

CONFIDENTIAL OFFERING MEMORANDUM

This Offering Memorandum constitutes an offering of Units of the Partnership only in those jurisdictions where they may be lawfully offered for sale, only by persons permitted to sell the Units, and only to those persons to whom they may be lawfully offered for sale. No securities commission or similar regulatory authority in Canada has reviewed this Offering Memorandum or has in any way passed upon the merits of the securities offered hereunder. No prospectus has been filed with any such authority in connection with the sale of the Units. This Offering Memorandum is confidential, is provided to specific prospective investors for the purpose of assisting them and their professional advisers in evaluating the Units offered hereby, and is not to be construed as a prospectus or advertisement or a public offering of Units.

Continuous Offering

January 3, 2017

Red Sky Income Fund L.P.

Limited Partnership Units

Red Sky Income Fund L.P. (the “**Partnership**”) is an Ontario limited partnership formed to invest in securities. The investment objective of the Partnership is to generate superior returns through the investment in alternative strategies that Red Sky Capital Management Ltd. (the “**Manager**”) believes have the potential to provide substantial upside, and to generate income in the form of dividends and interest or other cash flows. The Manager will have a broad mandate of identifying attractive investment opportunities that will include, but not be limited to, listed public securities, seed capital, small capitalization investments, private placements and debt instruments. The Partnership may invest in securities that are generally more volatile in nature with limited or no liquidity.

The Partnership was formed on January 3, 2017 and will continue until it is dissolved. Red Sky GenPar II Ltd. (the “**General Partner**”) is the general partner of the Partnership. **The Partnership is a related issuer of Red Sky Capital Management Ltd. (the “Manager”), the manager of the Partnership and an affiliate of the General Partner.** The Manager will earn fees from the Partnership. Also, the General Partner will be entitled to receive distributions from the Partnership. See “Conflicts of Interest”. Purchasers of interests in the Partnership, in the form of limited partnership units (the “**Units**”), become limited partners of the Partnership and will be bound by the terms of a limited partnership agreement governing the Partnership (the “**Limited Partnership Agreement**”).

SUBSCRIPTION PRICE: \$100 PER UNIT
MINIMUM INITIAL INVESTMENTS: \$150,000

An unlimited number of Units are being issued in three different classes: **Class A Units**, **Class B Units** and **Class M Units**. Each Class will have different management fees and different profit-sharing arrangements with the General Partner. Units of each Class will be issued in a new series each quarter at a subscription price of \$100 per Unit.

Purchases of Units of the Partnership can be made on the first business day of each calendar quarter (each, a “**Subscription Date**”) by forwarding fully completed subscription documents to the Manager together with a certified cheque or confirmation of wire transfer (or other form of funds transfer acceptable to the Manager) representing payment of the subscription price, either directly or through one’s own dealer, at least three business days prior to the designated Subscription Date (subscriptions received after that date will be processed as at the next Subscription Date). All subscriptions for Units are subject to acceptance or rejection by the Manager.

This offering is not subject to any minimum aggregate subscription level, and therefore any funds invested are available to the Partnership and need not be refunded to the subscriber.

These securities are speculative. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Partnership.

Investors should be aware that they may be allocated income annually for tax purposes but will not generally receive any cash distributions from the Partnership.

Units may be redeemed on the last business day of each calendar quarter and on such other dates as the Manager may in its discretion determine from time to time, upon not less than 30 days' written notice to the Manager by means of a redemption request in the form provided by the Manager, however Units redeemed within 12 months of their issue will be subject to a 5% early redemption deduction.

There is no market through which the Units may be sold and none is expected to develop. The Units are also subject to resale restrictions under the Partnership's Limited Partnership Agreement and applicable securities legislation. Persons who receive this Offering Memorandum must inform themselves of, and observe, all applicable restrictions with respect to the acquisition or disposition of Units under applicable securities legislation. Redemptions will be limited if there is insufficient liquidity in the Partnership. **There are certain additional risk factors associated with investing in the Units.** Investors should consult their own professional advisers to assess the income tax, legal and other aspects of the investment. Please see "Risk Factors" and "Transfer or Resale".

The Units are offered exclusively by the Partnership on a private placement basis in reliance upon exemptions from the prospectus requirements of applicable securities laws in the provinces of Ontario and Alberta. Prospective investors must be "accredited investors" as defined under applicable securities laws unless another exemption from the prospectus requirements can be relied on.

No person is authorized to give away any information or to make any representation not contained in this Offering Memorandum and any information or representation, other than that contained in this Offering Memorandum, must not be relied upon. This Offering Memorandum is a confidential document furnished solely for the use of prospective purchasers who, by acceptance hereof, agree that they shall not transmit, reproduce or make available this document or any information contained in it.

Subscribers are urged to consult with an independent legal adviser prior to signing the Subscription for the Units and to carefully review the Limited Partnership Agreement delivered with this Offering Memorandum.

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SUMMARY

This summary is qualified by the more detailed information appearing elsewhere in this Offering Memorandum. Capitalized terms used but not defined in this summary are defined elsewhere in this Offering Memorandum.

The Partnership: Red Sky Income Fund L.P. (the “**Partnership**”), a limited partnership formed under the laws of the Province of Ontario. Investors become limited partners of the Partnership (the “**Limited Partners**”) by acquiring interests in the Partnership designated as limited partnership units (the “**Units**”).

General Partner: Red Sky GenPar II Ltd. (the “**General Partner**”), a corporation formed under the laws of the Province of Ontario. The General Partner was instrumental in the formation of the Partnership and is responsible for appointing the Manager and monitoring the activities of the Manager on behalf of the Partnership. The General Partner will receive a share of Partnership profits. See “The General Partner” and “Profit Allocation”.

Manager: Red Sky Capital Management Ltd. (the “**Manager**”), a corporation formed under the laws of the Province of Ontario. The General Partner has engaged the Manager to direct the affairs of the Partnership and to provide day-to-day management services to the Partnership, management of the Partnership’s portfolio on a discretionary basis and distribution of the Units of the Partnership. See “The Manager”.

Investment Objectives and Strategies The investment objective of the Partnership is to generate superior returns through the investment in alternative strategies that the Manager believes have the potential to provide substantial upside, and to generate income in the form of dividends and interest or other cash flows. The Manager will have a broad mandate of identifying attractive investment opportunities that will include, but not be limited to, listed public securities, seed capital, small capitalization investments, private placements and debt instruments. The Partnership may invest in securities that are generally more volatile in nature with limited or no liquidity. See “Investment Objectives and Strategies of the Partnership”.

The Offering: Three classes of Units are currently offered:

Class A Units will generally only be issued to early stage investors who meet the minimum investment criteria. Class A Units are charged a **2%** per annum management fee but will not share profits with the General Partner.

Class B Units are available to all investors who meet the minimum investment criteria. Class B Units are charged a **2%** per annum management fee and share **10%** of profits with the General Partner (based on increases in Net Asset Value).

Class M Units are generally only available to directors, officers and employees of the Manager. Class M Units are not charged a management fee nor do they share profits with the General Partner.

The Manager may terminate the offering of any Class of Units at any time, in its sole discretion. A new series of Units in each Class will be issued on each successive Subscription Date on which Units are issued. At the end of each calendar year, the Manager may roll some or all series of the same Class of Units into a single series in order to reduce the number of outstanding series of such Class.

The Units are being distributed only pursuant to available prospectus exemptions in Ontario and Alberta to (a) accredited investors, (b) investors (other than individuals) who invest a minimum of \$150,000 in the Partnership, and (c) investors to whom Units may otherwise be sold. See “The Offering”, “Summary of Limited Partnership Agreement – The Units” and “Fund Management Agreement”.

Minimum Subscriptions:

The minimum initial investment is **\$150,000** for Class A Units (or such lesser amount as may be accepted by the Manager in its sole discretion).

The above minimum is net of any commissions paid directly by an investor to his or her dealer. See “Subscriptions – Minimum Subscriptions”.

Eligibility for Investment by Registered Plans:

Units are not eligible for investment by registered retirement savings plans, registered retirement income funds or other registered plans that are restricted to investing in “qualified investments” (for purposes of the *Income Tax Act* (Canada)).

Subscriptions:

Subscriptions for Units must be made by completing and signing the subscription agreement and power of attorney (together with all related documents, the “**Subscription Agreement**”) and by forwarding such form to the Manager together with the subscription monies in acceptable form (being certified cheque, wire transfer or electronic funds transfer (EFT)) to an account of the Partnership representing payment of the subscription price.

Subscriptions will be accepted on a quarterly basis, being on the first business day in each calendar quarter or such other date as the Manager may permit (each, a “**Subscription Date**”), subject to the Manager’s discretion to refuse subscriptions in whole or in part. A fully-completed Subscription Agreement and subscription proceeds must be received at least three business days prior to the designated Subscription Date in order for the subscription to be accepted as at that date; otherwise the subscription will be processed as at the next Subscription Date (however the Manager may in its absolute discretion accept a subscription that is delivered any time up until 4:00 p.m. (Eastern time) on the business day immediately prior to the Subscription Date). Subscription funds provided prior to a Subscription Date will be kept in a segregated account. See “The Offering” and “Subscriptions”.

At the time of making an additional investment, unless new subscription documents are completed, each investor will be deemed to have repeated and confirmed to the Manager the covenants and representations contained in the subscription documents delivered by the investor to the Manager at the time of the prior investment.

Price per Unit:

Units of each series will be issued at a subscription price of \$100 per Unit.

Redemptions:

An investment in Units is intended to be a long-term investment. However, Units may be redeemed on the last business day of each calendar quarter, or on such other date as the Manager may permit (each, a “**Redemption Date**”) pursuant to **written notice** (in the form provided by the Manager) that must be received by the Manager at least **30 days** prior to the applicable Redemption Date.

The redemption price shall equal the Net Asset Value per Unit of the relevant series of the applicable Class of Units being redeemed, determined as of the close of business on the relevant Redemption Date, less applicable deductions.

There will be deducted from redemption proceeds an early redemption deduction (to be retained by the Partnership) equal to 5% of the Net Asset Value of Units that are redeemed within 12 months of their purchase. The Manager may in extraordinary circumstances waive some or all of such early redemption deduction.

Redemption proceeds will generally be paid within 10 business days of the Redemption Date, subject to receipt of complete documentation and final determination of Net Asset Value of the Partnership.

Redemptions may be suspended or deferred in certain circumstances. The Manager will not permit redemptions (either in whole or in part) and/or may elect to pay redemption proceeds partly in cash and partly in kind at any time where the Manager is of the opinion, in its discretion, that there are insufficient liquid assets in the Partnership to fund such redemptions entirely in cash or that the liquidation of assets would be to the detriment of the Partnership generally. Redemption requests as at any Redemption Date will be honoured and/or deferred on a pro rata basis, but deferred redemptions will be honoured in full before new redemption requests.

The Manager has the right to require a Limited Partner to redeem some or all of the Units owned by such Limited Partner on a Redemption Date at the Net Asset Value per Unit thereof, by notice in writing to the Limited Partner given at least 7 days before the designated Redemption Date, which right may be exercised by the Manager in its absolute discretion. See “Redemptions”.

Transfer or Resale:

Units may only be transferred with the consent of the Manager and transfers will generally not be permitted. The transfer or resale of Units (which does not include a redemption of Units) is also subject to restrictions under applicable securities legislation. See “Transfer or Resale”.

Net Asset Value:

The Net Asset Value of the Partnership and the Net Asset Value Per Unit of each Class and series of Units will be determined by the Administrator as of 4:00 p.m. (Eastern time) on the last business day of each calendar quarter, on the business day immediately preceding a Subscription Date and on such other dates as the Manager may determine (each a “**Valuation Date**”). See “Net Asset Value”.

Management Fees:

As compensation for providing services to the Partnership, the Manager will receive a quarterly management fee (the “**Management Fee**”) on the last business day of each calendar quarter equal to 1/4 of **2%** of the aggregate Net Asset Value of the **Class A Units** and **Class B Units**, calculated before deduction of any distribution payable to the General Partner in respect of such Units on such date. Each Class of Units is responsible for the Management Fee attributable to that Class of Units. See “Fund Management Agreement”.

