

CANADIAN INCOME MANAGEMENT TRUST

2010 ANNUAL INFORMATION FORM

March 25, 2011

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CANADIAN INCOME MANAGEMENT TRUST

Note that certain terms used in this Annual Information Form are defined in the Glossary found at the end of this Annual Information Form.

1. SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This Annual Information Form may contain forward-looking information relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. Forward-looking information can often be identified by forward-looking words such as “anticipate”, “believe”, “expect”, “goal”, “plan”, “intend”, “estimate”, “may” and “will” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. By its nature, forward-looking information requires us to make assumptions which include, among other things that (i) Canadian Income Management Trust (the “Trust”) will have sufficient capital under management to effect its investment strategies, (ii) the investment strategies will produce the results intended by Sentry Select Capital Inc. (“Sentry” or “Sentry Investments”), and (iii) the markets will react and perform in a manner consistent with the investment strategies. Forward-looking information is subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking information will not prove to be accurate. We caution readers of this Annual Information Form not to place undue reliance on our forward-looking information as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking information.

Actual results may differ materially from management’s expectations as projected in such forward-looking information for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Trust may invest and the risks detailed from time to time in the Trust’s prospectus. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking information to make decisions with respect to investing in the Trust, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking information. Due to the potential impact of these factors, Sentry does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable law.

2. NAME, FORMATION AND HISTORY OF THE TRUST

The Trust is an investment trust established under the laws of Alberta pursuant to a trust indenture dated November 9, 2005, amended and restated as of February 21, 2006 and as further amended as of May 24, 2006, October 18, 2006 and May 18, 2007 (the “Trust Indenture”).

Canadian Income Management CIM Limited (“Trust Opco”), a corporation incorporated on July 20, 2005 under the laws of Alberta has been delegated certain powers of the trustee of the Trust pursuant to the Trust Indenture. The Trust is the sole shareholder of the issued and outstanding

common shares of Trust Opco. Computershare Trust Company of Canada is the trustee of the Trust (the “Trustee”). The custodian of the Trust’s assets is State Street Trust Company Canada (the “Custodian”). The Trust’s business office is 130 King Street West, The Exchange Tower, Suite 2850, Toronto, Ontario, M5X 1A4. The fiscal year end of the Trust is December 31.

The Trustee has delegated to Sentry (the “Administrator”) the responsibility to provide management, administrative and other services to the Trust pursuant to a trust administration agreement dated as of February 21, 2006 (the “Trust Administration Agreement”). Prior to January 1, 2009, Sentry Select Capital Corp. (“SSCC”) provided such management, administrative, and other services to the Trust.

The general partner of Canadian Income Management LP (the “Partnership”) is Canadian Income Management Inc. (the “Corporation”). The Corporation has retained Pro-Vest Financial Management Inc. (“Pro-Vest”) to manage the Partnership on its behalf pursuant to a partnership management agreement dated February 21, 2006, as amended, (the “Partnership Management Agreement”). Pro-Vest has in turn retained Sentry as investment advisor (the “Investment Advisor”) pursuant to an investment management agreement dated as of February 21, 2006 as subsequently amended (the “Investment Management Agreement”) to provide to the Partnership investment management and advisory services relating to the Trust.

The Trust completed its initial public offering (the “Initial Offering”) on February 21, 2006, in conjunction with the Corporation, with the placement of 307,700 Bundled Units, at a price of \$130 per Bundled Unit, for total gross proceeds of \$40,001,000. Each “Bundled Unit” consists of \$100 principal amount of debentures of the Corporation, 15 units of the Trust (individually, a “Unit”) and 15 Unit purchase warrants of the Trust. Each Warrant entitles the holder to acquire one Unit at a price of \$2.60 expiring on February 28, 2012.

On March 30, 2006, the Trust and the Corporation completed a further placement of 33,636 Bundled Units (the “Second Offering”) for total gross proceeds of \$4,372,680.

On April 27, 2006, the Trust and the Corporation issued an additional 37,591 Bundled Units for total gross proceeds of \$4,933,819 pursuant to the exercise by the offering agent of its over-allotment option (the “Over-allotment Offering”) (the Initial Offering, the Second Offering and the Over-allotment Offering, collectively the “Offering”).

On October 9, 2008, Trust Opco and the Corporation announced that due to market volatility and the leveraged component of the Partnership, if the Corporation’s Debentures were to mature on that date, the Partnership could repay approximately \$87 of the principal amount per Debenture. However, if the Debentures were to have matured on March 24, 2011, the Corporation would have repaid \$100 of the principal amount per Debenture.

3. INVESTMENT OBJECTIVES, STRATEGIES AND RESTRICTIONS

Investment Objectives

The Trust's investment objectives are to:

- (i) provide Unitholders with semi-annual cash distributions from the cash flow generated by the Trust Partnership Interest, net of administrative and other expenses in any amount to be determined at the discretion of the Trustee, upon the recommendation of the board of directors of the Trust Opco;
- (ii) preserve and potentially enhance the value of the Portfolio in order to return to Unitholders upon the termination of the Trust at least \$2.00 per Unit;
- (iii) enhance long-term return to Unitholders through capital appreciation of the Portfolio;
- (iv) pay to the Administrator the expenses payable by the Trust pursuant to the Trust Administration Agreement; and
- (v) pay all other expenses and liabilities of the Trust.

Investment Methodology and Strategy

The Trust invested the net proceeds received by it, pursuant to the Offering, in the Partnership in exchange for limited partnership units of the Partnership. The Trust holds 99% of the outstanding Residual Partnership Units. The Partnership invests all of the proceeds received from the Trust in a diversified portfolio of securities consisting of Income Funds. In addition, the Trust will contribute the proceeds, if any, from the exercise of the Warrants to the Partnership in exchange for additional Residual Partnership Units. Such proceeds, if any, will in turn be invested by the Partnership in additional securities of Income Funds.

In its analysis of Income Funds, the Investment Advisor will consider, among other things, management experience, sales and volume trends, distribution payout ratios, debt to cash flow ratios, capital expenditures and taxability of distributions. In its analysis of REITs, the Investment Advisor will consider, among other things, occupancy levels, direction of rental rates and management experience. In the case of O&G trusts, the Investment Advisor's research process will also include the performance of specific resource property analysis. The Investment Advisor will draw from expertise in the oil and gas industry available to it to assist in the evaluation of the underlying properties held by oil and gas investments.

Investment Restrictions

The Trustee is prohibited from acquiring any investment which would result in the Trust not being considered either a "unit trust" or a "mutual fund trust" for purposes of the Tax Act.

