses will be 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.

### **Trustee**

Pursuant to the Declaration of Trust, 1832 Asset Management L.P. is also the trustee of the Dynamic ETFs. The Trustee may resign upon 90 days’ written notice to the Manager, or any shorter notice period acceptable to the

Manager. The address of the Trustee where it principally provides services to the Dynamic ETFs is 40 Temperance Street, 16th Floor, Toronto, Ontario, M5H 0B4.

The Declaration of Trust provides that the Trustee shall act honestly, in good faith and in the best interests of each Dynamic ETF and shall perform its duties to the standard of care that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out the Trustee's duties.

The Trustee must be removed if the Trustee ceases to (i) be resident in Canada for purposes of the Tax Act or, if a partnership, be a partnership that is managed and controlled in Canada; (ii) carry out its function of managing the Dynamic ETFs in Canada; or (iii) exercise the main powers and discretions of the Trustee in respect of the Dynamic ETFs in Canada. If the Trustee resigns or if it becomes incapable of acting as trustee, the Trustee may appoint a successor trustee prior to its resignation, and its resignation shall become effective upon the acceptance of such appointment by its successor. If no successor has been appointed within 90 days after the Trustee has provided the Manager with 90 days' notice of its intention to resign, the Dynamic ETFs will be terminated, and the property of the Dynamic ETFs shall be distributed in accordance with the terms of the Declaration of Trust.

### **Custodian**

State Street Trust Company Canada is the custodian of each Dynamic ETF's assets pursuant to the Custodian Agreement. The Custodian is located in Toronto, Ontario. Pursuant to the Custodian Agreement, the Custodian is required to exercise its duties with the same degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances, or, if higher, the degree of care, diligence and skill that the Custodian exercises in respect of its own property of a similar nature in its custody. Provided the Custodian has not breached its standard of care as set out in the Custodian Agreement, the Custodian shall not be responsible for the holding or control of any property of a Dynamic ETF which is not directly held by the Custodian.

Under the Custodian Agreement, the Manager shall pay fees to the Custodian at such rate as determined by the parties from time to time and shall reimburse the Custodian for all reasonable expenses and disbursements incurred in the performance of its duties under the Custodian Agreement. Each Dynamic ETF shall also indemnify the Custodian or any of its officers, directors, employees or agents for any loss, damage or expense, including reasonable legal and expert's fees and expenses, arising in connection with the Custodian Agreement, except to the extent caused by a breach by the Custodian of its standard of care under the Custodian Agreement. The Manager and each Dynamic ETF will be indemnified in certain circumstances as set out in the Custodian Agreement. Either party may terminate the Custodian Agreement upon at least 90 days' written notice or immediately if the other party becomes insolvent, makes an assignment for the benefit of creditors, a petition in bankruptcy is filed by or against that party and is not discharged within 30 days, or proceedings for the appointment of a receiver for that party are commenced and not discontinued within 30 days or if the other party is in material breach of the Custodian Agreement and such breach has not been remedied within a period of 30 days after notice of such breach has been given by the terminating party.

### **Auditor**

The auditor of the Dynamic ETFs is KPMG LLP located in Toronto, Ontario. The auditor of the Dynamic ETFs may not be changed unless the IRC has approved the change and Unitholders have received at least 60 days' notice before the effective date of the change.

### **Valuation Agent**

State Street Bank and Trust Company provides accounting services in respect of the Dynamic ETFs. State Street Trust Company Canada is located in Toronto, Ontario.

## Transfer Agent and Registrar

State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is the Registrar and Transfer Agent for each Dynamic ETF pursuant to registrar and transfer agency agreements entered into as of the date of the initial issuance of Units of each Dynamic ETF.

## Lending Agent

State Street Bank and Trust Company may act as the securities lending agent for the Dynamic ETFs pursuant to the Securities Lending Agreement. The Lending Agent is not an affiliate or associate of the Manager.

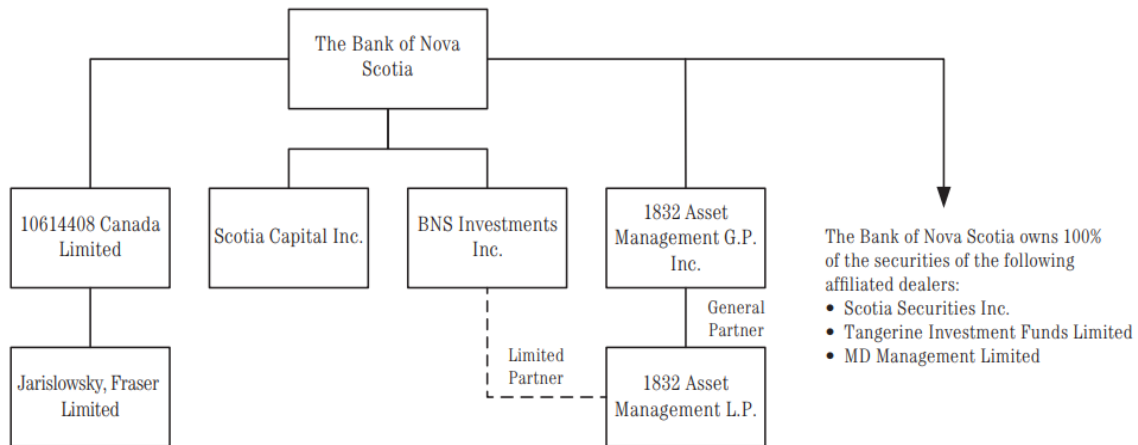
Under the Securities Lending Agreement, the collateral posted by a securities borrower to the Dynamic ETFs will be required to have an aggregate value of not less than 102% of the market value of the loaned securities. In addition to the collateral held by the Dynamic ETFs, the Dynamic ETFs will also benefit from a borrower default indemnity provided by the Lending Agent. The Lending Agent's indemnity will provide for the replacement of a number of securities equal to the number of unreturned loaned securities.