Management fees payable by the Partnership are subject to HST and will be deducted as an expense of the Partnership in the calculation of the Net Asset Value of the Partnership, but allocable to the Class of Units to which they relate.

Payment of Expenses:

The Partnership shall be responsible for, and the General Partner and the Manager shall be entitled to reimbursement from the Partnership for all costs and operating expenses actually incurred in connection with the formation and organization of the General Partner and the Partnership and the ongoing activities of the Partnership, including but not limited to:

- (a) third party fees and administrative expenses of the Partnership, which include Manager's fees, accounting, valuation, technology, audit and legal costs, insurance premiums, custodial fees, administration, registrar and transfer agency fees and expenses, bookkeeping and recordkeeping costs, all Limited Partner communication expenses, mailing and printing expenses, marketing and advertising expenses, organizational and set-up expenses, the cost of maintaining the Partnership's existence and regulatory fees and expenses, fees payable to the Partnership's independent review committee (if any) and all reasonable extraordinary or non-recurring expenses; and
- (b) fees and expenses relating to the Partnership's portfolio investments, including the cost of securities, security valuation costs, interest on borrowings and commitment fees and related expenses payable to lenders and counterparties, brokerage fees, commissions and expenses, short sale collateral requirements, and banking fees.

See "Limited Partnership Agreement – Expenses".

Profit Allocation:

The General Partner will share in the profits of the Partnership by receiving distributions payable on the last Valuation Date in each calendar year based on the increase, if any, in the Net Asset Value of each **Class B Unit**. If a Class B Unit is redeemed on a Redemption Date that is not the last Valuation Date of a calendar year, the General Partner will receive a distribution in respect of such Unit payable on such Redemption Date. Such distributions are equal to **10%** of the positive amount, if any, obtained when the High Water Mark for each such Unit is subtracted from the Adjusted Net Asset Value of such Unit on such Valuation Date or Redemption Date (if the resulting amount is negative, the distribution in respect of such Unit shall be zero). No payment will be made to the General Partner in respect of the performance of the Class A and Class M Units.

The "**Adjusted Net Asset Value**" of a Unit on any date is equal to the Net Asset Value of such Unit on such date (calculated after deduction of the Management Fee and general expenses but before deduction of any redemption deduction or General Partner distribution, if any, allocable to such Unit) plus the amount of any distributions paid to the Limited Partner in respect of such Unit since the date as at which the High Water Mark of such Unit was established. A Unit's "**High Water Mark**" is, initially, its subscription price, and thereafter shall be adjusted from time to time to equal its Net Asset Value immediately following the payment of a distribution to the General Partner in respect of such Unit.

Any distribution paid to the General Partner will be deducted from the Net Asset Value (or redemption proceeds, as the case may be) of the respective Units. See "Profit Allocation".

Distributions to Limited Partners:

Distributions of allocated income may be made to Limited Partners from time to time at the discretion of the Manager. The Manager has no current intention to make any such distributions. No payment may be made to a Limited Partner from the assets of the Partnership if the payment would reduce the assets of the Partnership to an insufficient amount to discharge the liabilities of the Partnership to persons who are not the General Partner or a Limited Partner. See "Summary of Limited Partnership Agreement – Distributions".

Limited Partners should be aware that net income and capital gains of the

Partnership, if any, will still be allocated to them for tax purposes even if no distributions of cash are received by them.

Allocations for Tax Purposes:

Net income for taxation purposes, dividends and taxable capital gains, as well as allowable losses, of the Partnership in each fiscal year will be allocated in a fair manner as at the last day of such year to (i) the General Partner generally equal to the distributions received by it payable in that year, and (ii) to Limited Partners who hold Units at any time during such year (and in certain cases to Limited Partners who held Units at any time in the previous fiscal year) generally based on distributions, if any, paid to the Limited Partners during the year, the number, Class and series of Units held by such Limited Partners, the dates of purchase and/or redemption, the respective Net Asset Values of each Class and series of Units, the fees paid or payable in respect of each Class and series of Units, distributions if any paid to the General Partner in respect of each Class and series of Units, and the date of realization of each such item of income, gain or loss, as the case may be. The Limited Partners will be allocated 99.999% of net losses; the remaining 0.001% shall be allocated to the General Partner. See “Summary of Limited Partnership Agreement - Allocation of Income and Loss”.

Fiscal Year End:

The fiscal year end of the Partnership is December 31.

Term:

The Partnership has no fixed term. Dissolution may only occur on 30 days written notice by the Manager to each Limited Partner, or 60 days following the removal of the General Partner (unless the Limited Partners vote to appoint a replacement General Partner and continue the Partnership).

Financial and Other Reporting:

Audited financial statements will be made available to investors within 90 days of each fiscal year end. Unaudited financial statements will be made available within 60 days of the end of the first six months of each year. A quarterly report of the net asset value per Unit of Units held by a Limited Partner will also be available. See “Summary of Limited Partnership Agreement – Reports to Limited Partners”.

In addition, the Manager will forward such other reports to Limited Partners as are from time to time required by applicable law. See “Limited Partner Reporting”.

Tax Considerations:

Persons investing in a limited partnership such as the Partnership should be aware of the tax consequences of investing in, holding and/or redeeming Units. **Investors are urged to consult with their tax advisers to determine the potential tax consequences of an investment in the Partnership.**

Limited Liability:

The liability of each Limited Partner for the debts, liabilities, obligations and losses of the Partnership will be limited to the amount of the capital contributed by the Limited Partner, unless the Limited Partner takes part in the control of the business of the Partnership or certain other provisions of the *Limited Partnerships Act* (Ontario) are contravened. See “Summary of Limited Partnership Agreement – Liability” and “Risk Factors”.

Power of Attorney:

The Limited Partnership Agreement contains a limited power of attorney in favour of the General Partner in connection with all matters related to the operation of the Partnership, and authorizes the General Partner to, for example, execute documents on behalf of each Limited Partner (including tax elections and amendments to the Limited Partnership Agreement).

Release of Confidential Information:

Under applicable securities and anti-money laundering legislation, the Manager is required to collect and may be required to release confidential information about

Limited Partners and, if applicable, about the beneficial owners of corporate Limited Partners, to regulatory or law enforcement authorities.

Risk Factors:

Investors should consider a number of factors in assessing the risks associated with investing in Units including those generally associated with the investment techniques used by the Manager. See “Risk Factors”.

**Front-end Sales
Commissions and Trailer
Fees:**

There is no commission payable by a purchaser to the Manager upon the purchase of Units. However, dealers who sell Class A Units may charge purchasers a front-end sales commission negotiated between the dealer and the purchasers.

Subject to applicable law, the Manager may pay, out of the fees payable to the Manager by the Partnership, a negotiated referral fee or trailing commission to dealers or other persons in connection with a sale of Class A Units (which may include an amount based on the performance of the Units sold). The Manager may discontinue or change such fee and commissions at any time.

Administrator:

SGGG Fund Services Inc.

Legal Counsel:

Borden Ladner Gervais LLP

Auditor:

Norton McMullen LLP

Prime Broker:

CIBC World Markets Inc.

THE PARTNERSHIP

Red Sky Income Fund L.P. (the “**Partnership**”) was formed under the laws of the Province of Ontario and became a limited partnership by filing a Declaration of Limited Partnership under the *Limited Partnerships Act* (Ontario) (the “**LP Act**”) on January 3, 2017. The Partnership is governed by a limited partnership agreement dated as of January 3, 2017 (the “**Limited Partnership Agreement**”) made between Red Sky GenPar II Ltd. (the “**General Partner**”) and the initial limited partner. See “Summary of Limited Partnership Agreement”. The principal place of business of the Partnership and of the General Partner is 130 King Street West, Suite 2210, Toronto, Ontario M5X 1E4.

Red Sky Capital Management Ltd. (the “**Manager**”) has been engaged to direct the day-to-day business, operations and affairs of the Partnership, including management of the Partnership’s portfolio on a discretionary basis and distribution of the Units of the Partnership. The Manager may delegate certain of these duties from time to time. SGGG Fund Services Inc. (the “**Administrator**”) has been engaged to provide fund accounting, valuation and investor reporting services to the Partnership.

Investors become limited partners of the Partnership (the “**Limited Partners**”) by acquiring interests in the Partnership designated as limited partnership units (the “**Units**”).

THE GENERAL PARTNER

The General Partner was incorporated under the *Business Corporations Act* (Ontario) on November 8, 2016. The General Partner does not presently carry on any other business operations and currently has no significant assets or financial resources. The Manager owns all of the shares of the General Partner. Tim Lazaris is the sole officer and director of both the General Partner and the Manager.

The General Partner is generally responsible for management and control of the business and affairs of the Partnership in accordance with the terms of the Limited Partnership Agreement, however the General Partner has engaged the Manager to carry out its duties, including management of the Partnership on a day-to-day basis, management of the Partnership’s portfolio and distribution of the Units of the Partnership. The General Partner remains responsible for monitoring the Manager’s activities on behalf of the Partnership. The General Partner will receive a share of Partnership profits. See “Profit Allocation”.

The General Partner may also purchase Units.

THE MANAGER

The Manager is a corporation formed under the *Business Corporations Act* (Ontario) on March 11, 2010. The principal place of business of the Manager is 130 King Street West, Suite 2210, Toronto, Ontario M5X 1E4.

The name and municipality of residence of the sole officer and director of the Manager, and his position and office, are as follows:

Name and Municipality of Residence

Timothy Lazaris
Toronto, Ontario

Position with the Manager

President, Chief Executive Officer, Secretary,
Portfolio Manager and Director

Timothy Lazaris, CPA, CA, CFA

Prior to joining the Manager, Timothy Lazaris was a significant shareholder, founding and managing partner of GMP Investment Management L.P. (GMPIM) and responsible for the supervision and portfolio management of the equity strategy of its multi-strategy hedge fund (GMP Diversified Alpha Fund). While in that role, he supervised three associate portfolio managers which including himself formed the fundamental equity portfolio management team. Mr. Lazaris left GMPIM in February 2010 to pursue other interests.

Before that, he was a Director and one of the early partners of GMP Securities L.P. having joined its predecessor in March 1998 to establish the Financial Services practice. Prior to GMP, he was a Vice President at RBC Capital Markets and a Research Analyst. Over his 14 year career as a research analyst, specializing in Financial Services, he achieved high rankings in independent surveys including a number one ranking in Canada as determined by Brendan Woods. Mr. Lazaris is a graduate of the University of Toronto (St. Michael's College) where he earned his Bachelor of Commerce degree (1988) and continued his professional education by obtaining his Chartered Accountants (CA) designation in 1991 while working at Deloitte and his Chartered Financial Analyst (CFA) designation in 1995.

INVESTMENT OBJECTIVES AND STRATEGIES OF THE PARTNERSHIP

Investment Objective

The investment objective of the Partnership is to generate superior returns through the investment in alternative strategies that the Manager believes have the potential to provide substantial upside, and to generate income in the form of dividends and interest or other cash flows. The Manager will have a broad mandate of identifying attractive investment opportunities that will include, but not be limited to, listed public securities, seed capital, small capitalization investments, private placement investments and debt instruments. The Partnership may invest in securities that are generally more volatile in nature with limited or no liquidity.

Investment Strategies

By using and performing fundamental analysis of both company and industry information, the Manager will make investments in those securities whose value, in the opinion of the Manager, is below its fair value and whose growth prospects support a long position. The Manager will invest in many types of securities and is not limited to any one type but will mainly focus on equity securities, options and equity derivatives. The Manager will not be restricted from investing in securities for which there is no public market, including securities of an issuer that is not a reporting issuer in any jurisdiction.

Short Selling of Securities

By using and performing fundamental analysis of both company and industry information, the Manager will sell short any security whose value, in the opinion of the Manager, is above its fair value and whose growth prospects support a short position. The Manager may short many types of securities and is not limited to any one type but will mainly focus on equity securities, options and equity derivatives. The Manager will also look at securities of companies where the fundamentals are deteriorating or where complex accounting policies may be masking deteriorating fundamentals. The Manager will not be restricted from investing in securities for which there is no public market, including securities of an issuer that is not a reporting issuer in any jurisdiction. Short selling of overvalued securities will occur as a means to generate positive investment returns.