4. DESCRIPTION OF THE UNITS

The Trust is authorized to issue an unlimited number of transferable, redeemable units of one class, each of which represents an equal, undivided interest in the net assets of the Trust.

All Units have equal rights and privileges. Each whole Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by the Trust, including distributions of net income and net realized capital gains, and distributions upon the termination of the Trust. Units are issued only as fully paid and are non-assessable.

Right of Redemption

Each Unitholder shall be entitled to require the Trust to redeem at any time or from time to time at the demand of the Unitholder all or any part of the Units registered in the name of the Unitholder in accordance with the conditions provided in the Trust Indenture. Provided a Unitholder has validly tendered their duly completed and properly executed notice to redeem Units, the Unitholder shall be entitled to receive a price per Unit equal to 90% of the Net Asset Value per Unit determined as of the applicable Valuation Date.

Exercise of Redemption Right

Units are redeemable at any time on demand by the registered holders thereof upon delivery to the Trust of the certificate or certificates representing such Units, accompanied by a duly completed and properly executed notice requiring redemption. Upon receipt by the Trust on or before the last day of a Notice Period of a notice to redeem Units, the holder thereof shall be entitled to receive a price per Unit equal to the Redemption Price determined as of the Valuation Date for such Notice Period. The Redemption Price is equal to 90% of the NAV of the Units determined as of the Valuation Date relating to such Notice Period in the manner set out below. See “Calculation of Net Asset Value”.

The redemption right must be exercised by causing written notice to be given within the Notice Period and in the manner described below. Such surrender will be irrevocable from the delivery of notice to CDS through a CDS Participant, except with respect to those Units which are not paid for by the Trust on or before the date that the redemption payment is due.

An owner of Units who desires to exercise redemption privileges must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto), on behalf of the owner, a written notice of the owner’s intention to redeem Units. An owner who desires to redeem Units should ensure that the CDS Participant is provided with notice (the “Redemption Notice”) of his, her or its intention to exercise his, her or its redemption privilege sufficiently in advance of the end of the relevant Notice Period so as to permit the CDS Participant to deliver notice to CDS and so as to permit CDS to deliver notice to the Trust in advance of the required time. Any expense associated with the preparation and delivery of Redemption Notices will be for the account of the owner exercising the redemption privilege.

By causing a CDS Participant to deliver to CDS a notice of the owner’s intention to redeem Units, an owner shall be deemed to have irrevocably surrendered his, her or its Units for

redemption and appointed such CDS Participant to act as his, her or its exclusive settlement agent with respect to the exercise of the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any Redemption Notice delivered by a CDS Participant regarding an owner's intent to redeem which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the redemption privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with the owner's instructions will not give rise to any obligations or liability on the part of the Trust to the CDS Participant or to the owner.

The aggregate Redemption Price payable by the Trust in respect of the Units tendered for redemption during any Notice Period shall be satisfied by way of cheque no later than the last day of the calendar month following the Notice Period in which the Units were tendered for redemption. The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitation that the total amount payable by the Trust in respect of such Units and all other Units tendered for redemption in the same Notice Period shall not exceed Cdn.\$100,000 (the "Quarterly Limit"); provided that Trust Opco may, in its sole discretion, waive such limitation in respect of any Notice Period. If this limitation is not so waived, Units tendered for redemption in such Notice Period in which the total amount payable by the Trust exceeds the Quarterly Limit will be redeemed for cash on a *pro rata* basis, up to the maximum total amount which does not exceed the Quarterly Limit and the balance of the Redemption Price in respect of such Units will be paid, subject to the receipt of any applicable regulatory approvals, in the sole discretion of Trust Opco, by the Trust issuing unsecured subordinated notes ("Redemption Notes") having an aggregate principal amount equal to the Redemption Price of the Units tendered for redemption and not paid in cash, such payments to be made no later than the last day of the calendar month following the Notice Period in which the Units are tendered for redemption. The Redemption Notes will have a term determined by the board of directors of Trust Opco ending not more than five years after the date of issue, a rate of interest which will be determined by the board of directors of Trust Opco in accordance with the market at such time, will not be listed on any stock exchange and no market is expected to develop, may be subject to resale restrictions under applicable securities laws, may not be a qualified investment for trusts governed by deferred plans will be reserved exclusively for payments by the Trust pursuant to redemptions and will have such other terms and conditions as the board of directors of Trust Opco may determine.

Acts Requiring Unitholder Approval

In accordance with the Trust Indenture, the Trustee, upon an Ordinary Resolution of Unitholders, shall:

- (i) select the auditors of the Trust;
- (ii) change the auditors of the Trust; and
- (iii) elect the directors of the Corporation.

In accordance with the Trust Indenture, upon a Special Resolution of Unitholders, the Trustee shall:

- (i) amend the Trust Indenture;
- (ii) subdivide or consolidate Units;
- (iii) sell or agree to sell the property of the Trust Fund as an entirety or substantially as an entirety;
- (iv) resign if removed pursuant to the Trust Indenture; and
- (v) commence to wind-up and wind-up the affairs of the Trust.

Distributions

The Trustee may upon the recommendation of the board of directors of the Corporation declare payable to Unitholders all or any part of the Distributable Cash of the Trust.

Commencing in October, 2006, cash distributions were payable on a monthly basis to Unitholders of record. The amount of cash distributed to Unitholders is determined at the discretion of the Trustee, upon the recommendation of the board of directors of Trust Opco.

Notwithstanding the foregoing however, pursuant to the Trust Indenture, Unitholders of record on December 31 of each calendar year shall be entitled to receive a cash distribution of such portion of the net income of the Trust and net realized capital gains of the Trust for such calendar year as is necessary to ensure that the Trust will not be liable for income tax under the Tax Act.

Market Purchases

The Trust may from time to time purchase for cancellation some or all of the Units (or other securities of the Trust which may be issued and outstanding from time to time) in the market or upon any recognized stock exchange on which such Units are traded or pursuant to tenders received by the Trust upon request for tenders addressed to all holders of record of Units, provided in each case that the Trustee has determined that such purchases are in the best interests of the Trust.

Purchases of Units by the Trust will be subject to compliance with any applicable regulatory requirements and limitations. The issue price of the Units is based on the NAV of the Units, next determined after the receipt by the Trust of the purchase order.

5. CALCULATION OF NET ASSET VALUE

The NAV, on a particular date, shall be equal to 99% of the aggregate value of the Portfolio and all other assets of the Partnership (the "Partnership Property") on such date less 99% of the aggregate value of the Partnership's liabilities on such date less 100% of the amount which would be payable on the Preferred Partnership Units on such date if the Partnership was terminated and liquidated on such date and less 100% of the aggregate value of the Trust's liabilities on such date, expressed in Canadian dollars.