## Promoter

The Manager is the promoter of the Dynamic ETFs, within the meaning of the securities legislation of certain provinces and territories of Canada by reason of its initiative of organizing the Dynamic ETFs. The promoter will not receive any benefits, directly or indirectly, from the issuance of Units offered hereunder other than as described under "Fees and Expenses".

## Affiliated Entities

The only affiliated entities that provide services to the Dynamic ETFs and to the Manager in connection with the Dynamic ETFs are Scotiabank and Scotia Capital Inc. The amount of fees received from a Dynamic ETF by these entities each year is disclosed in the Dynamic ETF's audited annual financial statements. The following diagram shows the relationship between the Manager and these entities:



## Designated Website

An investment fund is required to post certain regulatory disclosure documents on a designated website. The designated website of the Dynamic ETFs can be found at the following location: [www.dynamic.ca](http://www.dynamic.ca).

## CALCULATION OF NAV

### Net Asset Value

How much a Dynamic ETF or one of its series of Units is worth is called its “net asset value”. When a Dynamic ETF calculates its net asset value, it determines the fair value of all of the assets attributable to the Dynamic ETF and subtracts all of its liabilities solely referable to the Dynamic ETF and all series of Units.

The net asset value of Units of a Dynamic ETF includes the Management Fee which is equal to a specified percentage of the net asset value for each series of the Dynamic ETF. Separate net asset values are calculated for each series. The liabilities and Management Fee Distributions in respect of each series of Units of the Dynamic ETF are then deducted but Unitholders of such series of Units of a Dynamic ETF generally will not be affected by the Management Fee and other expenses specific to the other series of the Dynamic ETF.

The net asset value per Unit per series of a Dynamic ETF is very important because it is the basis on which Units of the Dynamic ETF are purchased and redeemed. The net asset value per Unit per series of a Dynamic ETF varies from day to day. Every day that the Toronto Stock Exchange is open for business is a “Valuation Date”. Units will be purchased or redeemed at the net asset value per Unit determined after the receipt by the Dynamic ETF of the purchase or redemption order.

### Calculation of Net Asset Value

We calculate a separate net asset value per Unit of each series of a Dynamic ETF by:

- adding up the fair value of the assets of the Dynamic ETF and determining the proportionate share of the series;
- subtracting the liabilities of the Dynamic ETF allocated to that series; and
- dividing the remaining value by the total number of outstanding Units of that series.

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

### Valuation Policies and Procedures of the Dynamic ETFs

In calculating the NAV of a Dynamic ETF 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 NAV of a Dynamic ETF and any series NAV are being determined) and interest, accrued and not yet received, shall be deemed to be the full amount thereof; unless determined that any such deposit, bills, demand notes, account receivable, prepaid expenses, cash dividends received or distributions received (or receivable) or accrued interest is not worth the full face value, in which event the value thereof shall be deemed to be such value as the Manager determines to be reasonable;
- (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 TSX, 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 NAV per unit or NAV per share on the Valuation Date or, if such date is not a valuation date of the mutual fund, the NAV per unit or NAV per share 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 a Dynamic ETF the premium received by the Dynamic ETF will be reflected as a deferred credit; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the deferred credit shall be deducted in arriving at the NAV of the Dynamic ETF; 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 (e) 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 Dynamic ETF 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) 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
- (k) the liabilities of each Dynamic ETF include:
  - i. all bills, notes and accounts payable;
  - ii. all administrative expenses payable or accrued (including management fees);

- iii. all contractual obligations for the payment of money or property, including unpaid distributions;
- iv. all allowances authorized or approved by the Trustee for taxes; and
- v. all other liabilities of the Dynamic ETF; except liabilities represented by outstanding series of Units of any Dynamic ETF.

For the purpose of determining the NAV of a Dynamic ETF, each Dynamic ETF 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 4:00 p.m. (Toronto time) on each 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.

### **Differences from IFRS Accounting Standards**

In accordance with NI 81-106, the fair value of a portfolio security used to determine the daily price of a Dynamic ETF's Units for purchases and redemptions by investors will be based on the Dynamic ETF's valuation principles set out above, which comply with the requirements of NI 81-106 but differ in some respects from the requirements of IFRS Accounting Standards ("IFRS"), which are used for financial reporting purposes only.

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

The fair value of a Dynamic ETF'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 Dynamic ETF'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 Dynamic ETF 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 adjustments 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 Dynamic ETF determined under IFRS may differ from the values used to calculate the NAV of that Dynamic ETF.

The Notes to the Financial Statements of the Dynamic ETF will include a reconciliation of the differences between the NAV calculated based on IFRS and NI 81-106.