Small Capitalization Securities

Given the investment objective of the Partnership, the Manager may establish both long and short positions in small capitalization securities that may have limited market liquidity, or limited available public information. This may include some early stage companies where value may be realized over a longer period.

Portfolio Concentration

The Manager may decide to concentrate the portfolio on a limited number of positions or sectors in order to take advantage of high conviction ideas that could generate superior returns. There are no position limits set for the Partnership and concentration will depend on the attractiveness of investment ideas.

Seed Capital and Private Placements

The investment in select seed capital opportunities and private placement of securities that have the potential for returns that more than compensate for the lack of liquidity and where the potential may be realized at an initial public offering.

Private Debt Securities

The investment in debt securities offered by companies on a private placement basis that may provide a higher yield, equity convertibility, special debt holder rights or other special terms that make the investment attractive.

Capital Structure Arbitrage

Similar to pairs trading, the Manager will seek to establish both long and short positions in the securities of related issuers or the same issuer where the market valuation of one security is mis-priced relative to the value of other securities within the same or related issuer. This may also include structuring positions in same or related issuers where the sum of the parts approach has identified an arbitrage opportunity that should be eliminated over time.

IPO's and Secondary Offerings

Investing in initial public offerings and secondary offerings where the Manager believe the pricing of the new issuance is below its fair value or below that which will be reflected in the price due to supply/demand imbalances.

Options

The investment in either Puts or Calls or a combination of both of underlying securities where the option price is either mispriced or where the option is mispriced considering the volatility of the underlying security. Options can be used to enhance returns and to hedge certain risks associated with long or short positions in the underlying securities. Options can be used to hedge specific investments or as an overall hedge against the portfolio and risks associated with it.

Warrant Arbitrage

An investment that captures the potential miswriting between a security and an associated warrant for the security. The warrant is usually a long position and the security is a short position.

Special Situations

The Manager may take positions (either long or short) in securities whose value is dependent upon corporate restructurings, mergers, hostile takeovers, bankruptcies, leveraged buy outs, spin offs, legislative changes, legal challenges and other factors.

Short Term Trading

The Manager may take long and short positions in securities where they feel the short term volatility in the security will move the price either up or down in a short time frame based on factors that are not fundamentally driven. This could include supply/demand scenarios in less liquid securities or market sentiment driven opportunities. Unlike fundamentally based long or short investing described above, the Manager may not have the same fundamental opinion of these securities but expects the short term returns to outweigh the short term risks. Securities gains and losses are generally realized on a systematic basis.

Cash Positions

The Manager may hold cash in short term debt instruments, money market funds or similar temporary investments pending full investment of the Partnership's capital and in any amount and at any time deemed appropriate by the Manager.

Use of Leverage

The Partnership intends to use leverage, subject to limits on margin imposed by the Partnership's prime broker.

Investment Process

The Manager will direct investments towards areas where it believes the best returns will be generated over the medium to long term. This may include some short term opportunities which present themselves. Generally, the larger investments will be long term in nature and where the Manager believes that it understands the opportunity better than the market.

The Partnership will have a long bias but will use short selling primarily to generate positive returns, not as hedges. In the event that the Manager is not comfortable with the macro environment, it can invest as much as 100% of the Partnership's net asset value in cash until the market conditions improve. If the Manager is very positive with the macro environment, it can utilize leverage.

The Manager will allocate capital to the best opportunities and is not restricted in concentration of investments or sectors; however, it will not take unnecessary risk at any time.

General

The above-described investment strategies which may be pursued by the Partnership are not intended to be exhaustive and other strategies may also be employed. The actual strategies utilized by the Manager will depend upon its assessment of market conditions and the relative attractiveness of the available opportunities. The Manager may, in its sole and absolute discretion but subject to applicable law, use strategies other than those described above or discontinue the use of any strategy without advance notice to Limited Partners. Changes to the investment objectives and strategies of the Partnership can be made without prior approval of the Limited Partners and written notice will be given to the Limited Partners promptly thereafter.

There can be no assurances that the Partnership will achieve its investment objective.

Statutory Caution

The foregoing disclosure of the Manager's investment strategies and intentions may constitute "forward-looking information" for the purpose of applicable securities legislation, as it contains statements of the Manager's intended course of conduct and future operations of the Partnership. These statements are based on assumptions made by the Manager of the success of its investment strategies in certain market conditions, relying on the experience of the Manager's officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made by the Manager and the success of its investment strategies are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of the Manager's intended strategies as well as its actual course of conduct. Investors are urged to read "Risk Factors" below for a discussion of other factors that will impact the operations and success of the Partnership.

THE OFFERING

Units offered hereby are being offered to investors resident in Ontario and Alberta (the "**Offering Jurisdictions**") pursuant to exemptions from prospectus requirements contained in National Instrument 45-

106 – *Prospectus Exemptions* and Section 73.3 of the *Securities Act* (Ontario) (together referred to as “**NI 45-106**”).

Three classes of Units, issuable in series, are currently being offered:

Class A Units will generally only be issued to early stage investors who meet the minimum investment criteria. Class A Units are charged a **2%** per annum management fee but do not share profits with the General Partner. (See “Fund Management Agreement” below.)

Class B Units are available to all investors who meet the minimum investment criteria. Class B Units are charged a **2%** per annum management fee and share **10%** of profits with the General Partner (based on increases in Net Asset Value). (See “Fund Management Agreement” and “Profit Allocation” below.)

Class M Units are generally only available to directors, officers and employees of the Manager. Class M Units are not charged a management fee nor do they share profits with the General Partner.

A new series of Units in each Class will be issued on each successive Subscription Date on which Units are issued. **At the end of each calendar year, the Manager may roll some or all series of the same Class of Units into a single series in order to reduce the number of outstanding series of such Class.**

Additional Classes may be created for one or more specific investors from time to time that are not described herein. The Manager may terminate the offering of any one or more Classes of Units at any time, in its sole discretion. The offering is restricted to persons who have the capacity and competence to enter into and be bound by the Limited Partnership Agreement.

Prospectus Exemptions

Units are being sold under available exemptions from the prospectus requirements under NI 45-106. The Units are being distributed only to (a) investors who are “accredited investors” as defined in NI 45-106, (b) investors who are not individuals and who invest a minimum of \$150,000 in the Partnership (the “**Minimum Amount Exemption**”), or (c) investors to whom Units may otherwise be sold. Purchasers will be required to make certain representations in the subscription agreement and power of attorney (together with all related documents, the “**Subscription Agreement**”) and the General Partner and Manager will rely on such representations to establish the availability of the exemptions from prospectus requirements described above. Investors, other than individuals, that are not accredited investors, or are accredited investors solely on the basis that they have net assets of at least \$5,000,000, must also represent to the Manager (and may be required to provide additional evidence at the request of the Manager to establish) that such investor was not formed solely in order to make private placement investments which may not have otherwise been available to any persons holding an interest in such investor. The so-called “Offering Memorandum Exemption” is not being relied on, nor is the Minimum Amount Exemption being relied on in Alberta, and investors do not have the benefit of certain additional protections that NI 45-106 gives to investors when an issuer relies on the Offering Memorandum Exemption.

No subscription will be accepted unless the Manager is satisfied that the Subscription Agreement is complete and is in compliance with applicable securities laws.

Accredited Investors

A list of those who qualify as “accredited investors” is set out in the Subscription Agreement delivered with this Offering Memorandum, but generally includes individuals who have net investment assets of at least \$1,000,000, or personal income of at least \$200,000 or combined spousal income of at least \$300,000 (in the previous two years with reasonable prospects of same in the current year).

Front-end Sales Commissions and Trailer Fees

There is no commission payable by a purchaser to the Manager upon the purchase of Units. However, dealers who sell Class A Units may charge purchasers a front-end sales commission. Any such sales commission will be negotiated between the dealer and the purchaser, will be payable directly by the purchaser to their dealer and will not form part of the subscription proceeds.

Subject to applicable law, the Manager may pay, out of the fees payable to the Manager by the Partnership, a negotiated referral fee or trailing commission to dealers or other persons in connection with a sale of Class A Units (which may include an amount based on the performance of the Units sold). The Manager may discontinue or change such fee and commissions at any time.

Know-Your-Client and Suitability

Whether the subscriber for Units is purchasing through their own dealer or directly from the Manager (in its capacity as an exempt market dealer), the dealer through whom the Units are purchased has an obligation under applicable securities laws to determine suitability of the investment for such purchaser, unless the purchaser is a “permitted client” and either waives such requirement or the dealer is otherwise exempt from such requirement. Subscribers purchasing directly from the Manager will be required to provide certain information in the Subscription Agreement (referred to as know-your-client information) on which the Manager will rely in determining such suitability on the initial purchase and on an ongoing basis.

Leverage Disclosure Statement (Using Borrowed Money to Purchase Units)

The use of leverage may not be suitable for all investors. Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If an investor borrows money to purchase Units, the investor’s responsibility to repay the loan and pay interest as required by the terms of the loan remains the same even if the value of the Units purchased declines. Furthermore, there may be negative tax consequences for an investor who borrows money to purchase Units.

Benchmarks

Investors may find it helpful to compare the returns from their investments against one or more relevant benchmarks (i.e. the return that they may have received had they invested in a comparable investment, or a comparison of their investment to an average or median return of a basket of comparable investments). A benchmark for an investment fund such as the Partnership might be an index of issuers with similar investment mandates. Investors should be aware of the similarities and differences between the benchmark and the investment, such as the concentration/diversification of securities, industries and or markets, the impact of fees and expenses on such returns, and risks inherent in such investments and investment strategies. Should the Manager use a benchmark comparison when reporting the performance of the Partnership, an explanation of the similarities and differences between the Partnership and the benchmark will be provided at that time.

RESTRICTED INVESTORS

The Partnership is designed to attract investment capital which is surplus to an investor’s basic financial requirements.

The following persons and entities may not invest in this Partnership:

- (a) a “non-resident”, a partnership other than a “Canadian partnership”, a “tax shelter”, a “tax shelter investment”, or any entity an interest in which is a “tax shelter investment”, or in which a “tax shelter investment” has an interest, within the meaning of the *Income Tax Act* (Canada) (the “**Tax Act**”); and
- (b) a partnership which does not prohibit investment by the foregoing persons.

By purchasing Units, a Limited Partner represents and warrants that he, she or it is not one of the above and shall indemnify and hold harmless the Partnership and each other Limited Partner for any costs, damages, liabilities, expenses or losses suffered or incurred by the Partnership or such other Limited Partner, as the case may be, that result from or arise out of a breach of such representation and warranty. Any Limited Partner who fails to provide evidence satisfactory to the Manager of such status when requested to do so from time to time may be removed as a Limited Partner by the redemption of his Units in accordance with the Limited Partnership Agreement.

Any Limited Partner whose status changes in regard to the above shall be deemed to have ceased to be a Limited Partner (for all purposes other than taxation and liability) immediately prior to the date on which such status changes and shall thereafter only be entitled to receive from the Partnership an amount equal to the lesser of the Net Asset Value of such Limited Partner's Units as at the date on which he or she ceases to be a Limited Partner and the Net Asset Value of such Units as at the date the Manager learns that such Limited Partner's status has changed, less all such deductions as provided in the Limited Partnership Agreement as if such Limited Partner voluntarily redeemed his or her Units.

In addition, any Limited Partner that is or becomes a "financial institution" within the meaning of Section 142.2 of the Tax Act (as same may be amended or replaced from time to time) shall disclose such status to the Manager at the time of subscription (or when such status changes) and the Manager may (if the Manager determines that it is in the best interest of the Partnership and the other Limited Partners to do so) restrict the participation of any such Limited Partner or require any such Limited Partner at any time to redeem all or some of such Limited Partner's Units. A Limited Partner who fails to identify itself as a financial institution shall indemnify and hold harmless the Partnership and each other Limited Partner for any costs, damages, liabilities, expenses or losses suffered or incurred by the Partnership or such other Limited Partner, as the case may be, that result from or arise out of such failure. Any Limited Partner who is or who becomes a financial institution after becoming a Limited Partner will (if the Manager determines it would be prejudicial to the Partnership and the other Limited Partners not to) be deemed to have, immediately prior to the date on which it becomes a financial institution (or the date of issue of Units to such financial institution, whichever is later), redeemed (or rescinded its subscription for) some or all of such Limited Partner's Units to the extent necessary to result in financial institutions owning in the aggregate Units having a Net Asset Value that is less than one-half of the Net Asset Value of all of the Units, and shall be entitled to receive from the Partnership as redemption proceeds an amount equal to the lesser of the Net Asset Value of such redeemed Units as at the date on which it is deemed to have redeemed such Units and the Net Asset Value of such Units as at the date the Manager learns that such Limited Partner is a financial institution, less all such deductions as provided in the Limited Partnership Agreement as if such Limited Partner voluntarily redeemed its Units.