The NAV of the Trust, on a particular date, shall be divided by the number of outstanding Units (determined before giving effect to any reinvestment of net income, net realized capital gains or

other distributions then payable to Unitholders and before giving effect to any redemptions or issuances of Units to be implemented as of such date) to ascertain the “Net Asset Value per Unit or NAV per Unit” as of such date.

The NAV per Class A Share on each Thursday (or if a Thursday is not a Business Day, the Business Day following such Thursday) will be provided by Sentry to Unitholders on request by calling toll-free 1-888-730-4623 or to the public at no cost through Sentry’s Internet site at www.sentry.ca.

The following rules shall apply to the valuation of the securities comprising the Portfolio and other Partnership Property:

- (a) the value of any cash on hand or on deposit, prepaid expenses, cash distributions declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Trustee determines that any such asset is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Trustee determines to be the fair value thereof;
- (b) bonds, debentures, notes, money market instruments and other debt securities shall be valued by taking the bid price at the Valuation Time;
- (c) on any day other than the Valuation Date, any security that is listed or dealt in on a stock exchange shall be valued at the sale price applicable to a board lot last reported at the Valuation Time on the principal stock exchange on which such security is traded or if no sale price is available at that time, the last closing price quoted for the security, but if bid and ask quotes are available, at the average of the latest bid and ask price rather than the last quoted price;
- (d) on the Valuation Date, any security that is listed or dealt in on a stock exchange shall be valued at the volume weighted average trading price of that security during the three consecutive trading days ending on the Valuation Date on the principal stock exchange on which such security is traded on such date or, if no trading takes place on such dates, the last closing price quoted for the security, but if bid and ask quotes are available, at the average of the last bid and ask price rather than the last quoted closing price;
- (e) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers’ commissions and other expenses, shall be treated as a liability of the Partnership;
- (f) any security sold but not delivered, pending receipt of the proceeds, shall be valued at the net sale price;

- (g) Restricted Securities (as defined in NI 81-102, or any successor policy rule or national instrument), as it may be amended from time to time, shall be valued at the lesser of:
 - (i) the value thereof based on reported quotations of such Restricted Securities in common use; and
 - (ii) that percentage of the market value of securities of the class or series of a class of which the Restricted Securities form part that are not Restricted Securities equal to the percentage that the Partnership's acquisition cost was of the market value of such securities at the time of acquisition, but taking into account, if appropriate, the amount of time remaining until the Restricted Securities will cease to be Restricted Securities;
- (h) if any date on which NAV is determined is not a Business Day, then the securities comprising the Portfolio and the other Partnership Property will be valued as if such date were the preceding Business Day;
- (i) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Trustee to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Trustee shall make such valuation as it considers fair and reasonable;
- (j) the value of all assets of the Partnership quoted or valued in foreign currency, the value of all funds on deposit and contractual obligations payable to the Partnership in foreign currency and the value of all liabilities and contractual obligations payable by the Partnership in foreign currency shall be determined using the applicable rate of exchange current at, or as nearly as practicable to, the applicable date on which NAV is determined; and
- (k) estimated operating expenses of the Partnership shall be accrued to the date as of which the NAV is being determined.

For the purposes of the foregoing rules, quotations may be obtained from any report in common use, or from a reputable broker or other financial institution, provided always that the Trustee shall, in circumstances where such quotations are not available or the Trustee is of the opinion that they do not accurately reflect the value of the assets of the Partnership, retain sole discretion, acting reasonably, to use such information and methods as it deems necessary or desirable for valuing the assets of the Partnership, including the use of a formula computation.

As of December 31, 2010, the NAV, calculated in accordance with Canadian generally accepted accounting principles, was \$1.468 per Unit.

The market volatility that has contributed to the decline in the Trust's NAV has compromised the Investment Advisor's outlook concerning the interest payments on the Debentures. The

Investment Advisor continues to closely monitor all positions in the Portfolio and is not confident that the cash flow currently being generated from the Portfolio is sufficient to cover all Debenture interest payments and expenses. Based on the current distribution amounts within the Portfolio, the interest coverage on the Debentures after operating expenses of the Partnership, Trust and the Corporation is .76 times as at December 31, 2010.

On December 19, 2006, the board of directors of Trust Opco, announced that the monthly distribution payment to Unitholders would be suspended following a decision by the board of directors of the Corporation in its capacity as general partner of the Partnership, that it would not be making the December 29, 2006 payment on the Residual Partnership Units (99% of which are held by the Trust). At that time, the board of directors of the Trust also announced that the Trust would not be making payment of distributions for the period of July 1, 2006 to September 30, 2006.

6. PURCHASES AND TRANSFERS OF UNITS

The Units are listed on the TSX and trade under the symbol “CNM.UN” and the Warrants are listed on the TSX and trade under the symbol “CNM.WT” (together the “Securities”). Registration of interests in and transfers of the Securities are made only through the book-entry only system of CDS. Securities must be purchased, transferred and surrendered for retraction or redemption only through a CDS Participant. All rights of an owner of Securities must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Securities. Upon purchase of any Securities, the owner will receive only the customary confirmation.

7. RESPONSIBILITY FOR TRUST OPERATIONS

The Administrator

Pursuant to the Trust Administration Agreement, Sentry is the Administrator of the Trust. Sentry was incorporated on May 5, 2008. Prior to January 1, 2009, SSCC was the administrator of the Trust. SSCC was incorporated on March 20, 1986. The Administrator is presently engaged in the business of sponsoring and managing investment funds in Canada. The Administrator is responsible for managing the Portfolio, including providing or arranging for the provision of investment analysis and making decisions relating to the investment of assets of the Trust.

The Administrator’s principal address is 130 King Street West, The Exchange Tower, Suite 2850, Toronto, Ontario, M5X 1A4. The Administrator’s telephone number is 1-888-730-4623, its e-mail address is info@sentry.ca and its Internet site is www.sentry.ca.