### **Reporting of NAV**

The NAV and NAV per Unit of a class will be calculated as of the Valuation Time on every Valuation Date. Such information will be provided by the Manager to Unitholders on request via email at [invest@dynamic.ca](mailto:invest@dynamic.ca), or through its website at [www.dynamic.ca](http://www.dynamic.ca).

## ATTRIBUTES OF THE SECURITIES

### Description of the Securities Distributed

Each Dynamic ETF is authorized to issue an unlimited number of classes or series of redeemable, transferable Units, each of which represents an undivided interest in the net assets of that Dynamic ETF.

On December 16, 2004, the Trust Beneficiaries' *Liability Act*, 2004 (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of the province of Ontario. Each Dynamic ETF is a reporting issuer under the *Securities Act* (Ontario) and each Dynamic ETF is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

### Certain Provisions of the Units

Each Unit entitles the holder thereof to one vote at meetings of Unitholders and to participate equally with all other Units of the same class of the Dynamic ETF with respect to all payments made to Unitholders, other than Management Fee Distributions and capital gains allocated and designated to a redeeming Unitholder, including distributions of net income and net realized capital gains and, on liquidation, to participate equally in the net assets of the Dynamic ETF remaining after satisfaction of any outstanding liabilities that are attributable to Units of that class of the Dynamic ETF. All Units will be issued as fully paid. Unitholders are entitled to require a Dynamic ETF to redeem their Units of such Dynamic ETF as outlined under the heading "Exchange and Redemption of Units – Redemption of Units of a Dynamic ETF for Cash" and "Exchange and Redemption of Units – Exchange of Units of a Dynamic ETF at NAV per Unit for Baskets of Securities and/or Cash".

### Exchange of Units for Baskets of Securities

As set out under "Exchange and Redemption of Units – Exchange of Units of a Dynamic ETF at NAV per Unit for Baskets of Securities and/or Cash", Unitholders may exchange the applicable PNU (or an integral multiple thereof) of a Dynamic ETF on any Trading Day for Baskets of Securities and/or cash, subject to the requirement that a minimum PNU be exchanged.

### Redemptions of Units for Cash

On any Trading Day, Unitholders may redeem Units of any Dynamic ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administration fee determined by the Manager, in its sole discretion, from time to time. Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Units for cash.

### Modification of Terms

Any amendment to the Declaration of Trust that creates a new class of Units of a Dynamic ETF will not require notice to existing Unitholders of the Dynamic ETF unless such amendment in some way affects the existing Unitholders' rights or the value of their investment. An amendment such as the re-designation of Units of a Dynamic ETF, or the termination of a class of Units of a Dynamic ETF, which has an effect on a Unitholder's holdings will only become effective after 30 days' notice to Unitholders of the applicable classes of Units of the Dynamic ETF.

All other rights attached to the Units of a Dynamic ETF may only be modified, amended or varied in accordance with the terms of the Declaration of Trust.

## **Voting Rights in the Portfolio Securities**

Holders of Units will not have any voting rights in respect of the securities in a Dynamic ETF's portfolio.

## **UNITHOLDER MATTERS**

### **Meetings of Unitholders**

Meetings of Unitholders of a Dynamic ETF will be held if called by the Manager or upon the written request to the Manager of Unitholders of the Dynamic ETF holding not less than 25% of the then outstanding Units of the Dynamic ETF.

### **Matters Requiring Unitholder Approval**

NI 81-102 requires a meeting of Unitholders of a Dynamic ETF to be called to approve certain changes as follows:

- (i) the basis of the calculation of a fee or expense that is charged to the Dynamic ETF or its Unitholders is changed in a way that could result in an increase in charges to the Dynamic ETF or to its Unitholders, except where (a) the Dynamic ETF is at arm's length with the person or company charging the fee; and (b) the Unitholders have received at least 60 days' notice before the effective date of the change;
- (ii) a fee or expense, to be charged to a Dynamic ETF or directly to its Unitholders by the Dynamic ETF or the Manager in connection with the holding of Units of the Dynamic ETF that could result in an increase in charges to the Dynamic ETF or its Unitholders, is introduced, except where (a) the Dynamic ETF is at arm's length with the person or company charging the fee; and (b) the Unitholders have received at least 60 days' notice before the effective date of the change;
- (iii) the Manager is changed, unless the new manager of the Dynamic ETF is an affiliate of the Manager;
- (iv) the fundamental investment objective of the Dynamic ETF is changed;
- (v) the Dynamic ETF decreases the frequency of the calculation of its NAV per Unit;
- (vi) other than a Permitted Merger for which Unitholder approval is not required, the Dynamic ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the Dynamic ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the Dynamic ETF becoming securityholders in the other mutual fund;
- (vii) the Dynamic ETF undertakes a reorganization with, or acquires assets from, another mutual fund, if the Dynamic ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders, and the transaction would be a material change to the Dynamic ETF; or
- (viii) any matter which is required by the constitutive documents of the Dynamic ETF, by the laws applicable to the Dynamic ETF or by any agreement to be submitted to a vote of the Unitholders.

In addition, the auditor of a Dynamic ETF may not be changed unless the IRC of the Dynamic ETF has approved the change and Unitholders have received at least 60 days' notice before the effective date of the change.

Approval of Unitholders of a Dynamic ETF of any such matter will be given if a majority of the votes cast at a meeting of Unitholders of the Dynamic ETF duly called and held for the purpose of considering the same approve the related resolution.