Units are not eligible for investment by registered retirement savings plans, registered retirement income funds or other registered plans that are restricted to investing in "qualified investments" (for purposes of the *Income Tax Act* (Canada)).

SUBSCRIPTIONS

Subscriptions will be accepted on a quarterly basis, being on the first business day in each calendar quarter or such other date as the Manager may permit (each, a "**Subscription Date**"), subject to the Manager's discretion to refuse subscriptions in whole or in part. A fully-completed Subscription Agreement and subscription proceeds must be received at least three business days prior to the designated Subscription Date in order for the subscription to be accepted as at that date; otherwise the subscription will be processed as at the next Subscription Date (however the Manager may in its absolute discretion accept a subscription that is delivered any time up until 4:00 p.m. (Eastern time) on the business day immediately prior to the Subscription Date).

Subscriptions for Units must be made by completing and signing the Subscription Agreement and by forwarding such form to the Manager together with the subscription monies in acceptable form (being certified cheque, wire transfer or electronic funds transfer (EFT)) to an account of the Partnership representing payment of the subscription price. The Manager may in its discretion accept subscription payments in kind, provided the

assets so tendered fall within the Partnership's investment strategies (such assets to be valued in the same manner as the Partnership's other portfolio assets). Subscriptions for Units are subject to acceptance or rejection in whole or in part by the Manager in its sole discretion. Subscription funds provided prior to a Subscription Date will be kept in a segregated account without interest accruing thereon. In the event a subscription for Units is rejected, any subscription funds forwarded by the subscriber will be returned without interest or deduction.

The Limited Partnership Agreement and the Subscription Agreement (required to be executed by an investor) include an irrevocable power of attorney authorizing the General Partner on behalf of the holder of the Unit to execute the Limited Partnership Agreement, and any amendments thereto, and all other instruments necessary to reflect the formation of, amendment to or dissolution of the Partnership or the registration of the Partnership in any jurisdiction as well as any elections, determinations or designations under the Tax Act or other taxation legislation or laws of like import with respect to the affairs of the Partnership or a Limited Partner's interest in the Partnership.

Subscription Price

Units of each Class will be issued in a new series each quarter at a subscription price of \$100 per Unit.

Minimum Subscriptions

The minimum initial investment is **\$150,000** for **Class A Units**. The Manager retains the right to waive the minimum investment at any time.

This minimum is net of any front end commissions paid by an investor to his or her agent.

REDEMPTIONS

An investment in Units is intended to be a long-term investment. However, a Limited Partner shall be entitled to redeem Units on the last business day of a calendar quarter, or such other date as the Manager in its absolute discretion may determine (each a "**Redemption Date**"). Redemption requests will only be considered if the Manager receives a **written notice** (in the form provided by the Manager) for such redemption at least 30 days prior to the proposed Redemption Date (or such shorter period as the Manager may permit in its absolute discretion).

The redemption price will equal the Net Asset Value per Unit of the applicable Class and series of Units being redeemed, determined as of the close of business on the relevant Redemption Date, less applicable deductions.

There will be deducted from redemption proceeds an early redemption deduction equal to 5% of the Net Asset Value of Units that are redeemed within 12 months of their purchase, which will be retained by the Partnership. The Manager may in extraordinary circumstances waive some or all of such early redemption deduction.

If a redeeming Limited Partner owns Units of more than one series within a single Class, Units will be redeemed on a "first-in, first-out" basis, meaning that Units of the earliest series of the applicable Class owned by the Limited Partner will be redeemed first, at the redemption price for Units of such series, until such Limited Partner no longer owns Units of such series (although this policy may be amended depending on tax considerations).

Redemption proceeds will generally be paid within 10 business days of the Redemption Date, subject to receipt of complete documentation and final determination of Net Asset Value of the Partnership.

Redemptions may be suspended or deferred in certain circumstances. The Manager will not permit redemptions (either in whole or in part) and/or may elect to pay redemption proceeds partly in cash and partly in kind at any time where the Manager is of the opinion, in its discretion, that there are insufficient liquid

assets in the Partnership to fund such redemptions entirely in cash or that the liquidation of assets would be to the detriment of the Partnership generally.

The Manager will advise the Limited Partners who have requested a redemption if redemptions will be limited or suspended on a requested Redemption Date. Redemption requests which are rejected as at a Redemption Date will be accepted on the next Redemption Date on which redemption requests are honoured in priority to redemption requests made after the deadline for redemption requests in respect of such earlier Redemption Date. Partial redemptions on a Redemption Date will be made on a pro rata basis. Redemption requests are irrevocable unless they are not honoured on a Redemption Date, in which case they may be withdrawn within 15 days following such Redemption Date.

The Manager has the right to require a Limited Partner to redeem some or all of the Units owned by such Limited Partner on a Redemption Date designated by the Manager at the Net Asset Value per Unit thereof, by notice in writing to the Limited Partner given at least 7 days before the designated Redemption Date, which right may be exercised by the Manager in its absolute discretion.

TRANSFER OR RESALE

As the Units offered by this Offering Memorandum are being distributed pursuant to exemptions from the prospectus requirements of applicable securities legislation, the resale of these securities by investors is subject to restrictions. An investor should refer to applicable provisions in consultation with a legal adviser. Furthermore, no transfers of Units may be effected unless the Manager, in its sole discretion, approves the transfer and the proposed transferee. There is no market for these Units and no market is expected to develop, therefore it may be difficult or even impossible for the purchaser to sell the Units.

Subscribers are advised to consult with their legal advisers concerning restrictions on resale and are further advised against reselling their Units until they have determined that any such resale is in compliance with the requirements of applicable legislation and the Limited Partnership Agreement.

NET ASSET VALUE

The Net Asset Value of the Partnership and the Net Asset Value Per Unit of each Class and series of Units will be determined as of 4:00 p.m. (Eastern time) on the last business day of each calendar quarter, on the business day immediately preceding a Subscription Date and on such other dates as the Manager may determine (each a “**Valuation Date**”) by the Administrator in accordance with the Limited Partnership Agreement.

The Net Asset Value of the Partnership as of any date will mean the value of the Partnership’s investment assets and the Partnership’s other assets, less all liabilities, costs, and expenses accrued or payable of every kind and nature, including management fees and distributions due but not yet paid or made. In determining the Partnership’s liabilities, the Manager may estimate expenses of a regular or recurring nature in advance, and may accrue the same into one or more valuation periods, any such accrual to be binding and conclusive on all Limited Partners, irrespective of whether such accrual subsequently proves to have been incorrect in amount (in which case any adjustments shall be made in the valuation period when such error is recognized).

The Net Asset Value of each series will generally increase or decrease proportionately with the increase or decrease in the Net Asset Value of the Partnership (before deduction of Class-specific and series-specific fees and expenses), and the Net Asset Value per Unit shall be determined (after deduction of Class-specific and series-specific fees and expenses) by dividing the Net Asset Value of each series by the number of Units of such series outstanding.

Valuation Principles

The value of the assets and the amount of the liabilities of the Partnership shall be calculated in such manner as the Manager, or third party engaged by the Manager, shall determine from time to time in accordance with the Limited Partnership Agreement, subject to the following:

- (a) The value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, dividends receivable (if such dividends are declared and the date of record is before the date as of which the Net Asset Value of the Partnership is being determined) and interest accrued and not yet received, shall be deemed to be the full amount thereof, unless the Manager, or third party engaged by the Manager, determines that any such deposit, bill, demand note, account receivable, prepaid expense, dividend receivable or interest accrued and not yet received is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Manager, or third party engaged by the Manager, determines to be the reasonable value thereof.
- (b) The value of any security which is listed or dealt in upon a public securities exchange will be valued at the last available trade price on the Valuation Date or, if the Valuation Date is not a business day, on the last business day preceding the Valuation Date. If no sales are reported on such day, such security will be valued at the average of the current bid and ask prices at close. Securities that are listed or traded on more than one public securities exchange or that are actively traded on over-the-counter markets while being listed or traded on such securities exchanges or over-the-counter markets will be valued on the basis of the market quotation which, in the opinion of the Manager, or third party engaged by the Manager, most closely reflects their fair value.
- (c) Securities held in private issuers are recorded at cost unless an upward adjustment is considered appropriate and supported by persuasive and objective evidence such as a significant equity financing by an unrelated investor at a transaction price higher than the valuation price. Downward adjustments to valuation price are made when there is evidence of other than a temporary decline in value as indicated by the assessment of the financial condition of the investment based on a significant equity financing by an unrelated investor at a transaction price lower than the valuation price, operational results, forecasts and other developments since the previous valuation price was established. Options and warrants held in private issuers are carried at cost unless there is an upward or downward adjustment of the underlying privately-held company supported by persuasive and objective evidence such as significant subsequent equity financing by an unrelated investor at a transaction price higher or lower than the valuation price.
- (d) All Partnership property valued in a foreign currency and all liabilities and obligations of the Partnership payable by the Partnership in foreign currency shall be converted into Canadian funds by applying the rate of exchange obtained from the best available data sources to the Administrator to calculate Net Asset Value.
- (e) The value of any security or property to which, in the opinion of the Manager, or third party engaged by the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available or for any other reason), shall be the fair value thereof determined in such manner as the Manager, or third party engaged by the Manager, may from time to time determine based on standard industry practice. Short-sale redelivery obligations will be marked-to-market, i.e. carried as a liability equal to the cost of repurchasing the securities sold short applying the same valuation techniques described above.
- (f) All other liabilities shall include only those expenses paid or payable by the Partnership, including accrued contingent liabilities; however (A) organizational and start-up expenses will be amortized by the Partnership over a five year period; and (B) expenses and fees allocable only to a Class or series of Units shall not be deducted from the Net Asset Value of

the Partnership prior to determining the Net Asset Value of each Class and series, but shall thereafter be deducted from the Net Asset Value so determined for each such Class or series.

The Manager may determine such other rules as it deems necessary from time to time, which rules may deviate from Canadian generally accepted accounting principles and international financial reporting standards (IFRS).

The Manager may determine that certain assets, liabilities, income and/or losses are attributable to only one or more, but not all, classes and series of Units from time to time. The Net Asset Value of the Partnership and the Net Asset Value per Unit for each class and series of Units established by the Administrator in accordance with the provisions of this Agreement shall be conclusive and binding on all Partners unless the General Partner agrees otherwise.

Net asset value calculated in this manner will be used for the purpose of calculating the Manager's (and other service providers') fees and the General Partner's distributions and will be published net of all paid and payable fees and distributions. Such Net Asset Value will be used to determine the subscription price and redemption value of Units. For the purposes of financial reporting, the Partnership is required to calculate Net Asset Value in accordance with IFRS.

FUND MANAGEMENT AGREEMENT

In order to set out the duties of the Manager, the Partnership has entered into a fund management agreement (the "**Fund Management Agreement**") with the Manager dated as of January 3, 2017. Pursuant to the Fund Management Agreement, the Manager directs the business, operations and affairs of the Partnership and provides day-to-day management services to the Partnership, including management of the Partnership's portfolio on a discretionary basis and distribution of the Units of the Partnership, and such other services as may be required from time to time. The General Partner has assigned its powers and obligations under the Limited Partnership Agreement to the Manager to the extent necessary to permit the Manager to carry out its duties under the Fund Management Agreement. The Manager may delegate certain of these duties from time to time.

Pursuant to the Fund Management Agreement, as compensation for providing services to the Partnership, the Manager shall be paid a quarterly management fee (the "**Management Fee**") on the last business day of each calendar quarter equal to 1/4 of **2%** of the aggregate Net Asset Value of the **Class A Units** and **Class B Units** on such date, calculated before deduction of any distribution payable to the General Partner in respect of such Units on such date. Each Class of Units is responsible for the Management Fee attributable to that Class of Units. No Management Fee is payable in respect of Class M Units.