As investment advisor of the Trust, Sentry is, and prior to January 1, 2009, SSCC was, responsible for making all investment decisions of the Trust in accordance with the investment objectives, strategy and restrictions and for arranging for the execution of all Portfolio transactions. As administrator, pursuant to the Trust Administration Agreement, Sentry is also responsible for, among other things, keeping and maintaining certain books, records and accounts; preparing certain returns, filings, financial statements and documents; monitoring the tax status of the Trust, preparing, executing and filing all tax returns and filings; providing

advice with respect to the Trust's obligations as a reporting issuer and ensuring compliance by the Trust with continuous disclosure obligations under applicable law; providing investor relations services to the Trust; at the request and under the direction of the Trustee, calling and holding all annual and/or special meetings of the Unitholders; providing office space, equipment and personnel; providing or causing to be provided such audit, accounting, legal, insurance and other professional services as are reasonably required or desirable for the purposes of the Trust and providing or causing to be provided such legal, financial and other advice and analysis as the Trustee may require or desire to permit it to make informed decisions in connection with the discharge by it of its responsibilities as trustee, to the extent such advice and analysis can be reasonably provided or arranged by the Administrator; providing assistance in negotiating the terms of any financing required by the Trust or otherwise in connection with the Trust; performing and enforcing the material contracts and any other contracts of the Trust; taking all actions reasonably necessary in connection with, or in relation to, the Trust providing indemnities for the directors and officers of Trust Opco and any affiliates of the Trust or Trust Opco; providing or causing to be provided to the Trustee any services reasonably necessary for the Trustee to be able to consider any future acquisitions or divestitures by the Trustee of any portion of the Trust; providing advice and assistance to the Trustee with respect to the performance of the obligations of the Trust and the enforcement of the rights of the Trust under all agreements entered into by the Trust; monitoring the status of the Units as eligible; monitoring the investments of the Trust; providing such additional administrative and support services pertaining to the Trust and the Units and matters incidental thereto as may be reasonably requested by the Trustee from time to time; administering all matters relating to the Trust, including determining, from time to time, amounts available for distribution to Unitholders, and arranging for payment thereof to the Unitholders.

Sentry is required to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Trust and the Unitholders, and in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent administrator would exercise in similar circumstances.

The Trust Administration Agreement shall continue in force for the period expiring on the termination of the Trust (which is presently contemplated to occur on August 31, 2012) unless terminated earlier by the Trust, in its sole discretion, by notice in writing to the Administrator given at least 30 days prior to the effective date of termination. See the Trust Administration Agreement for further grounds of termination as described under "Other Material Information – Termination of the Trust".

The Administrator shall be reimbursed by the Trust for all outlays and expenses to third parties (including all applicable taxes thereon) incurred by the Administrator in the administration of, and that are reasonably attributable to, the affairs of the Trust and the performance by the Administrator of its duties under the Trust Administration Agreement.

The administration services of Sentry under the Trust Administration Agreement are not exclusive and nothing in the Trust Administration Agreement prevents Sentry from providing similar management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Trust) or from engaging in other activities. See "Conflicts of Interest".

The name, municipality and province of residence of each of the directors, applicable officers and senior management of the Administrator and their principal occupations at, and within the five years preceding the date of this Annual Information Form, are as follows:

Name, Municipality and Province of Residence	Position held with Administrator	Principal Occupation for the Last Five Years
JOHN F. DRISCOLL Toronto, Ontario	Chairman, Chief Executive Officer and Director	<p>Chairman, Chief Executive Officer and Director, Sentry since January, 2011.</p> <p>Chairman, President, Chief Executive Officer and Director, Sentry from May, 2008 to January, 2011.</p> <p>Chairman, President, Chief Executive Officer and Director, SSCC from January, 2004.</p> <p>President and Chief Executive Officer, NCE Resources Group since September, 1990.</p>
J.A. (SANDY) McINTYRE Toronto, Ontario	Director, President and Chief Investment Officer	<p>President and Chief Investment Officer, Sentry since January, 2011.</p> <p>Director, Sentry since December, 2009.</p> <p>Senior Vice-President and Chief Investment Officer, Sentry from May, 2008 to January, 2011.</p> <p>Senior Portfolio Manager, Sentry from May, 2008 to June, 2008.</p> <p>Senior Vice-President and Chief Investment Officer, SSCC from April, 2008 to January, 2009.</p> <p>Senior Vice-President and Senior Portfolio Manager, SSCC from June, 2006 to March, 2008.</p> <p>Senior Portfolio Manager, SSCC from August, 2000 to June, 2006.</p>
SEAN DRISCOLL Toronto, Ontario	Director and Executive Vice-President	<p>Executive Vice-President, since January, 2011.</p> <p>Director, Sentry since December, 2009.</p> <p>Vice-President, Corporate</p>

Name, Municipality and Province of Residence	Position held with Administrator	Principal Occupation for the Last Five Years
		<p>Development, Sentry from January, 2009 to January, 2011.</p> <p>Manager, Corporate Development, SSCC from November, 2007 to January, 2009.</p>
<p>RICHARD D'ARCHIVIO Vaughan, Ontario</p>	<p>Chief Financial Officer, Vice-President and Treasurer</p>	<p>Chief Financial Officer, Vice-President and Treasurer, Sentry since May, 2008.</p> <p>Chief Financial Officer, Vice-President and Treasurer, SSCC since January, 2008.</p> <p>Vice-President, Finance, SSCC from July, 2005 to December, 2007.</p>
<p>PHILIP YUZPE Toronto, Ontario</p>	<p>Chief Operating Officer</p>	<p>Chief Operating Officer, Sentry since January, 2011.</p> <p>Vice-President, Operations and Strategy, Sentry from April, 2010 to January, 2011.</p> <p>Vice-President, Product Development & Corporate Strategy, Sentry from May, 2008 to April, 2010.</p> <p>Vice-President, Product Development & Corporate Strategy, SSCC from January, 2008 to January, 2009.</p> <p>Manager, Strategic Planning and Research, SSCC from October, 2006 to December, 2007.</p>
<p>RYAN CAUGHEY Toronto, Ontario</p>	<p>General Counsel and Corporate Secretary</p>	<p>General Counsel and Corporate Secretary, Sentry since January, 2009.</p> <p>Associate General Counsel and Corporate Secretary, Sentry from May, 2008 to January, 2009.</p> <p>Corporate Secretary, SSCC since January, 2009.</p> <p>Associate General Counsel and Corporate Secretary, SSCC from January, 2008 to January, 2009.</p>