## Amendments to the Declaration of Trust

If a Unitholder meeting is required to amend a provision of the Declaration of Trust, no change proposed at a meeting of Unitholders of a Dynamic ETF shall take effect until the Manager has obtained the prior approval of not less than a majority of the votes cast at such meeting of Unitholders of the Dynamic ETF.

Subject to any longer notice requirements imposed under securities legislation, the Trustee is entitled to amend the Declaration of Trust by giving not less than 30 days' notice to Unitholders of each Dynamic ETF affected by the proposed amendment in circumstances where:

- (a) securities legislation requires that written notice be given to Unitholders of that Dynamic ETF before the change takes effect;
- (b) the change would not be prohibited by securities legislation; or
- (c) the Trustee reasonably believes that the proposed amendment has the potential to adversely impact the financial interests or rights of the Unitholders of that Dynamic ETF, so that it is equitable to give Unitholders of that Dynamic ETF advance notice of the proposed change.

All Unitholders of a Dynamic ETF shall be bound by an amendment affecting the Dynamic ETF from the effective date of the amendment.

The Trustee may amend the Declaration of Trust, without the approval of or prior notice to any Unitholders, if the Trustee reasonably believes that the proposed amendment does not have the potential to adversely impact the financial interests or rights of Unitholders of a Dynamic ETF or that the proposed amendment is necessary to:

- (a) ensure compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over a Dynamic ETF or the distribution of its Units;
- (b) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any applicable laws, regulations or policies affecting a Dynamic ETF, the Trustee or its agents;
- (c) make any change or correction in the Declaration of Trust which is a typographical correction or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission or error contained therein;
- (d) facilitate the administration of a Dynamic ETF as a mutual fund trust or make amendments or adjustments in response to any existing or proposed amendments to the Tax Act or its administration which might otherwise adversely affect the tax status of a Dynamic ETF or its Unitholders;
- (e) protect the Unitholders of a Dynamic ETF; or
- (f) make any change or correction which is necessary or desirable for the purpose of bringing the Declaration of Trust into conformity with current market practice within the securities or investment fund industries or curing or correcting any administrative difficulty.

## Permitted Mergers

A Dynamic ETF may, without Unitholder approval, enter into a merger or other similar transaction (a “**Permitted Merger**”) that has the effect of combining that Dynamic ETF with any other investment fund or funds that have investment objectives, valuation procedures and fee structures that are similar to the Dynamic ETF, subject to:

- (i) approval of the merger by the IRC;

- (ii) compliance with certain merger pre-approval conditions set out in NI 81-102; and
- (iii) written notice being sent to Unitholders at least 60 days before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective NAVs and Unitholders of the Dynamic ETF will be offered the right to redeem their Units for cash at the applicable NAV per Unit.

### **Reporting to Unitholders**

The fiscal year of each Dynamic ETF is the calendar year. The annual financial statements of the Dynamic ETFs will be audited by its auditor in accordance with Canadian generally accepted auditing standards. The auditor will be asked to report on the fair presentation of the annual financial statements in accordance with IFRS.

The Manager will ensure that the Dynamic ETFs comply with all applicable reporting and administrative requirements, including preparing and issuing unaudited interim financial statements. Each Unitholder of a Dynamic ETF, other than a Registered Plan, will be mailed annually, within the first 90 days after the Dynamic ETF's taxation year or such other time as required by applicable law, prescribed tax information with respect to amounts paid or payable by the Dynamic ETF in respect of that taxation year of that Dynamic ETF.

The Manager will keep adequate books and records reflecting the activities of the Dynamic ETFs. A Unitholder or his or her duly authorized representative will have the right to examine the books and records of the Dynamic ETFs during normal business hours at the offices of the Manager. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Dynamic ETFs.

### **International Information Reporting**

Pursuant to the Canada-United States Enhanced Tax Information Exchange Agreement entered into between Canada and the United States (the "IGA") and related Canadian legislation in the Tax Act, the dealers through which Unitholders hold their Units are required to report certain information with respect to Unitholders who are U.S. tax residents and U.S. citizens (including U.S. citizens who are tax residents and/or citizens of Canada) or certain entities the "controlling persons" of which are "U.S. Persons", as defined under the IGA (excluding Registered Plans (other than FHSAs)), to the CRA. On February 1, 2024, the CRA and the IRS signed a competent authority agreement stating that they intend to update the IGA to also exclude FHSAs from being reportable accounts under the IGA, and the CRA has indicated that information about FHSAs does not need to be reported under the IGA.

Pursuant to the provisions of the Tax Act that implement the Organization for Economic Co-operation and Development Common Reporting Standard (the "CRS Provisions"), "Canadian financial institutions" (as defined in the CRS Provisions) would be required to have procedures in place to identify accounts held by tax residents of foreign countries (other than the U.S.) or by certain entities the "controlling persons" of which are tax resident in a foreign country (other than the U.S.) and to report required information to the CRA. Such information would be exchanged on a reciprocal, bilateral basis with the countries, where such countries have agreed to a bilateral information exchange with Canada under the Common Reporting Standard in which the account holders or such controlling persons are tax resident. Under the CRS Provisions, Unitholders will be required to provide certain information regarding their investment in a Dynamic ETF for the purpose of such information exchange, unless the investment is held within Registered Plans (other than FHSAs). Under a proposed Tax Amendment, FHSAs would also be exempt from the CRS Provisions, although there can be no assurances that this amendment will be enacted.