Management Fees payable by the Partnership are subject to HST and will be deducted as an expense of the Partnership in the calculation of the net asset value of the Partnership.

The Fund Management Agreement may be terminated by either the General Partner or the Manager on 30 days' notice to the other, or immediately in the event of the dissolution or insolvency or bankruptcy of the other party or the termination of the Limited Partnership Agreement. In the event that a Unit is issued on a Subscription Date that was not the first business day of a calendar quarter, the Management Fee applicable to that Unit in such quarter will be pro-rated based on the number of days that it has been outstanding.

PROFIT ALLOCATION

The General Partner will share in the profits of the Partnership by receiving distributions payable on the last Valuation Date in each calendar year based on the increase, if any, in the Net Asset Value of each **Class B Unit**. If a Class B Unit is redeemed on a Redemption Date that is not the last Valuation Date of a calendar year, the General Partner will receive a distribution in respect of such Unit payable on such Redemption Date. Such distributions are equal to **10%** of the positive amount, if any, obtained when the High Water Mark for each such Unit is subtracted from the Adjusted Net Asset Value of such Unit on such Valuation Date or Redemption Date (if the resulting amount is negative, the distribution in respect of such Unit

shall be zero). No payment will be made to the General Partner in respect of the performance of the Class A and Class M Units.

The “**Adjusted Net Asset Value**” of a Unit on any date is equal to the Net Asset Value of such Unit on such date (calculated after deduction of the Management Fee and general expenses but before deduction of any redemption deduction or General Partner distribution, if any, allocable to such Unit) plus the amount of any distributions paid to the Limited Partner in respect of such Unit since the date as at which the High Water Mark of such Unit was established.

A Unit’s “**High Water Mark**” is, initially, its subscription price, and thereafter shall be adjusted from time to time to equal its Net Asset Value immediately following the payment of a distribution to the General Partner in respect of such Unit. The High Water Mark of a Unit will be appropriately adjusted in the event of a consolidation or subdivision of Units.

Any distribution paid to the General Partner will be deducted from the Net Asset Value (or redemption proceeds, as the case may be) of the respective Unit.

Limited Partners will, therefore, effectively share in net profits and net losses of the Partnership by increases or decreases in the Net Asset Value of their Units, which will be reduced by the applicable General Partner’s distributions.

SUMMARY OF LIMITED PARTNERSHIP AGREEMENT

The rights and obligations of the Limited Partners and of the General Partner are governed by the Limited Partnership Agreement (as amended from time to time) and the LP Act. The following is a summary of the Limited Partnership Agreement entered into by the General Partner and the initial limited partner. **This summary is not intended to be complete and each investor should carefully review the Limited Partnership Agreement itself for full details of these provisions.**

Authority and Duties of the General Partner

The General Partner has the full power and authority to do such acts and things and to execute and deliver such documents as it considers necessary or desirable in connection with the offering and sale of the Units and for carrying on the activities of the Partnership for the purposes described herein and in the Limited Partnership Agreement.

The General Partner shall exercise the powers and discharge its duties honestly, in good faith, and with a view to the best interests of the Partnership and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. See Article 6 - Management of Limited Partnership in the Limited Partnership Agreement.

The General Partner has assigned its powers and obligations under the Limited Partnership Agreement to the Manager to the extent necessary to permit the Manager to carry out its duties under the Fund Management Agreement. However the Manager is not and is not intended to be a Partner. This summary reflects the assignment of powers, obligations and authority by the General Partner to the Manager.

The Units

The Partnership may issue an unlimited number of Units. The Manager may in its discretion create different Classes of Units. Each Class may be subject to different management fees, may have a different profit-sharing arrangement with the General Partner, and may have such other features as the Manager may determine. As at the date hereof, two Classes of Units (the Class A Units and the Class M Units) have been created for general distribution, having the attributes described in this Offering Memorandum. Additional Classes may be created for one or more specific investors from time to time that are not described herein. The Manager may exchange or redesignate a Limited Partner’s Units from one Class to another (and amend the

number of such Units so that the Net Asset Value of the Limited Partner's aggregate holdings remains unchanged) and will do so in accordance with the Limited Partnership Agreement.

Units within each Class may be designated by the Manager as being Units of a series, and the opening Net Asset Value of each such series may be determined by the Manager. Each issued and outstanding Unit of a series shall be equal to each other Unit of the same series with respect to all matters. The respective rights of the holders of Units of each series will be proportionate to the Net Asset Value of such series relative to the Net Asset Value of each other series. Each Unit carries with it a right to vote, with one vote for each \$1.00 of Net Asset Value attributed to such Unit (the Net Asset Value of all Units held by a Limited Partner shall be aggregated for the purpose of determining voting rights). Fractional Units may be issued. A person wishing to become a Limited Partner shall subscribe for Units by means of a subscription form and power of attorney. The acceptance of any such subscription in whole or in part shall be subject to the Manager in its sole discretion. See Article 3 - The Units in the Limited Partnership Agreement.

The first series of each Class of Units designated by the Manager will be issued at a Net Asset Value per Unit of \$100. On each successive Subscription Date on which Units are issued, a new series of Units within each Class will be issued at a Net Asset Value per Unit to be determined by the Manager (the Manager's current policy is to issue Units of each new series at \$100 per Unit). All changes in Net Asset Value (i.e. all income and expenses, and all unrealized gains and losses) of the Partnership shall be borne proportionately by each Class and series of Units based on their respective Net Asset Values, except as follows: (i) subscription proceeds received by the Partnership in respect of a series of Units shall accrue to the Net Asset Value of such series; (ii) all redemption proceeds paid out by the Partnership in respect of a Unit of a series shall be deducted from the Net Asset Value of such series; (iii) the management fee and redemption fee payable to the Manager in respect of a Unit of a series shall be deducted from the Net Asset Value of such series and (iv) any other expenses and any distributions paid to the General Partner that are allocable to a specific Class or series shall be deducted only from the Net Asset Value of that Class or series. The Net Asset Value per Unit of each Class and series shall be calculated by dividing the Net Asset Value of such respective Classes and series by the number of Units of such Classes and series then outstanding.

Units of a series of any Class may from time to time be consolidated or subdivided, and redesignated by the Manager as Units of another series or renamed such that they have the same name as another series of the same Class, with the consolidation/subdivision ratio based on their respective Net Asset Values per Unit, if (i) any High Water Mark for the first such series is equal to the Net Asset Value per Unit for such first series and any High Water Mark for the second series is equal to the Net Asset Value per Unit of such second series, or (ii) the ratio of any High Water Mark to the Net Asset Value per Unit for each such series is identical. (For the definition of "High Water Mark", see "Profit Allocation" above.)

Allocation of Income and Loss

Income and loss for taxation purposes, as well as taxable capital gains and allowable losses, of the Partnership in each fiscal year will generally be allocated to the Partners according to the following guidelines:

- (a) Limited Partners who redeemed Units in the year will first be allocated a portion of income and taxable capital gains to reflect the realization of such amounts necessary to fund the redemptions;
- (b) the General Partner will be allocated a portion of income, dividends and taxable capital gains in a total amount generally equal to the distributions received by the General Partner payable in such year;
- (c) Limited Partners will be allocated the remaining income, dividends and taxable capital gains in a fair manner based on the number, Class and series of Units held by such Limited Partners, the dates of purchase and/or redemption, the respective Net Asset Values of each Class and series of Units, the fees paid or payable and distributions payable to the General

Partner in respect of each Class and series of Units, and the date of realization of each such item of income, gain or loss, among other factors deemed by the Manager to be relevant; and

- (d) net losses will be allocated as to (i) 0.001%, to the General Partner, and (ii) 99.999%, to Limited Partners who hold Units at any time during such year (and in certain cases to Limited Partners who held Units at any time in the previous fiscal year).

The Manager may adopt and amend an allocation policy from time to time intended to fairly and equitably allocate income or loss in the circumstances. See Section 4.7 - Allocations in the Limited Partnership Agreement.

Distributions

The General Partner will receive distributions from the Partnership based on the increase in the Net Asset Value of each Class B Unit on the last Valuation Date in each calendar quarter and upon the redemption of such Unit, as more fully described above under “Profit Allocation”. Such distributions will be deducted from the Net Asset Value of such Unit (or, in the case of a redemption, from the redemption proceeds). The General Partner will not be required to repay any distributions if distributions received on a redemption of Units in a fiscal year exceed the Partnership’s net profits in that year.

Net profit of the Partnership allocated to the Limited Partners for any fiscal period may be distributed in whole or in part from time to time or at any time in the sole discretion of the Manager. No payment may be made to a Limited Partner from the assets of the Partnership if the payment would reduce the assets of the Partnership to an insufficient amount to discharge the liabilities of the Partnership to persons who are not the General Partner or a Limited Partner.

Redemptions

Redemption rights are described above under the heading “Redemptions”. Also, see Article 5 - Redemption in the Limited Partnership Agreement.

Expenses

The Partnership is responsible for all costs incurred by it in connection with the creation and organization of the General Partner and the Partnership and the ongoing activities of the Partnership, including but not limited to:

- (a) third party fees and administrative expenses of the Partnership, which include Manager’s fees, accounting, valuation, technology, audit and legal costs, insurance premiums, custodial fees, administration, registrar and transfer agency fees and expenses, bookkeeping and recordkeeping costs, all Limited Partner communication expenses, mailing and printing expenses, marketing and advertising expenses, organizational and set-up expenses, the cost of maintaining the Partnership’s existence and regulatory fees and expenses, fees payable to the Partnership’s independent review committee (if any) and all reasonable extraordinary or non-recurring expenses; and
- (b) fees and expenses relating to the Partnership’s portfolio investments, including the cost of securities, security valuation costs, interest on borrowings and commitment fees and related expenses payable to lenders and counterparties, brokerage fees, commissions and expenses, short sale collateral requirements, and banking fees.

To the extent that such expenses are borne by the General Partner or Manager, the General Partner or Manager, as the case may be, shall be reimbursed by the Partnership from time to time. Expenses attributable to a particular Class or series of Units will be deducted from the Net Asset Value of such Class or series. See Section 6.2 – Expenses in the Limited Partnership Agreement.

Power of Attorney

The Limited Partnership Agreement contains a limited power of attorney in favour of the General Partner in connection with all matters related to the operation of the Partnership, and authorizes the General Partner to, for example, execute documents on behalf of each Limited Partner (including tax elections and amendments to the Limited Partnership Agreement). See Section 6.4 – Power of Attorney in the Limited Partnership Agreement.

Management Fees

The Partnership may pay to the Manager such fees, in such amounts and at such intervals, as the General Partner and the Manager may agree to from time to time. All such fees are described above under “Fund Management Agreement”. See Section 7.2 – Fees in the Limited Partnership Agreement.

Liability

Subject to the provisions of the LP Act, the liability of each Limited Partner for the liabilities and obligations of the Partnership is limited to the amount the Limited Partner contributes or agrees in writing to contribute to the Partnership, less any such amounts properly returned to the Limited Partner. A Limited Partner may lose his, her or its status as a limited partner and the benefit of limited liability if such Limited Partner takes part in the control of the business of the Partnership or if certain other provisions of the LP Act are contravened.

Where a Limited Partner has received the return of all or part of the Limited Partner’s “Contributed Capital” (as defined in the Limited Partnership Agreement), the Limited Partner is nevertheless liable to the Partnership or, following the dissolution of the Partnership, to its creditors for any amount, not in excess of the amount returned with interest (calculated at a rate per annum equal to the prime commercial lending rate of the Partnership’s bankers), necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims otherwise arose before the return of the Contributed Capital. Furthermore, if after a distribution the Manager determines that a Limited Partner was not entitled to all or some of such distribution, the Limited Partner shall be liable to the Partnership to return the portion improperly distributed, together with interest at a rate per annum equal to the prime commercial lending rate of the Partnership’s bankers if repayment of such excess amount is not made by the Limited Partner within 15 days of receiving notice of such overpayment. The Manager may set off and apply any sums otherwise payable to a Limited Partner against such amounts due from such Limited Partner, provided that there shall be no right of set-off against a Limited Partner in respect of amounts owed to the Partnership by a predecessor of such Limited Partner. See Section 4.12 - Repayments and Section 8.2 - Limited Liability of Limited Partners in the Limited Partnership Agreement.