Name, Municipality and Province of Residence	Position held with Administrator	Principal Occupation for the Last Five Years
		<p>Corporate Secretary and Legal Counsel, SSCC from December, 2006 to January, 2008.</p> <p>Legal Counsel, SSCC from July, 2006 to December, 2006.</p> <p>Lawyer, Osler, Hoskin & Harcourt LLP (law firm) from September, 2003 to June, 2006.</p>
<p>ANDREW GUY Toronto, Ontario</p>	<p>Vice-President, Chief Risk and Compliance Officer</p>	<p>Vice-President, Chief Risk and Compliance Officer, Sentry since July, 2010.</p> <p>Vice-President, Sentry from November, 2009 to July, 2010.</p> <p>Chief Compliance Officer, Sentry from January, 2009 to July, 2010.</p> <p>Portfolio Manager, Sentry from May, 2008 to November, 2009.</p> <p>Portfolio Manager, SSCC from July, 2006 to January, 2009.</p> <p>Senior Investment Analyst, SSCC from January, 2006 to June, 2006.</p>
<p>DENNIS MITCHELL Brampton, Ontario</p>	<p>Deputy Chief Investment Officer and Senior Portfolio Manager</p>	<p>Deputy Chief Investment Officer and Senior Portfolio Manager, Sentry, since January, 2011.</p> <p>Vice-President and Senior Portfolio Manager, Sentry from January, 2010 to January, 2011.</p> <p>Portfolio Manager, Sentry from May, 2008 to January, 2010.</p> <p>Portfolio Manager, SSCC from February, 2007 to January, 2009.</p> <p>Senior Research Analyst, SSCC from September, 2006 to January, 2007.</p> <p>Research Analyst, SSCC from May, 2005 to August, 2006.</p>

Name, Municipality and Province of Residence	Position held with Administrator	Principal Occupation for the Last Five Years
RHONDA KLATIK Vancouver, British Columbia	Vice President, National Sales and Managing Director, Sentry Mutual Funds	<p>Vice-President, National Sales and Managing Director, Sentry Mutual Funds, Sentry since March, 2009.</p> <p>Vice-President, Western Canada Sales, Sentry from January, 2009 to March, 2009.</p> <p>Vice-President, Western Canada Sales, SSCC from May, 2007 to January, 2009.</p> <p>Regional Vice-President, Western Canada Sales, SSCC from June, 2003 to May, 2007.</p>
BRIAN McOSTRICH Oakville, Ontario	Vice-President, Marketing and Investor Relations	<p>Vice-President, Marketing and Investor Relations, Sentry since May, 2008.</p> <p>Vice-President, Marketing and Investor Relations, SSCC from May, 2008 to January, 2009.</p> <p>Vice-President, Marketing, SSCC from March, 2004 to May, 2008.</p>
WOLFGANG KRUNING Toronto, Ontario	Vice-President, Dealer Relations	<p>Vice-President, Dealer Relations, Sentry since December, 2010.</p> <p>Vice-President, International Dealer Relations, Sentry from May, 2008 to December, 2010.</p> <p>Vice-President, International Dealer Relations, SSCC from June, 2006 to January, 2009.</p> <p>Vice-President, Dealer Relations, SSCC from December, 2005 to May, 2006.</p>
BRUCE TUCKER Toronto, Ontario	Vice-President, Trading	<p>Vice-President, Trading, Sentry since August, 2008.</p> <p>Vice-President, Trading, SSCC from February, 2007 to January, 2009.</p> <p>Senior Trader, SSCC from January, 2005 to January, 2007.</p>

Name, Municipality and Province of Residence	Position held with Administrator	Principal Occupation for the Last Five Years
GRAEME LLEWELLYN Toronto, Ontario	Vice-President, Finance	<p>Vice-President, Finance, Sentry since July, 2010.</p> <p>Director, Investment Finance, Sentry from May, 2008 to July, 2010.</p> <p>Director, Investment Finance, SSCC from December, 2007 to January, 2009.</p> <p>Senior Manager, Investment Finance, SSCC from March, 2006 to December, 2007.</p>
KEVIN MacLEAN Oakville, Ontario	Vice-President and Senior Portfolio Manager	<p>Vice-President and Senior Portfolio Manager, Sentry since May, 2008.</p> <p>Vice-President and Senior Portfolio Manager, SSCC from July, 2006 to January, 2009.</p> <p>Senior Portfolio Manager, SSCC from August, 2004 to June, 2006.</p>
MICHAEL SIMPSON Markham, Ontario	Vice-President and Senior Portfolio Manager	<p>Vice-President and Senior Portfolio Manager, Sentry since May, 2008.</p> <p>Vice-President and Senior Portfolio Manager, SSCC from February, 2008 to January, 2009.</p> <p>Senior Portfolio Manager, SSCC from January, 2006 to January, 2008.</p>
SHANE STUCK Toronto, Ontario	Vice-President and Senior Portfolio Manager	<p>Vice-President and Senior Portfolio Manager, Sentry since January, 2010.</p> <p>Director, Fixed Income Derivatives and Currency, Scotia Asset Management from February, 2007 to January, 2010.</p>
LAURA LAU Toronto, Ontario	Senior Portfolio Manager	<p>Senior Portfolio Manager, Sentry since May, 2008.</p> <p>Senior Portfolio Manager, SSCC from July, 2006 to January, 2009.</p> <p>Portfolio Manager, SSCC from May,</p>

Name, Municipality and Province of Residence	Position held with Administrator	Principal Occupation for the Last Five Years
		2004 to June, 2006.
ANDREW MCCREATH Toronto, Ontario	Senior Portfolio Manager	Senior Portfolio Manager, Sentry since February, 2009. Senior Portfolio Manager, Sentry Investments Inc. since August, 2008. President & Chief Executive Officer, Waterfall Investments Inc. from April, 2004 to July, 2008.
MASON GRANGER Toronto, Ontario	Portfolio Manager	Portfolio Manager, Sentry since February, 2009. Portfolio Manager, SSCC from June, 2008 to January, 2009. Executive Director, Resource Group of Middlefield Capital Corp. from January, 2005 to June, 2008.

Certain individuals are charged with the responsibility of making investment decisions relating to the Portfolio. The name, municipality and province of residence, title and business experience, for the last five years, of the individual responsible for the day-to-day management of a material portion of the Portfolio is as follows:

Name, Municipality and Province of Residence	Position held with Investment Advisor	Principal Occupation for the Last Five Years	Length of Time of Service
MICHAEL SIMPSON Markham, Ontario	Vice-President and Senior Portfolio Manager	Vice-President and Senior Portfolio Manager, Sentry since May, 2008. Vice-President and Senior Portfolio Manager, SSCC from February, 2008 to January, 2009. Senior Portfolio Manager, SSCC from January, 2006 to January, 2008.	6 years, 8 months

Trustee

Computershare Trust Company of Canada is the trustee of the Trust. The Trustee is responsible for, among other things, accepting subscriptions for Units and issuing Units pursuant thereto and

maintaining the books and records of the Trust and providing timely reports to Unitholders. The Trust Indenture provides that the Trustee shall exercise its powers and carry out its functions thereunder as trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and, in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

The term of the Trustee's appointment is until the third annual meeting of Unitholders. The Unitholders shall, at every third annual meeting of the Unitholders, re-appoint, or appoint a successor to the Trustee for an additional three year term. Notwithstanding the foregoing, if the Trustee is not reappointed at the meeting of Unitholders held immediately before the term of office of such trustee expires and if no successor to such trustee is appointed at that meeting, such trustee shall continue to hold the office of trustee under the Trust Indenture until a successor has been appointed in accordance with the Trust Indenture.