### **TERMINATION OF THE DYNAMIC ETFS**

Subject to complying with applicable securities law, the Manager may terminate a Dynamic ETF at its discretion. In accordance with the terms of the Declaration of Trust and applicable securities law, Unitholders of a Dynamic ETF will be provided 60 days' advance written notice of the termination.

If a Dynamic ETF is terminated, the Trustee is empowered to take all steps necessary to effect the termination of the Dynamic ETF. Prior to terminating a Dynamic ETF, the Trustee may discharge all of the liabilities of the Dynamic ETF and distribute the net assets of the Dynamic ETF to the Unitholders of the Dynamic ETF.

Upon termination of a Dynamic ETF, each Unitholder of the Dynamic ETF shall be entitled to receive at the Valuation Time on the termination date out of the assets of the Dynamic ETF: (i) payment for that Unitholder's Units at the NAV per Unit for that class of Units of the Dynamic ETF determined at the Valuation Time on the termination date; plus (ii) where applicable, any net income and net realized capital gains that have been made payable to such Unitholder but that have not otherwise been paid to such Unitholder; less (iii) any applicable redemption charges and any taxes that are required to be deducted. Payment shall be made by cheque or other means of payment payable to such Unitholder and drawn on the Dynamic ETF's bankers and may be mailed by ordinary post to such Unitholder's last address appearing in the registers of Unitholders of that Dynamic ETF or may be delivered by such other means of delivery acceptable to both the Manager and such Unitholder.

The Trustee shall be entitled to retain out of any assets of a Dynamic ETF, at the date of termination of the Dynamic ETF, full provision for all costs, charges, expenses, claims and demands incurred or believed by the Trustee to be due or to become due in connection with or arising out of the termination of the Dynamic ETF and the distribution of its assets to the Unitholders of the Dynamic ETF. Out of the moneys so retained, the Trustee is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands.

#### **PLAN OF DISTRIBUTION**

Units are being offered for sale on a continuous basis by this prospectus and there is no maximum number of Units that may be issued. The Units shall be offered for sale at a price equal to the NAV of such class of Units determined at the Valuation Time on the effective date of the subscription order.

#### **Non-Resident Unitholders**

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of a Dynamic ETF (on either a number of Units or fair market value basis) and the Manager shall inform the Registrar and Transfer Agent of the Dynamic ETF of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of a Dynamic ETF then outstanding (on either a number of Units or fair market value basis) are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units of a Dynamic ETF (on either a number of Units or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of a Dynamic ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Dynamic ETF as a mutual fund trust for purposes of the Tax Act.

## RELATIONSHIP BETWEEN THE DYNAMIC ETFs AND THE DEALERS

The Manager, on behalf of a Dynamic ETF, may enter into various agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for Units of the Dynamic ETF as described under “Purchases of Units”.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Dynamic ETFs of their Units under this prospectus. Units of a Dynamic ETF do not represent an interest or an obligation of the applicable Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by a Dynamic ETF to the applicable Designated Broker or Dealers. See “Organization and Management Details of the Dynamic ETFs - Conflicts of Interest”.

## PRINCIPAL HOLDERS OF UNITS

CDS & Co., the nominee of CDS, is the registered owner of the Units of the Dynamic ETFs, which it holds for various brokers and other persons on behalf of their clients and others. From time to time, a Designated Broker, Dealer, Dynamic ETF or another investment fund managed by the Manager or an affiliate thereof, may beneficially own, directly or indirectly, more than 10% of the Units of a Dynamic ETF.

## PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

### Policies and Procedures

Subject to compliance with the provisions of applicable securities legislation, the Manager, in its capacity as portfolio adviser, acting on each Dynamic ETF’s behalf, receives proxies from the issuers held on behalf of the Dynamic ETFs. In certain circumstances, the Manager may delegate the right to vote proxies to a Dynamic ETF’s sub-adviser, if any, as part of such sub-adviser’s discretionary authority to manage the Dynamic ETF’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 adviser to the Dynamic ETFs. The Manager assesses each proxy including the recommendations of the independent proxy provider and votes such proxies in the best interests of the Dynamic ETFs.

As part of the Manager’s active investment management approach, it believes that it is important to engage with issuers on relevant ESG factors, which includes engagement through proxy voting. Accordingly, special or non-routine matters related to ESG issues are brought to the attention of portfolio manager(s) of the applicable Dynamic ETF. Portfolio managers assess such matters within the context of their overall investment process and take appropriate action that they believe to be in the best interests of the Dynamic ETF.

On occasion, the Manager or sub-adviser 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 Dynamic ETF’s account. Pursuant to the requirements of securities legislation, the Manager, on behalf of a Dynamic ETF, will not vote any of the securities a Dynamic ETF 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 securityholders of a Dynamic ETF to vote their share of those securities of the underlying fund.

Where proxy voting could give rise to a conflict of interest or perceived conflict of interest, in order to balance the interest of a Dynamic ETF in voting proxies with the desire to avoid the perception of a conflict of interest, the Manager has instituted procedures to help ensure that a Dynamic ETF’s proxy is voted in accordance with the business



judgment of the person exercising the voting rights on behalf of the Dynamic ETF, uninfluenced by considerations other than the best interests of the Dynamic ETF.