The General Partner shall be liable for the debts, obligations and any other liabilities of the Partnership in the manner and to the extent required by the LP Act and as set forth in the Limited Partnership Agreement to the extent that Partnership assets are insufficient to pay such liabilities.

The General Partner will indemnify and hold harmless each Limited Partner for any costs, damages, liabilities, expenses or losses suffered or incurred by such Limited Partner that result from or arise out of such Limited Partner not having unlimited liability as set out in the Limited Partnership Agreement, other than any liability caused by or arising out of any act or omission of such Limited Partner. See Article 8 - Liabilities of Partners in the Limited Partnership Agreement.

Reports to Limited Partners

Within 90 days after the end of each fiscal year, the Manager will forward to each Limited Partner who has requested same an annual report for such fiscal year consisting of (i) audited financial statements for such fiscal year; (ii) a report of the Auditors on such financial statements; and (iii) tax information to enable each Limited Partner to properly complete and file his or her tax returns in Canada in relation to an investment

in Units. Unaudited financial statements will be made available to Limited Partners within 60 days of the end of the first six months of each year.

The Manager will also send to each Limited Partner a quarterly report on the Net Asset Value per Unit of the Units held by such Limited Partner, plus such other financial reports as may be required by applicable law as required by law or as is mutually agreed.

Fiscal Year

The fiscal year of the Partnership shall end on December 31 in each calendar year.

Amendment

The General Partner may, without prior notice or consent from any Limited Partner, amend the Partnership Agreement (i) in order to protect the interests of the Limited Partners, if necessary; (ii) to cure any ambiguity or clerical error or to correct or supplement any provision contained therein which may be defective or inconsistent with any other provision if such amendment does not and shall not in any manner adversely affect the interests of any Limited Partner; (iii) to reflect any changes to any applicable legislation; or (iv) in any other manner, if such amendment does not and shall not adversely affect the interests of any Limited Partner in any manner.

Otherwise, the Partnership Agreement may be amended at any time by:

- (a) the General Partner with the consent of the Limited Partners given by Special Resolution; or
- (b) the General Partner, without the consent of the Limited Partners, provided the Limited Partners are given not less than 60 days' written notice prior to the effective date of the amendment (together with a copy of the amendment and an explanation of the reasons for the amendment), and each Limited Partner is given the opportunity to redeem all of such Limited Partner's Units prior to the effective date of such amendment (in such event the General Partner shall be deemed to have waived, to the extent necessary, any lock up and minimum notice periods).

See Article 13 - Amendment of Agreement in the Limited Partnership Agreement.

Term

The Partnership has no fixed term. Dissolution may only occur (i) at any time on 30 days written notice to each Limited Partner, or (ii) on the date which is 60 days following the removal of the General Partner, unless the Limited Partners agree by Ordinary Resolution to appoint a replacement General Partner and continue the Partnership. See Article 12 - Termination of the Partnership in the Limited Partnership Agreement.

ADMINISTRATION AGREEMENT

SGGG Fund Services Inc. ("the **Administrator**") has been appointed, pursuant to a services agreement (the "**Administration Agreement**"), to provide fund valuation and unitholder recordkeeping services to the Partnership. The Administrator has its principal place of business at 300 – 121 King Street West, Toronto, Ontario M5H 3T9.

In accordance with the Administration Agreement, the Administrator will calculate the Net Asset Value of the Partnership and the Net Asset Value per Unit for each class and series, provide unitholder recordkeeping services, liaise with the auditors with respect to the audit of the financial statements, supply required information and reports, prepare all necessary T5013 filings for the Partnership, maintain the register of Partners, prepare a period-end audit preparation file and annual and interim draft financial statements with notes, and provide all other services as agreed between the Manager and the Administrator from time to time.

The Administrator will receive fees from the Partnership in accordance with the Administration Agreement.

The Manager has agreed to indemnify, defend and save the Administrator, and its directors, officers, employees and agents harmless from and against any and all liabilities, claims, damages, costs, expenses or losses that may arise out of the Administrator providing the services under the Administration Agreement, other than those arising out of the Administrator's own gross negligence or wilful misconduct. The Administrator has agreed to indemnify, defend and save the Manager and the Partnership, and its directors, officers, employees and agents harmless from and against any and all liabilities, claims, damages, costs, expenses or losses that may arise out of the Administrator's own gross negligence or wilful misconduct.

The Administrator or the Manager may terminate the Administration Agreement at any time on three months' written notice. The Administration Agreement may also be terminated immediately by either party under certain circumstances, including by the Administrator for non-payment of fees and by the Manager for a breach of the Administration Agreement.

PRIME BROKERAGE AGREEMENT

The Partnership has appointed CIBC World Markets Inc. (the "**Prime Broker**") as prime broker in respect of the Partnership's portfolio transactions pursuant to the terms of a prime brokerage service agreement (the "**Prime Broker Agreement**") between the Partnership and the Prime Broker. These services will include the provision to the Partnership of trade execution, settlement and/or holding of investments and cash, and a margin facility, at the discretion of the Prime Broker. The Partnership may utilise other brokers and dealers for the purposes of executing transactions for the Partnership. The Prime Broker assumes possession of a first priority security interest in, lien on and right of set-off against the assets of the Partnership as part of its prime brokerage function in accordance with the terms of the Prime Broker Agreement. The Partnership's cash and credit balances on account with the Prime Broker are not segregated and may be used by the Prime Broker in the ordinary conduct of its business, and the Partnership is an unsecured creditor in respect of those assets. The Partnership may request delivery of any assets not required by the Prime Broker for margin or borrowing purposes.

Under the terms of the Prime Broker Agreement, the Partnership has agreed to indemnify the Prime Broker for losses it may incur in providing services under the Prime Broker Agreement. Neither the Prime Broker nor any brokers appointed has or will have investment discretion in relation to the Partnership and no responsibility will be taken by the Prime Broker for any of the assets of the Partnership held by other brokers.

The Partnership may from time to time replace the Prime Broker, and/or appoint one or more additional prime brokers, on terms similar to those above.

CANADIAN INCOME TAX CONSIDERATIONS AND CONSEQUENCES

Investors are urged to consult with their tax advisers respecting the purchase, holding and disposition of Units of the Partnership. Investors should be aware of the tax considerations and consequences associated with an investment in a limited partnership generally and in an actively managed investment pool in particular.

RISK FACTORS

Investment in Units involves certain risk factors, including risks associated with the Partnership's investment strategies. The following risks should be carefully evaluated by prospective investors.

Risks Associated with an Investment in the Partnership

Marketability and Transferability of Units

There is no market for the Units and their resale, transfer and redemption are subject to restrictions imposed by the Limited Partnership Agreement, including prior consent by the Manager, and applicable securities legislation. Although the LP Act permits a Limited Partner to assign his or her economic rights to

distributions of profit and capital, legal ownership of the Units, and all other rights and liabilities of the Limited Partner as a partner of the Partnership, may only be transferred with such prior consent. See “Transfer or Resale”. Consequently, holders of Units may not be able to liquidate their investment in a timely manner and the Units may not be readily accepted as collateral for a loan.

Investment Risk

An investment in the Partnership may be deemed to be speculative and is not intended as a complete investment program. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Partnership. Investors should review closely the investment objective and investment strategies to be utilized by the Partnership as outlined herein to familiarize themselves with the risks associated with an investment in the Partnership.

Reliance on Manager and Track Record

The success of the Partnership will be primarily dependent upon the efforts of the Manager and its principals. Management personnel may change without notice.

Tax Liability

Net Asset Value of the Partnership and Net Asset Value per Unit will be marked to market and therefore calculated on the basis of both realized trading gains and losses and accrued, unrealized gains and losses. In computing each Limited Partner’s share of income or loss for tax purposes, only realized gains and other factors, including the date of purchase or redemption of Units by a Limited Partner in a fiscal year, will be taken into account. Therefore, the change in Net Asset Value of a Limited Partner’s Units may differ from his share of income and loss for tax purposes. Furthermore, investors may be allocated income for tax purposes and not generally receive any cash distributions from the Partnership.

Possible Loss of Limited Liability

Under the LP Act, the General Partner has unlimited liability for the debts, liabilities, obligations and losses of the Partnership to the extent that they exceed the assets of the Partnership. The liability of each Limited Partner for the debts, liabilities, obligations and losses of the Partnership is limited to the value of money or other property the Limited Partner has contributed or agreed to contribute to the Partnership. In accordance with the LP Act, if a Limited Partner has received a return of all or part of the Limited Partner’s contribution to the Partnership, the Limited Partner is nevertheless liable to the Partnership, or where the Partnership is dissolved, to its creditors, for any amounts not in excess of the amount returned with interest, necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims arose before the return of the contribution. **The limitation of liability of a Limited Partner may be lost if a Limited Partner takes part in the control of the business of the Partnership.**

Funding Deficiencies

Other than with respect to the possible loss of the limited liability as outlined above, no Limited Partner shall be obligated to pay any additional assessment on the Units held or subscribed. However, if, as a result of a distribution by the Partnership, the Partnership’s capital is reduced and the Partnership is unable to pay its debts as they become due, the Limited Partners may have to return to the Partnership any such distributions received by them to restore the capital of the Partnership. If the Partnership does not have sufficient funds to meet its requirements and must default because the deficiency is not funded, Limited Partners may lose their entire investment in the Partnership.

Income

An investment in the Partnership is not suitable for an investor seeking an income from such investment, as the Partnership may not, or may be unable to, distribute income earned by it.

Not a Public Mutual Fund

The Partnership is not subject to the restrictions placed on public mutual funds to ensure diversification and liquidity of the Partnership's portfolio.

Custody Risk

The Partnership does not control the custodianship of all of its securities. The banks or brokerage firms selected to act as custodians may become insolvent, causing the Partnership to lose all or a portion of the funds or securities held by those custodians. Consequently, the Partnership and therefore, the Limited Partners, may suffer losses.

Prime Brokerage Arrangements

A majority of the assets of the Partnership will be held in one or more accounts with the Partnership's prime broker, pursuant to which the prime broker offers execution and settlement services, margin and securities lending services, among other things. Under the terms of prime brokerage agreements, a prime broker is not obligated to provide these services and may, in its discretion, refuse to provide any or all such services to the Partnership. The Manager may execute a trade that the prime broker refuses to settle (using assets of the Partnership held by the prime broker), and unless the Manager has the cash (in the case of a purchase) or relevant securities (in the case of a sale) in another account, the Manager may have to break the trade and the Partnership may suffer a loss as a result.

Trading Errors

In the course of carrying out trading and investing responsibilities on behalf of the Partnership, employees of the Manager may make "trading errors" — i.e., errors in executing specific trading instructions. Examples of trading errors include: (i) buying or selling an investment asset at a price or quantity that is inconsistent with the specific trading instructions generated by a particular strategy; or (ii) buying rather than selling a particular investment asset (and vice versa). Trading errors are an intrinsic factor in any complex investment process, and will occur notwithstanding the exercise of due care and special procedures designed to prevent trading errors. Trading errors are, therefore, distinguishable from errors in judgment, due diligence or other factors leading to a specific trading instruction being generated, as well as from unauthorized trading or other improper conduct by employees of the Manager. Consequently, the Manager will (unless the Manager otherwise determines) treat all trading errors (including those which result in losses and those which result in gains) as for the account of the Partnership, unless they are the result of conduct by the Manager which is inconsistent with the Manager's standard of care.

Changes in Investment Strategy

The Manager may alter its strategy without prior approval by the Limited Partners if the General Partner and the Manager determine that such change is in the best interest of the Partnership.

Valuation of the Partnership's Investments

While the Partnership is independently audited by its auditors on an annual basis in order to ensure as fair and accurate a pricing as possible, valuation of the Partnership's securities and other investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the Net Asset Value of the Partnership could be adversely affected. Independent pricing information may not at times be available regarding certain of the Partnership's securities and other investments. Valuation determinations will be made in good faith in accordance with the Limited Partnership Agreement.