The Trustee may also be removed by Special Resolution of the Unitholders. Such resignation or removal becomes effective upon the acceptance or appointment of a successor trustee.

Brokerage Arrangements

Decisions on the purchase or sale of Portfolio Securities and decisions as to the execution of all Portfolio transactions, including selection of market, dealer or broker and the negotiation, where applicable, of commissions are made by the Investment Advisor. In effecting Portfolio transactions, overall service and prompt execution of orders on favourable terms will be a primary consideration. To the extent that the executions and prices offered by more than one dealer are comparable, the Investment Advisor may, in its discretion, choose to effect Portfolio transactions with dealers who provide "order execution goods and services" and/or "research goods and services" (as defined by National Instrument 23-102 — *Use of Client Brokerage Commissions*) to the Trust.

The Investment Advisor may be provided with order execution goods and services and/or research goods and services in return for the allocation of Portfolio transactions. Research goods and services may include advice relating to the value of a security or the advisability of effecting a transaction in a security, an analysis or report, concerning a security, portfolio strategy, issuer, industry, or an economic or political factor or trends; and a database or software, to the extent that it supports these services: news service, equity research publications, investment strategy research, newsletters, company and industry databases, technology research, commodities newsletters and opinions data. Order execution goods and services may include any good or service designed to enhance the speed or accuracy of executing a Portfolio transaction.

The Investment Advisor must ensure that in selecting a registered dealer and in using commissions it achieves a fair and reasonable result for the Trust and is acting in the best interest of the Trust. Senior management of the Investment Advisor will use a good faith determination as to whether the Trust receives a reasonable benefit considering both the use of the research goods and services and/or order execution goods and services and the amount of the commission payable, using best execution as the primary factor.

The following lists the persons who have provided any material amount of investment decision-making services to the Investment Advisor in return for the allocation of Portfolio transactions in 2010:

Name of Service Provider	Summary of Services
Computerized Portfolio Management Services	Research, Database, Earnings
Ross Smith Energy Group	Institutional Sub RSEG Services
Bloomberg LP	Bloomberg terminals
BCA Research	Global Investment Strategy
Veritas Investment Research Corp.	Research Publication
Capital IQ Inc. S & P	Company and Industry Database
Markets.com	Research
Browning Newsletter	E-mail Sub Browning Newsletter

Auditor

The auditors of the Trust are Deloitte & Touche LLP, Toronto, Ontario.

Registrar and Transfer Agent

Computershare Trust Company of Canada is the registrar and transfer agent of the Trust for the Units and the Warrants. The register of securities is kept in Toronto, Ontario.

Other Services Providers

SSCC provides certain day-to-day administrative services to the Administrator pursuant to an administrative services agreement dated January 1, 2009. The members of the board of directors of SSCC are John F. Driscoll (Chairman), H. Garfield Emerson, Hon. Michael A. Meighen, N. Frank Potter, Simon B. Scott and Donald J. Worth.

8. CONFLICTS OF INTEREST

Principal Unitholders

As at March 25, 2011, CDS & CO. was the holder of record of 100% of the outstanding Units.

To the knowledge of the Administrator, as at March 25, 2011, no person beneficially owned, either directly or indirectly, or exercised control or direction over, more than 10% of the outstanding Units, other than John F. Driscoll who owns 757,885 Units representing 18.35% of the issued and outstanding Units.

To the knowledge of the Administrator, as at March 25, 2011, the directors and senior officers of the Administrator beneficially owned, in the aggregate, directly or indirectly, more than 10% of the outstanding Units, as John F. Driscoll owns 757,855 Units representing 18.35% of the issued and outstanding Units.

To the knowledge of the Administrator, as at March 25, 2011, the members of the Trust's Independent Review Committee ("IRC") beneficially owned in the aggregate, directly or indirectly, less than 10% of the outstanding Units.

Conflicts of Interest

The management and administration services of Sentry under the Trust Administration Agreement are not exclusive and nothing in the Trust Administration Agreement prevents Sentry from providing similar management or administrative services to other trusts and other clients (whether or not their investment objectives and policies are similar to those of the Trust) or from engaging in other activities. Investments in securities purchased by the Administrator on behalf of the Trust and other investment funds or trusts managed by the Administrator (collectively, the "Other Accounts") will be allocated to the Trust and the Other Accounts managed by the Administrator on a *pro rata* basis according to the size of the order and the applicable investment restrictions and policies of the Trust and the Other Accounts.

Any question or matter arising before the Administrator that may involve or create a conflict of interest or potential conflict of interest, or a related party transaction with Sentry, or any of its affiliates, as determined solely by the board of directors of Sentry, shall only be passed by a resolution of the board of directors. Notwithstanding the foregoing, if any securities laws come into effect dealing with the independent review of conflicts of interest for investment funds then the Trust will conform to such securities laws instead of the foregoing.

Independent Review Committee

The Trust's IRC, established pursuant to National Instrument 81-107 – *Independent Review Committee for Investment Funds*, has three members. The IRC reviews conflict of interest matters referred to it by Sentry, including any related policies and procedures, and provides recommendations or approvals, as applicable, to Sentry regarding whether the proposed action of Sentry in respect of a conflict of interest matter achieves a fair and reasonable result for the Trust. With respect to certain conflict of interest matters, the IRC may also issue standing instructions. Sentry is not required to refer a conflict of interest matter nor its proposed action to the IRC if Sentry complies with the terms of a standing instruction that is in effect.

The Trust's IRC is currently comprised of the following members: Michael Gourley (Chair), David Gavsie and Marie Rounding. The Chair of the IRC receives \$50,000 per annum, and each other member of the IRC receives \$40,000 per annum, as compensation for their services. In addition, each member of the IRC is paid \$1,500 for each IRC meeting that he or she attends. This compensation is in connection with their services for all investment funds managed by Sentry, including the Trust. For the financial year of the Trust ended December 31, 2010, the aggregate amount of fees and expenses paid to members of the IRC for all investment funds managed by Sentry was \$188,524.56.

9. GOVERNANCE OF THE TRUST

As the Trust is organized as an investment trust, the Trustee has the ultimate and overriding authority to manage and direct the business and affairs of the Trust, subject to applicable law and the Trust Indenture. The Trust Indenture provides that the Trustee may grant or delegate to Trust Opco or the Administrator such authority as the Trustee may in its sole discretion determine necessary or desirable to effect the actual administration of the duties of the Trustee under the Trust Indenture. In its capacity as administrator, Sentry manages the overall business and operations of the Trust.