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 Dynamic ETF'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 Dynamic ETFs. All proxies voted with respect to related parties are reported to the IRC for further review and recommendation.

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

A copy of the proxy voting guidelines and the most recent proxy voting record for the Dynamic ETFs 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 40 Temperance Street, 16<sup>th</sup> Floor, Toronto, Ontario, M5H 0B4, to securityholders of the Dynamic ETFs at any time after August 31st of that year.

### **MATERIAL CONTRACTS**

The only contracts material to the Dynamic ETFs are the Declaration of Trust, Custodian Agreement and Securities Lending Agreement.

Copies of the agreements referred to above after the execution thereof may be inspected during business hours at the principal office of the Manager during the course of distribution of the Units offered hereby.

### **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

The Dynamic ETFs are not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the Dynamic ETFs.

### **Penalties and Sanctions**

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.

### **EXPERTS**

The matters referred to under "Income Tax Considerations" and certain other legal matters relating to the securities offered hereby will be passed upon on behalf of the Dynamic ETFs by Blake, Cassels & Graydon LLP.

KPMG LLP, Chartered Professional Accountants, the auditor of the Dynamic ETFs, has prepared the independent auditor's report on the Dynamic ETFs' statements of financial position as at October 21, 2024. KPMG LLP, Chartered Professional Accountants, has confirmed that it is independent with respect to the Dynamic ETFs within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

## EXEMPTIONS AND APPROVALS

The Manager, on behalf of the Dynamic ETFs, has applied for, or obtained exemptive relief from the Canadian Securities Regulatory Authorities:

- (a) to permit a Unitholder to acquire more than 20% of the Units of a Dynamic ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian Securities Legislation;
- (b) to relieve the Dynamic ETFs from the requirement that a prospectus contain a certificate of the underwriters;
- (c) to permit the Manager to call meetings of the Dynamic ETFs using the Notice-and-Access Procedure as permitted by the terms of relief;
- (d) to permit a Dynamic ETF to reference in its sales communications Lipper, Inc. (“**Lipper**”) leader ratings and Lipper awards (where such Dynamic ETF has been awarded a Lipper award), provided that certain conditions are met;
- (e) to permit a Dynamic ETF to reference in its sales communications FundGrade Ratings and FundGrade A+ Awards (where such Dynamic ETF has been awarded a FundGrade A+ Award), provided that certain conditions are met;
- (f) to permit certain investment funds and managed accounts managed by the Manager, or an affiliate of the Manager, to purchase securities of the Dynamic ETFs by delivering securities to the ETF as payment of the issue price, or to redeem securities of the Dynamic ETFs by receiving securities from the investment portfolio of the ETFs as payment of redemption proceeds. Such in-specie transactions are subject to certain conditions, including approval by the IRC of the Dynamic ETFs.
- (g) to permit a Dynamic ETF to 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 in the following circumstances:
  - (i) 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 IRC of the Dynamic ETF approves of the investment in accordance with the approval requirements of NI 81-107;
  - (ii) to purchase debt securities of an issuer that does not have a designated credit rating from a designated 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;
  - (iii) 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 Dynamic ETF approves of the investment in accordance with certain other conditions;
- (h) to permit a Dynamic ETF to invest in exchange-traded funds that are traded on a stock exchange in 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**”), up to 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);

- (i) to permit a Dynamic ETF to invest in 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 Dynamic ETF is invested in closed-end funds;
- (j) to exclude purchases and holdings by the Dynamic ETF of fixed income securities that qualify for, and may be traded pursuant to, the exemption from the registration requirements of the Securities Act of 1933, as amended (the “**US Securities Act**”), as set out in Rule 144A of the US Securities Act for resales of certain fixed income securities to “qualified institutional buyers” (as such term is defined in the US Securities Act) from consideration as an “illiquid asset” under NI 81-102, provided that certain conditions are met; and
- (k) to permit a Dynamic ETF to appoint more than one custodian for the Dynamic ETF, and/or to deposit portfolio assets with a borrowing agent as security in connection with a short sale of securities in excess of 10% of the net asset value of the Dynamic ETF at the time of deposit.

#### **PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase exchange traded mutual fund securities within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or for non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory.

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Additional information about each of the Dynamic ETFs is, or will be, available in the following documents:

- (i) the most recently filed ETF Facts of the Dynamic ETFs;
- (ii) the most recently filed comparative annual financial statements of the Dynamic ETFs, together with the accompanying report of the auditor;
- (iii) any unaudited interim financial statements of the Dynamic ETFs filed after the most recently filed comparative annual financial statements of the Dynamic ETFs;
- (iv) the most recently filed annual MRFP of the Dynamic ETFs; and
- (v) any interim MRFP of the Dynamic ETFs filed after that most recently filed annual MRFP of the Dynamic ETFs.

These documents are or will be incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document.

These documents are available at no charge by calling 1-800-268-8186, or by asking your registered investment professional. Unitholders will also find these documents on the Dynamic ETFs' designated website at [www.dynamic.ca](http://www.dynamic.ca). These documents and other information about the Dynamic ETFs are also available at [www.sedarplus.ca](http://www.sedarplus.ca).