Although the Partnership generally will invest in exchange-traded and liquid over-the-counter securities, the Partnership may from time to time have some of its assets in investments which by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Partnership to any such investment differs from the actual value, the Net Asset Value per Unit may be understated or

overstated, as the case may be. In light of the foregoing, there is a risk that a Limited Partner who redeems all or part of its Units while the Partnership holds such investments will be paid an amount less than such Limited Partner would otherwise be paid if the actual value of such investments is higher than the value designated by the Partnership. Similarly, there is a risk that such Limited Partner might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Manager in respect of a redemption. In addition, there is risk that an investment in the Partnership by a new Limited Partner (or an additional investment by an existing Limited Partner) could dilute the value of such investments for the other Limited Partners if the actual value of such investments is higher than the value designated by the Manager. Further, there is risk that a new Limited Partner (or an existing Limited Partner that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Manager.

Potential Indemnification Obligations

Under certain circumstances, the Partnership might be subject to significant indemnification obligations in favour of the General Partner, the Manager, other service providers to the Partnership or certain persons related to them in accordance with the respective agreement between the Partnership and each such service provider. The Partnership will not carry any insurance to cover such potential obligations and, to the Manager's knowledge, none of the foregoing parties will be insured for losses for which the Partnership has agreed to indemnify them. Any indemnification paid by the Partnership would reduce the Partnership's Net Asset Value.

Possible Effect of Redemptions

Substantial redemptions of Units could require the Partnership to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base. Such factors could adversely affect the value of the Units redeemed and of the Units remaining outstanding.

Possible Effect of General Partner Distributions

The General Partner will receive distributions based on any net realized and unrealized income and gains in a year, which distributions might theoretically exceed taxable income and taxable capital gains in such year. The Partnership will not be entitled to claim such difference as an expense nor will the General Partner have an obligation to the Partnership to repay any such distribution, having an adverse effect on the Net Asset Value of the Units.

Charges to the Partnership

The Partnership is obligated to pay administration fees, brokerage commissions and legal, accounting, filing and other expenses regardless of whether the Partnership realizes profits. In addition, the Partnership may make a distribution to the General Partner upon a mid-year redemption in a fiscal year in which there is a net loss for such year.

Lack of Independent Experts Representing Limited Partners

Each of the Partnership, the General Partner and the Manager has consulted with a single legal counsel regarding the formation and terms of the Partnership and the offering of Units. The Limited Partners have not, however, been independently represented. Therefore, to the extent that the Partnership, the Limited Partners or this offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisers regarding the desirability of purchasing Units and the suitability of investing in the Partnership.

No Involvement of Unaffiliated Selling Agent

The General Partner and Manager are under common control and ownership. Consequently, no outside selling agent unaffiliated with such parties has made any review or investigation of the terms of this offering, the structure of the Partnership or the background of the General Partner and Manager.

Possible Negative Impact of Regulation of Hedge Funds

The regulatory environment for hedge funds is evolving and changes to it may adversely affect the Partnership. To the extent that regulators adopt practices of regulatory oversight in the area of hedge funds that create additional compliance, transaction, disclosure or other costs for hedge funds, returns of the Partnership may be negatively affected. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action that may adversely affect the value of the investments held by the Partnership. The effect of any future regulatory or tax change on the portfolio of the Partnership is impossible to predict.

Risks Associated with the Partnership's Underlying Investments

General Economic and Market Conditions

The success of the Partnership's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Partnership's investments. Unexpected volatility or illiquidity could impair the Partnership's profitability or result in losses.

Investment and Trading Risks in General

All trades made by the Manager risk the loss of capital. The Manager may utilize trading techniques or instruments, which can, in certain circumstances, maximize the adverse impact to which the Partnership may be subject. No guarantee or representation is made that the Partnership's investment program will be successful, and investment results may vary substantially over time. Many unforeseeable events, including actions by various government agencies, and domestic and international economic and political developments may cause sharp market fluctuations which could adversely affect the Partnership's portfolio and performance.

Availability of Investment Strategies

The identification and exploitation of the investment strategies pursued by the Partnership involves a high degree of uncertainty. No assurance can be given that the Manager will be able to locate suitable investment opportunities in which to deploy all of the Partnership's capital.

Commodity Price Risk

The Partnership is expected to be partially invested from time to time in securities of resource-based issuers. The operations and financial conditions of resource-based issuers and the amount of distributions or dividends paid on their securities, is dependent in part on commodity prices applicable to the commodities sold by such issuers. Prices for commodities may vary and are determined by supply and demand factors including weather and general economic and political conditions. A decline in commodity prices could have an adverse effect on the operations and financial condition of such issuers and on the amount of interest and distributions paid on their securities. In addition, certain commodity prices are based on a US dollar market price. Accordingly, an increase in the value of the Canadian dollar against the US dollar could cause reduction in the amount of distributions or dividends paid on the securities of such resource based issuers.

Fixed Income Securities

The Partnership may invest in bonds or other fixed income securities of U.S., Canadian and other foreign governments, as well as other issuers, including, without limitation, bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the federal, state or provincial government in the United States or Canada or a governmental agency; and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Partnership invests will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). If fixed income investments are not held to maturity, the Partnership may suffer a loss at the time of sale of such securities.

Equity Securities

To the extent that the Partnership holds equity portfolio investments, it will be influenced by stock market conditions in those jurisdictions where the securities held by the Partnership are listed for trading and by changes in the circumstances of the issuers whose securities are held by the Partnership. Additionally, to the extent that the Partnership holds any foreign investments, it will be influenced by world political and economic factors and by the value of the Canadian dollar as measured against foreign currencies which will be used in valuing the foreign investment positions held by the Partnership.

Options

Selling call and put options is a highly specialized activity and entails greater than ordinary investment risk. The risk of loss when purchasing an option is limited to the amount of the purchase price of the option, however an investment in an option may be subject to greater fluctuation than an investment in the underlying security. In the case of the sale of an uncovered option there can be potential for an unlimited loss. To some extent this risk may be hedged by the purchase or sale of the underlying security.

Portfolio Turnover

The Partnership has not placed any limits on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Manager, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate.

Highly Volatile Markets

The prices of financial instruments in which the Partnership's assets may be invested can be highly volatile and may be influenced by, among other things, specific corporate developments, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Partnership also is subject to the risk of the failure of any of the exchanges on which the Partnership's positions trade or of their clearinghouses.

Small to Medium Capitalization Companies

The Partnership may invest a portion of its assets in the stocks of companies with small- to medium-sized market capitalizations. While the Manager believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

Interest Rate Risk

The Manager may from time to time hedge interest rate risk through the use of short government positions and/or interest rate swaps. Hedging relationships can break down for large moves in underlying rates, and may require regular re-balancing. To the extent the Manager elects not to, or is unable to completely hedge out interest rate risk, the Partnership may be adversely impacted by movements in interest rates.

General Derivatives Risk

The Partnership may use derivative financial instruments, including, without limitation, credit default swaps, options, futures, forwards, interest rate swaps, and cross-currency swaps and may use derivative techniques for hedging and for trading purposes, including for the purpose of obtaining the economic benefit of an investment in an entity without making a direct investment. The risks posed by such instruments and techniques, which can be extremely complex, include, in addition to the risks outlined above: (i) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); (ii) operations risk (inadequate controls, deficient procedures, human error, system failure or fraud); (iii) documentation risk (exposure to losses resulting from inadequate documentation); (iv) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative or a cease trade order being issued in respect of the underlying security); (v) investment risk arising from the disappearance of any conversion premium due to premature redemptions, changes in conversion terms or changes in issuer's dividend policy; and (vi) lack of liquidity during market panics.

Although a derivative hedge reduces risk, it does not eliminate risk entirely. Use of derivatives for hedging purposes involves certain additional risks, including (i) dependence on the ability to predict movements in the price of the securities hedged; (ii) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and (iii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a portfolio's assets segregated to cover its obligations. In addition, by hedging a particular position, any potential gain from an increase in value of such position may be limited.

Liquidity of Underlying Investments

Some of the securities in which the Partnership intends to invest may be thinly traded. There are no restrictions on the investment of Partnership assets in illiquid securities. It is possible that the Partnership may not be able to sell or repurchase significant portions of such positions without facing substantially adverse prices. If the Partnership is required to transact in such securities before its intended investment horizon, the performance of the Partnership could suffer.

Shorting

Selling a security short ("**shorting**") involves borrowing a security from an existing holder and selling the security in the market with a promise to return it at a later date. Should the security increase in value during the shorting period, losses will incur to the Partnership. There is in theory no upper limit to how high the price of a security may go. Another risk involved in shorting is the loss of a borrow, a situation where the lender of the security requests its return. In cases like this, the Partnership must either find securities to replace those borrowed or step into the market and repurchase the securities. Depending on the liquidity of the security shorted, if there are insufficient securities available at current market prices, the Partnership may have to bid up the price of the security in order to cover the short, resulting in losses to the Partnership.

Trading Costs

The Partnership may engage in a high rate of trading activity resulting in correspondingly high costs being borne by the Partnership.

Currency and Exchange Rate Risks

The Partnership's cash and other invested assets may be held in currencies other than the Canadian dollar, and gains and losses from cash, these investments, and currency forwards may be in currencies other than the Canadian dollar. Accordingly, a portion of the income received by the Partnership may be denominated in non-Canadian currencies. The Partnership nevertheless will compute and distribute its income in Canadian dollars. Thus changes in currency exchange rates may affect the value of the Partnership's portfolio and the unrealized appreciation or depreciation of investments. Further, the Partnership may incur costs in connection with conversions between various currencies.

Counterparty and Settlement Risk

Although the counterparties with which the Partnership effect transactions are primarily regulated entities and are subject to independent credit evaluation and regulatory oversight, a large majority of the markets in which the Partnership will effect its transactions may be "over the counter" or "interdealer" markets. This exposes the Partnership to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem, thus causing the Partnership to suffer a loss. In addition, in the case of a default, the Partnership could become subject to adverse market movements while replacement transactions are executed. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Partnership has concentrated its transactions with a single or small group of counterparties. The Partnership is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty, however the Manager intends to effect all or substantially all of its transactions with Canadian Schedule I banks.

Moreover, neither the Partnership nor the Manager has an internal credit function which evaluates the creditworthiness of its counterparties. The ability of the Partnership to enter into an agreement with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Partnership.

Uncertain Exit Strategies

Due to the illiquid nature of some of the positions which the Partnership may acquire, the Manager will be unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available. Exit strategies, which appear to be viable when an investment is initiated, may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

Custody Risk and Broker or Dealer Insolvency

The Partnership may not control the custodianship of all of its securities. The Partnership's assets will be held in one or more accounts maintained for the Partnership by its prime broker or at other brokers. Such brokers are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Partnership's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of the prime broker or any sub-custodians, agents or affiliates, it is impossible to generalize about the effect of their insolvency on the Partnership and its assets. Investors should assume that the insolvency of the prime broker or such other service providers would result in the loss of all or a substantial portion of the Partnership's assets held by or through such prime broker and/or the delay in the payment of withdrawal proceeds.

Leverage

The Partnership may use financial leverage by borrowing funds against the assets of the Partnership. Leverage increases both the possibilities for profit and the risk of loss for the Partnership. From time to time,

the credit markets are subject to periods in which there is a severe contraction of both liquidity and available leverage. The combination of these two factors can result in leveraged strategies being required to sell positions typically at highly disadvantageous prices in order to meet margin requirements, contributing to a general decline in a wide range of different securities. Illiquidity can be particularly damaging to leveraged strategies because of the essentially discretionary ability of dealers to raise margin requirements, requiring leveraged strategy to attempt to sell positions to comply with such requirements at a time when there are effectively no buyers in the market at all or at any but highly distressed prices. These market conditions have in the past resulted in major losses to a substantial number of private investment funds. Such conditions, although unpredictable, can be expected to recur.

The foregoing statement of risks does not purport to be a complete explanation of all the risks involved in purchasing the Units. Potential investors should read this entire Offering Memorandum and consult with their legal, tax and financial advisers, before making a decision to invest in the Units.

CONFLICTS OF INTEREST

Securities regulation in Canada requires that potential conflicts of interest be fully disclosed to investors. Such potential conflicts are perceived to arise whenever a registrant such as the Manager participates in the distribution of securities of a related or connected issuer.