Responsibility for the oversight of the Trust and ensuring the implementation of appropriate policies, procedures and guidelines rests with the board of directors of the Administrator. The Administrator has adopted a Code of Ethics for Personal Investing to ensure the fair treatment of the Trust and their investors when applicable “access persons” make personal trades.

Senior management and internal compliance staff monitor compliance with all internal policies and procedures which are reviewed and updated at least annually.

Senior management ensures that the investment management activities of the Trust comply with the Trust’s investment objectives and restrictions at quarterly meetings with portfolio managers. At these meetings, portfolio holdings, performance, concentration and other risk measures are discussed in addition to the compliance with objectives and restrictions. Day-to-day monitoring of the Trust is undertaken by the Risk and Compliance team in conjunction with Sentry’s Investment Committee (the “Investment Committee”, which consists of the Chief Investment Officer, the senior portfolio managers and representatives of the compliance and legal departments). Derivative transactions on behalf of the Trust may be initiated only by authorized investment personnel approved by the Investment Committee who ensure that these individuals have the necessary proficiency to use derivatives. Derivative positions will be monitored daily to ensure compliance with all regulatory requirements, including cash cover requirements. As any use of derivatives by the Trust will be limited, the Administrator will not conduct simulations to test the portfolio under stress conditions. Senior management will also review any use of derivatives at the quarterly meetings with the Investment Department.

The Administrator has no policies to monitor, detect or deter short-term trades in Units.

The Audit Committee of Trust Opco, which consists of three directors who are independent of the management of the Administrator, act as the audit committee for the Trust.

Proxy Voting Guidelines

The Administrator’s proxy voting guidelines can be summarized as follows:

Sentry believes the right to vote is one of the most effective tools for promoting good corporate governance. Promoting sound corporate governance policies in the companies in which Sentry invests is a responsibility it takes very seriously. Sentry sees strong corporate governance as an essential element in the realization of growth potential of companies which, ultimately, increases shareholder value.

Sentry has developed guidelines to illustrate how it intends to vote on both routine issues and on issues that are not routine and, in fact, may be potentially contentious. Generally, Sentry attempts to vote all proxies:

- on routine, or commonly raised issues, the portfolio manager for the investment fund will usually vote according to management's recommendations. This standing policy will be deviated from if Sentry believes there is sufficient and worthy reason to suspect that the management recommendation should not be supported in that it is not in the best interests of the shareholders of that particular company.
- on non-routine issues, and issues which may be potentially contentious, the matter is delegated to the portfolio manager for the investment fund for further consideration and, if necessary, the matter will be directed to the Investment Committee. At that time, the issue is reviewed in detail. It is then the Investment Committee's decision on whether to consult with, and obtain the opinion of, external industry experts or independent proxy research services. Ultimately, the Investment Committee is responsible for making the judgment as to how to vote or to refrain from voting.

Sentry's proxy voting guidelines are not viewed by it as a strict set of rules but, rather, are utilized as guidance regarding Sentry's treatment of most issues that result in a vote. Ultimately, these guidelines communicate Sentry's general voting practice on most matters.

The policies and procedures that the Administrator follows when voting proxies relating to securities in the Portfolio are available on request, at no cost, by calling 1-888-730-4623 or by writing to Sentry Investments, 130 King Street West, The Exchange Tower, Suite 2850, Toronto, Ontario, M5X 1A4.

The Administrator's proxy voting record for the most recent period ended June 30, 2010 is available free of charge to any Unitholder upon request at any time. The information is also available on the Internet site of Sentry at www.sentry.ca.

10. FEES AND EXPENSES

Pursuant to the terms of the Trust Administration Agreement, the Trust reimburses Sentry, as administrator, for all expenses incurred in connection with the operation and administration of the Trust.

Effective June 11, 2008, the management fees payable to Pro-Vest for management services provided to the Partnership under the terms of the Partnership Management Agreement, were partially reinstated to 0.75% of the Net Asset Value, plus applicable taxes of the Partnership per annum. The original management fee of 2% had been reduced to 1.5% effective July 1, 2006 and had been suspended effective January 1, 2007.

11. INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act relating to the holding and disposition of Units and Warrants generally applicable to an individual Unitholder or Warrantholder (other than a trust) who, at all relevant times and for purposes of the Tax Act, is resident in Canada, holds Units and/or Warrants as capital property and deals at arm's length, and is not affiliated, with the Trust.

Generally, Units and Warrants will constitute capital property to a Unitholder or Warrantholder unless such Units or Warrants are held in the course of carrying on a business or have been acquired in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders whose Units might not otherwise qualify as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such Units and any other “Canadian security” (as defined in the Tax Act) owned in the taxation year in which the election is made and all subsequent taxation years, deemed to be capital property. Warrants, however, are not eligible for such an election. Unitholders and Warrantholders who do not hold their Units or Warrants, as capital property should consult their own tax advisors.

This summary is based on the provisions of the Tax Act in force as of the date hereof and, based on publicly available published materials, on the current administrative policies and assessing practices of the CRA in effect as of the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Proposed Amendments”). There is no assurance that the Proposed Amendments will be enacted in the form announced or at all. This summary does not otherwise take into account or anticipate any changes in the law, whether by judicial, regulatory or legislative decision or action, or any changes in the administrative policies and assessing practices of the CRA, nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations. This summary is of a general nature only and is not intended to be legal or tax advice to any particular Unitholder or Warrantholder. Unitholders and Warrantholders should consult their own tax advisors for advice with respect to the income tax consequences of the acquisition, holding and disposition of Units and Warrants based on their personal circumstances, including the application and effect of the income and other tax laws of any country, province, territory, state or local tax authority.

The SIFT Rules

Amendments to the Tax Act (the “SIFT Rules”) modify the taxation of certain publicly-traded partnerships and trusts. Under the SIFT Rules, generally, a publicly-traded Canadian resident trust or partnership will be a “SIFT trust” or a “SIFT partnership”, as the case may be, if it holds one or more “non-portfolio properties”. A “SIFT trust” or “SIFT partnership” is subject to tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains in respect of “non-portfolio properties” (collectively, “Non-Portfolio Income”). Non-Portfolio Income that is earned by a SIFT partnership, or is distributed by a SIFT trust to its

unitholders, will be taxed at a rate that is equivalent to the federal general corporate tax rate plus an amount on account of provincial tax. The SIFT Rules stipulate that any Non-Portfolio Income that becomes payable by a trust that is a SIFT trust, or that is allocated to partners in the case of a partnership that is a SIFT partnership, will generally be taxed as though it were a taxable dividend from a taxable Canadian corporation and will be deemed to be an “eligible dividend” subject to the enhanced gross-up and dividend tax credit.