In addition to the documents listed above, any documents of the type described above that are filed on behalf of the Dynamic ETFs after the date of this prospectus and before the termination of the distribution of the Dynamic ETFs are deemed to be incorporated by reference into this prospectus.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of 1832 Asset Management G.P. Inc., the General Partner of 1832 Asset Management L.P., Unitholder and Trustee of

Dynamic Active Corporate Bond ETF  
Dynamic Active Bond ETF

(collectively, the “Funds”)

### *Opinion*

We have audited the financial statements of the Funds, which comprise:

- the statements of financial position as at October 21, 2024 and;
- notes to the financial statements, including a summary of material accounting policy information

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at October 21, 2024 in accordance with IFRS Accounting Standards relevant to preparing such financial statements.

### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our auditor’s report.

We are independent of the Funds in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards relevant to preparing such financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Funds’ ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls of the Funds.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

### ***"KPMG LLP"***

Chartered Professional Accountants, Licensed Public Accountants  
Toronto, Canada  
October 21, 2024

**DYNAMIC ACTIVE CORPORATE BOND ETF  
STATEMENT OF FINANCIAL POSITION**

(all amounts in Canadian dollars)

As at October 21, 2024

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**ASSETS**

**Current Assets**

Cash ..... \$20

**Total Assets** ..... \$20

**NET ASSETS ATTRIBUTABLE TO HOLDER OF REDEEMABLE UNITS**

Net assets attributable to holder of redeemable units (1 Unit)..... \$20

**NET ASSETS ATTRIBUTABLE TO HOLDER OF REDEEMABLE UNITS PER UNIT**..... \$20

**Approved on Behalf of the Board of Directors of 1832 Asset Management G.P. Inc., general partner for and on behalf of 1832 Asset Management L.P., as Trustee of the Dynamic Active Corporate Bond ETF**

*“Neal Kerr”*

Neal Kerr  
President  
1832 Asset Management G.P. Inc., as general partner  
for and on behalf of 1832 Asset Management L.P.

*“Gregory Joseph”*

Gregory Joseph  
Chief Financial Officer  
1832 Asset Management G.P. Inc., as general partner for  
and on behalf of 1832 Asset Management L.P.

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

**DYNAMIC ACTIVE BOND ETF  
STATEMENT OF FINANCIAL POSITION**

**(all amounts in Canadian dollars)**

**As at October 21, 2024**

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**ASSETS**

**Current Assets**

Cash ..... \$20

**Total Assets** ..... \$20

**NET ASSETS ATTRIBUTABLE TO HOLDER OF REDEEMABLE UNITS**

Net assets attributable to holder of redeemable units (1 Unit)..... \$20

**NET ASSETS ATTRIBUTABLE TO HOLDER OF REDEEMABLE UNITS PER UNIT**..... \$20

**Approved on Behalf of the Board of Directors of 1832 Asset Management G.P. Inc., general partner for and on behalf of 1832 Asset Management L.P., as Trustee of the Dynamic Active Bond ETF**

*“Neal Kerr”*

Neal Kerr  
President  
1832 Asset Management G.P. Inc., as general partner  
for and on behalf of 1832 Asset Management L.P.

*“Gregory Joseph”*

Gregory Joseph  
Chief Financial Officer  
1832 Asset Management G.P. Inc., as general partner for  
and on behalf of 1832 Asset Management L.P.

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



**Dynamic Active Corporate Bond ETF**  
**Dynamic Active Bond ETF**  
(the “Dynamic ETFs”)

**Notes to the Financial Statements**

(all amounts in Canadian dollars)

October 21, 2024

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**1. General Information**

Each Dynamic ETF is an exchange traded mutual fund established under the laws of the province of Ontario, pursuant to the terms of the amended and restated master declaration of trust dated February 3, 2020, as the same may be amended, restated or replaced from time to time. Each Dynamic ETF is a mutual fund under the securities legislation of the provinces and territories of Canada. 1832 Asset Management L.P. (the “**Manager**” and “**Trustee**”) is the promoter, manager, trustee and portfolio adviser of the Dynamic ETFs and is responsible for the administration of the Dynamic ETFs. The principal office of the Dynamic ETFs and Manager is 40 Temperance Street East, 16<sup>th</sup> Floor, Toronto, Ontario, M5H 0B4.

The investment objectives for the Dynamic ETFs are as presented below:

Dynamic Active Corporate Bond ETF seeks to provide income and the potential for long-term capital appreciation by investing in an actively managed and diversified portfolio of primarily investment grade corporate fixed income securities.

Dynamic Active Bond ETF seeks to provide income while preserving capital through investment in an actively managed and diversified portfolio of primarily North American fixed income securities.

The financial statements as at October 21, 2024 were authorized for issue by the Manager on October 21, 2024.

**2. Summary of Material Accounting Policy Information**

The principal accounting policies applied in the preparation of these financial statements are set out below.

*2.1 Basis of Preparation*

The financial statements of the Dynamic ETFs have been prepared in accordance with those requirements of IFRS Accounting Standards (“**IFRS**”) relevant to preparing such financial statements. The financial statements of the Dynamic ETFs have been prepared under the historical cost convention.

*2.2 Functional and Presentation Currency*

The financial statements of the Dynamic ETFs are presented in Canadian dollars, which is the functional and presentation currency of the Dynamic ETFs.