In this case, because the Manager is an affiliate of the General Partner and because the Manager earns fees from the ongoing management of the Partnership's investment portfolio, the Partnership is considered to be a related and connected issuer of the Manager. Details of this relationship and the fees earned by the Manager are fully disclosed elsewhere in this offering memorandum.

The Manager may act as investment fund manager and/or portfolio manager of other investment funds and managed accounts from time to time, some of which may have investment objectives similar to those of the Partnership, and must allocate trades amongst its funds in a manner it deems to be fair and reasonable. See "Conflicts of Interest Policy – Fairness Policy" below.

Statement of Policies Concerning Conflicts of Interest with Related Issuers and Connected Issuers

Applicable securities legislation requires securities dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers to inform their clients of the relevant relationship and connections with the issuer of the securities prior to trading with or advising them. Clients should refer to the applicable provisions of such legislation for the particulars of these rules and their rights or consult with a legal adviser.

The Manager acts as an investment fund manager, a portfolio manager and an exempt market dealer and is registered as such in each province where required. As an exempt market dealer, the Manager intends only to sell interests in investment funds organized and managed by the Manager. Accordingly, there is no potential for a conflict of interest to arise as there would be if, for example, the Manager also sold or sought investors for securities of unrelated issuers.

The Manager may from time to time be deemed to be related or connected to one or more issuers for purposes of the disclosure and other rules of the securities laws referred to above. The Manager is prepared to act as a dealer in the ordinary course of its business to, and in respect of, securities of any such related or connected issuer. In any such case, these services shall be carried out by the Manager in the ordinary course of its business as a dealer in accordance with its usual practices and procedures and in accordance with all applicable disclosure and other regulatory requirements.

Each of the Partnership and Red Sky Unconstrained Fund L.P. (together, the "Funds") is a related and connected issuer of the Manager. The general partner of each of the Funds is wholly-owned by the Manager, and the sole director and officer of the general partner of each of the Funds is also the sole director and officer

of the Manager. The Manager receives management fees from each of the Funds. The general partner of each of the Funds receives distributions of profits from the applicable Fund. No commissions are payable to the Manager or any of its affiliates (including either general partner of the Funds) in respect of the distribution of securities of the Funds.

Fairness Policy

As a portfolio manager, the Manager and its employees shall conduct themselves with integrity and honesty and act in an ethical manner in all of their dealings with its clients, including the Partnership.

The Manager shall not knowingly participate or assist in the violation of any statute or regulation governing securities and investment matters.

The responsible persons shall exercise reasonable supervision over subordinate employees subject to their control to prevent any violation by such persons of applicable statutes or regulations.

The Manager shall exercise diligence and thoroughness on taking an investment action on a client's behalf and shall have a reasonable and adequate basis for such actions, supported by appropriate research and investigations.

Before initiating an investment transaction for the Partnership, the Manager will consider its appropriateness and suitability.

The Manager shall ensure that the Partnership's account is supervised separately and distinctly from all other clients' accounts.

It is the Manager's policy to allocate investment opportunities to client accounts in a manner that ensures that all accounts are treated fairly and equitably. When orders are generated, including orders for limited investment opportunities (i.e. securities that are offered pursuant to a prospectus including initial and other offerings, and private placements, including bought deals), the decision as to which accounts should participate, and in what amount, may be based on certain factors such as the type of security, the nature of the account's objectives, investment guidelines and tolerance for risk, the account's cash position, the account's size (either levered or unlevered), leverage if applicable, the present or desired structure of the account's portfolio, the tax status of the portfolio, time constraints involved in reviewing guidelines which may prohibit participation, applicable regulatory limitations, and other practical considerations.

Simultaneous orders or orders arriving at the Manager's trading desk at approximately the same time for the same security may be aggregated on behalf of more than one client account in order to facilitate best execution and to reduce costs. Portfolio managers must determine and document each account's allocation before the order is submitted to the trading desk. Where a need to respond quickly to market conditions requires an order to be placed before documentation is completed, the documentation should be completed as soon as practical subsequent to placement. Certain orders for the same security may not be aggregated for practical reasons, such as trades for client directed brokerage accounts, where price and size targets for different accounts are too dissimilar or trades for accounts with client specific purposes (i.e. tracking an index). When an aggregated order is too large to be filled at one specific price, the order will be separated to trade in different lots. The standard allocation methodology when securities are bought or sold in execution of an aggregated order will be to allocate the order on a pro-rata basis among the participating accounts in proportion to the size of the orders placed for each account.

Where the supply of a security is insufficient to fully execute an aggregated order (i.e. a partial fill), the executed portion of the aggregated order will generally be allocated on a pro-rata basis among the participating accounts in proportion to the size of the original orders placed for each account. This equally applies to orders for initial public offerings ("IPOs") that are only partially filled.

With respect to equity aggregated orders (whether fully or partially filled) executed during a business day, each client account will generally participate at the average price and receive a pro-rata share of

commissions for all of the firm's transactions (excluding transactions for client directed brokerage accounts) in that security on that business day.

In certain circumstances, including those that may involve aggregated orders for IPOs, pro-rata allocation may be an inappropriate method of allocating a partially-filled aggregated order of securities. Some exceptions that may occur are:

- where such pro-rating will result in an inappropriately small or insignificant position, or a violation of an investment guideline/restriction for a client account, the allotment would be reallocated to another account; or
- where such pro-rating will result in a client account receiving an allocation at an average security price above the price restriction placed by the portfolio manager for that security, the client account will only receive a pro-rata allocation of all trades executed at or below the price restriction.

Any exception to pro-rata allocation not listed above is permitted if in the opinion of the Manager the allocation is fair and equitable. The reasons supporting any allocation, other than a pro-rata allocation, must be fully documented by the Manager.

The Manager will at all times preserve confidentiality of information communicated by a client concerning matters within the scope of a confidential relationship.

Soft Dollar Arrangements

Soft dollar arrangements occur when brokers have agreed to provide other services (relating to research and trade execution) at no cost to the Manager in exchange for brokerage business from the Manager's managed accounts and investment funds. Although the brokers involved in soft dollar arrangements do not necessarily charge the lowest brokerage commissions, the Manager will nonetheless enter into such arrangements when it is of the view that such brokers provide best execution and/or the value of the research and other services exceeds any incremental commission costs.

The Manager may enter into soft dollar arrangements in accordance with industry standards when it is of the view that such arrangements are for the benefit of its clients, however not all soft dollar arrangements will benefit all clients at all times.

Personal Trading

The Manager has adopted a policy intended to restrict and monitor the personal trading by certain employees of the Manager in order to help manage any potential conflict of interest between such personal trading and the interests of the investment funds managed by the Manager and the Manager's other clients.

Referral Arrangements

The Manager may enter into referral arrangements whereby it pays a fee for the referral of a client to the Manager or to one of the funds it manages. No such payments will be made unless the referred investors are first advised of the arrangement and all applicable securities laws are complied with.

ANTI-MONEY LAUNDERING AND ANTI-TERRORISM LEGISLATION

The Manager is required to comply with all applicable Canadian laws, regulations and administrative pronouncements concerning money laundering and other criminal activities (together, "**Anti-Money Laundering Laws**"). In furtherance of those efforts, a subscriber for Units will be required to provide certain information and documentation and make a number of representations to the Manager regarding the source of subscription monies and other matters. The Subscription Agreement contains detailed guidance on whether

identification verification materials will need to be provided with the subscription agreement and, if so, a list of the documents and information required.

A Limited Partner will be required to promptly notify the Manager if, to the knowledge of the Limited Partner, any of its representations with respect to Anti-Money Laundering Laws cease to be true and accurate. A Limited Partner must agree to provide to the Manager, promptly upon receipt of the Manager's written request therefor, any additional information regarding the Limited Partner or their beneficial owner(s) that the Manager deems necessary or advisable to ensure compliance with all Anti-Money Laundering Laws. If at any time it is discovered that a Limited Partner's representations with respect to Anti-Money Laundering Laws are incorrect, or if otherwise required by Anti-Money Laundering Laws, the Manager may undertake appropriate actions to ensure that the Manager is in compliance with all such Anti-Money Laundering Laws. The Manager may release confidential information about a Limited Partner and, if applicable, any underlying beneficial owner(s), to governmental authorities.

LIMITED PARTNER REPORTING

The Partnership is not a reporting issuer for the purpose of applicable securities legislation and Limited Partners will receive only those reports required by the Limited Partnership Agreement and by National Instrument 81-106 – *Investment Fund Continuous Disclosure* applicable to non-reporting issuer investment funds. See “Summary of Limited Partnership Agreement - Reports to Limited Partners”.

The Manager will forward such other reports to Limited Partners as are from time to time required by law. For example, if the Manager is the dealer through whom Units are purchased, the Manager must provide:

- a written confirmation of the purchase indicating, among other things, the number and Class of Units issued as well as the purchase price thereof and any charges applicable to the purchase;
- a written confirmation of any redemption of Units, indicating, among other things, the number and Class of Units redeemed as well as the redemption proceeds therefrom and any charges applicable to the redemption;
- a statement to the Limited Partner at the end of each quarter (or month, if the Limited Partner requests monthly reporting or if there was a subscription for or redemption of Units by the Limited Partner during the month) showing, for each purchase, redemption or transfer made by the Limited Partner during the period (i) the date of the transaction, (ii) whether the transaction was a purchase, redemption or transfer, (iii) the number and Series of Units purchased, redeemed or transferred, (iv) the price per Unit paid or received by the Limited Partner and (v) the total value of the transaction, as well as the number, Series, original cost and Net Asset Value of Units held by the Limited Partner at the end of the period. If there is no dealer of record for a Limited Partner, the Manager will provide this information to the Limited Partner on an annual basis; and
- an annual statement on certain charges and other compensation charged to the Limited Partner during the year, as well as a report on investment performance of the Limited Partner's Units.

Pursuant to the Administration Agreement, the Administrator will assist the Manager with Limited Partner reporting.

LEGAL MATTERS

Cooling-Off Period

Securities legislation in certain provinces may give a purchaser certain rights of rescission, against the registered dealer who sold Units to them, but those rights must be exercised within a certain time period as little as forty-eight (48) hours) following the purchase of Units and may only be available where the purchase amount is below a certain threshold.

Statutory Rights of Action and Rescission

In addition to and without derogation from any right or remedy that a purchaser of Units may have at law, securities legislation in certain of the provinces of Canada provides that a purchaser has or must be granted rights of rescission or damages, or both, where the Offering Memorandum and any amendment thereto contains a Misrepresentation. However, such rights must be exercised by the purchaser within prescribed time limits.

As used herein, “**Misrepresentation**” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement in this Offering Memorandum or any amendment hereto not misleading in light of the circumstances in which it was made. A “**material fact**” means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the Units.

Purchasers should refer to the applicable provisions of the securities legislation of their province of residence for the particulars of their rights or consult with a legal adviser. The following is a summary of the rights of rescission or damages, or both, available to purchasers under the securities legislation of the Offering Jurisdictions.

Rights for Purchasers in Ontario

If this Offering Memorandum, together with any amendment or supplement hereto, delivered to a purchaser of Units resident in Ontario contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will have, without regard to whether the purchaser relied on such Misrepresentation, a right of action against the Partnership for damages or, while still the owner of the Units purchased by that purchaser, for rescission (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Partnership) provided that:

- (a) the Partnership shall not be held liable pursuant to either right of action if the Partnership proves the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) in an action for damages, the Partnership is not liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Units acquired by the purchaser as a result of the Misrepresentation relied upon;
- (c) the Partnership will not be liable for a Misrepresentation in forward-looking information if the Partnership proves that:
 - (i) this Offering Memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
 - (ii) the Partnership has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information;
- (d) in no case shall the amount recoverable pursuant to such right of action exceed the purchase price of the Units acquired; and
- (e) no action may be commenced to enforce such right of action more than,
 - (i) in the case of an action for rescission 180 days after the date of purchase of the Units; or

- (ii) in the case of an action for damages, the earlier of
 - (A) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or
 - (B) three years after the date of purchase of the Units.

The foregoing rights do not apply if the purchaser purchased Units under the “accredited investor” exemption and is:

- (f) a Canadian financial institution (as defined in Ontario Securities Commission Rule 45-501) or a Schedule III bank;
- (g) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (h) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

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