*2.3 Financial Instruments*

The Dynamic ETFs recognize financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date.

Cash comprises amounts held in trust with the legal counsel of the Dynamic ETFs and is stated at fair value.

#### 2.4 Redeemable Units

Each Dynamic ETF is authorized to issue an unlimited number of redeemable, transferable units, each of which represents an undivided interest in the net assets of the Dynamic ETF (the “Units”).

The Units qualify as “puttable instruments” and have been classified as liabilities as per the International Accounting Standard 32, Financial Instruments: Presentation (“IAS 32”) which states that units or shares of an entity that include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset should be classified as financial liability if certain criteria are not met.

Unitholders of the Dynamic ETFs may redeem Units of a Dynamic ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the Toronto Stock Exchange on the effective day of the redemption, subject to a maximum redemption price per Unit equal to the net asset value per Unit on the effective day of redemption, less any applicable administration fee determined by the Manager, in its sole discretion, from time to time. This feature violates criteria that are required in order for the redeemable units to be presented as equity under IAS 32. Consequently, the Dynamic ETFs’ outstanding redeemable Units are classified as financial liabilities in these financial statements.

### 3. Fair Value

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

The carrying values of cash and the obligation of the Dynamic ETFs for net assets attributable to holders of redeemable units approximate their fair values due to their short-term nature.

### 4. Risks associated with financial instruments

The Dynamic ETFs’ overall risk management program seeks to maximize the returns derived for the level of risk to which the Dynamic ETFs are exposed and seeks to minimize potential adverse effects on the Dynamic ETFs’ financial performance.

#### 4.1 Credit risk

The Dynamic ETFs are exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at October 21, 2024, the credit risk is considered limited as the cash balance was held in trust with legal counsel.

#### 4.2 Liquidity risk

Liquidity risk is the risk that the Dynamic ETFs will encounter difficulty in meeting obligations associated with financial liabilities. The Dynamic ETFs maintain sufficient cash on hand to fund anticipated redemptions.

### 5. Capital Risk Management

The capital of the Dynamic ETFs is represented by the net assets attributable to holders of Units. The amount of net assets attributable to holders of redeemable units can change.

### 6. Authorized units

Each Dynamic ETF is authorized to issue an unlimited number of redeemable, transferable Units, each of which represents an undivided interest in the net assets of the Dynamic ETF.

Each Unit entitles the owner to one vote at meetings of Unitholders and is entitled to participate equally with all other Units of the Dynamic ETF with respect to all payments made to Unitholders, other than management fee distributions, including distributions of net income and net realized capital gains and, on liquidation, to participate equally in the net assets of the Dynamic ETF remaining after satisfaction of any outstanding liabilities that are attributable to Units of the Dynamic ETF. All Units are fully paid, with no liability for future assessments, when issued and will not be transferable except by operation of law.

In accordance with the objectives outlined in Note 1 and the risk management policies in Note 4, the Dynamic ETFs endeavour to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

The Manager has initially purchased one Unit of each Dynamic ETF.

## 7. Management Fee and other expenses

An annual management fee (the “**Management Fee**”) is paid by each Dynamic ETF to the Manager in consideration for providing, or arranging for the provision of, management, trustee, portfolio advisory and custodial services, maintaining portfolio systems used to manage the Dynamic ETFs, maintaining the website of the Dynamic ETFs, marketing and promotional services. See “Organization and Management Details of the Dynamic ETFs – Manager – Duties and Services to be Provided by the Manager” for a description of the services provided by the Manager.

The Management Fees are based on a percentage of the NAV of each of the following Dynamic ETFs and are listed below:

Dynamic ETF	Management Fee (annual rate)
DXCB	0.35%
DXBB	0.30%

The Management Fees paid to the Manager by the Dynamic ETFs are calculated and accrued daily and is paid monthly. The Management Fee is exclusive of GST/HST.

The Dynamic ETF is responsible for fees and expenses incurred in complying with NI 81-107, including the fees payable and expenses reimbursed to members of the IRC, brokerage expenses and commissions, fees relating to the usage of derivatives, income tax, GST/HST, withholding and other taxes.

**CERTIFICATE OF THE DYNAMIC ETFS AND THE MANAGER**

Dated: October 21, 2024

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**1832 ASSET MANAGEMENT L.P.**  
(as trustee and manager and on behalf of the Dynamic ETFs)

*“Neal Kerr”*

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.

*“Gregory Joseph”*

Gregory Joseph  
Chief Financial Officer

1832 Asset Management G.P. Inc., as general partner for  
and on behalf of 1832 Asset Management L.P.

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 trustee and manager of the Dynamic ETFs.

*“Todd Flick”*

Todd Flick  
Director

*“Jim Morris”*

Jim Morris  
Director

## CERTIFICATE OF THE PROMOTER

Dated: October 21, 2024

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

### **1832 ASSET MANAGEMENT L.P.** (as promoter of the Dynamic ETFs)

*“Neal Kerr”*

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.

*“Gregory Joseph”*

Gregory Joseph  
Chief Financial Officer

1832 Asset Management G.P. Inc., as general partner for  
and on behalf of 1832 Asset Management L.P.

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 promoter of the Dynamic ETFs.

*“Todd Flick”*

Todd Flick  
Director

*“Jim Morris”*

Jim Morris  
Director