Under the SIFT Rules, the Trust would otherwise be a SIFT trust because it holds all of the shares of Trust Opco. However, the Trust is not expected to earn any dividends or other income on, or realize any capital gains from the disposition of, the shares of Trust Opco and, accordingly, the Trust will not have any Non-Portfolio Income that would be subject to tax under the SIFT Rules.

The principal assets of the Trust are the Residual Partnership Units. Based on its investment objectives and restrictions, the Partnership should not hold any non-portfolio properties, and accordingly the Residual Partnership Units would not be non-portfolio properties. Consequently, the Trust should not earn any Non-Portfolio Income that would be subject to tax under the SIFT Rules.

Certain Income Funds in which the Partnership invests will be SIFTs and the SIFT Rules will apply to those investments.

The Partnership

The Partnership is not subject to tax under the Tax Act. Each partner of the Partnership, including the Trust is required to include in computing the partner's income for a particular taxation year the partner's share of the income or loss of the Partnership for its fiscal year ending in, or coincidentally with, the partner's taxation year end, whether or not any of that income is distributed to the partner in the taxation year. The Partnership's fiscal period will be December 31. For this purpose, the income or loss of the Partnership will be computed for each fiscal year as if the Partnership were a separate person resident in Canada. In computing the income or loss of the Partnership, deductions may be claimed in respect of capital cost allowance, reasonable administrative costs, interest and other expenses incurred by the Partnership for the purpose of earning income, subject to the relevant provisions of the Tax Act. The income or loss of the Partnership for a fiscal year will be allocated to the partners of the Partnership, including the Trust, on the basis of their respective share of that income or loss as provided in the limited partnership agreement of the Partnership (the “Limited Partnership Agreement”), subject to the detailed rules in the Tax Act in that regard.

Generally distributions to partners in excess of the income of the Partnership for a fiscal period will result in a reduction of the adjusted cost base of the partner's interest in the Partnership by the amount of such excess. If, as a result, the Trust's adjusted cost base of its interest in the Partnership would otherwise be a negative amount at the end of a fiscal period of the Partnership, the Trust will be deemed to realize a capital gain, and the Trust's adjusted cost base of its interest in the Partnership will then be nil immediately thereafter. If the Partnership were to incur losses for tax purposes, the Trust's ability to deduct such losses may be limited by certain rules under the Tax Act.

Status of the Trust

This summary assumes that the Trust will qualify as a “mutual fund trust” under the Tax Act effective from the date of its creation and at all times thereafter. The Administrator expects that the Trust will so qualify.

Taxation of the Trust

The Trust is subject to tax in each taxation year on its income or loss for the year, computed as though it were a separate individual resident in Canada. The taxation year of the Trust will end on December 31 of each year. The Trust will be required to include in its income for each taxation year all income allocated from the Partnership which is paid or payable to the Trust in the year.

In computing its income, the Trust will generally be entitled to deduct reasonable administrative expenses incurred to earn income. The Trust may also deduct amounts which become payable by it to Unitholders in the year, to the extent that the Trust has net income for the year after the inclusions and deductions outlined above. An amount will be considered to have become payable to a Unitholder in a taxation year only if it is paid in the year by the Trust or the Unitholder is entitled in that year to enforce payment of the amount. It is currently intended that the Trust will make cash distributions to Unitholders primarily from the income received on its Partnership interest, net of administrative and other expenses.

The Trust will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net taxable capital gains by an amount determined under the Tax Act based on the redemption or retraction of Units during the year (the “Capital Gains Refund”). In certain circumstances, the Capital Gains Refund for a particular taxation year may not completely offset the Trust's tax liability on net realized capital gains for such taxation year. Thus, the Trust Indenture provides that any capital gains realized by the Trust as a result of such redemptions may be allocated to the Unitholders redeeming their Units. The taxable portion of such capital gain must be included in the income of the redeeming Unitholder.

For purposes of the Tax Act, the Trust generally intends to deduct, in computing its income and taxable income, the full amount available for deduction in each year. As a result of such deductions and the Trust's entitlement to a Capital Gains Refund, it is expected that the Trust will not be liable for any material amount of tax under the Tax Act. However, no assurance can be given in this regard.

The Trust will be deemed to realize a capital gain equal to the amount of the purchase price for a Bundled Unit allocated to a Warrant for each Warrant that expires unexercised.

Taxation of Unitholders

Income from Units

The income of a Unitholder from the Units will be considered to be income from property for the purposes of the Tax Act. Any deduction or loss of the Trust for the purposes of the Tax Act cannot be allocated to and treated as a deduction or loss of a Unitholder. However, a loss of the Trust can be deducted by the Trust to the extent and under the circumstances described under the Tax Act.

A Unitholder will generally be required to include in computing income for a particular taxation year of the Unitholder the portion of the net income of the Trust for a taxation year, including taxable dividends and net taxable capital gains, that is paid or becomes payable to the Unitholder in that particular taxation year, whether such amount is payable in cash, additional Units or otherwise. Units issued to a Unitholder as a non-cash distribution of income will have an acquisition cost equal to the amount of such income, and this acquisition cost must be averaged with the adjusted cost base of all other Units held by the Unitholder as capital property in order to determine the respective adjusted cost base of each Unit.

Provided that appropriate designations are made by the Trust, such portion of its net taxable capital gains and its taxable dividends as are paid or payable to a Unitholder will effectively retain their character as taxable capital gains and taxable dividends, respectively, and will be treated as such in the hands of the Unitholder for purposes of the Tax Act.

The non-taxable portion of net capital gains of the Trust that is paid or becomes payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the taxation year. Any other amount in excess of the net income of the Trust that is paid or becomes payable by the Trust to a Unitholder in a year will generally not be included in the Unitholder's income for the taxation year. However, a Unitholder is required to reduce the adjusted cost base of the Units held by such Unitholder by each amount payable to the Unitholder otherwise than as proceeds of disposition of Units (except to the extent that the amount either was included in the income of the Unitholder or was the Unitholder's share of the non-taxable portion of the net capital gains of the Trust). To the extent that the adjusted cost base of a Unit is less than zero, the negative amount will be deemed to be a capital gain of a Unitholder from the disposition of the Unit in the year in which the negative amount arises and will be added to the holder's adjusted cost base of the Unit.

Disposition of Units

Upon the disposition or deemed disposition by a Unitholder of a Unit, the Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the Unitholder's adjusted cost base of the Unit and any reasonable costs of disposition.

A redemption of Units in consideration for cash and/or Redemption Notes, as the case may be, will be a disposition of such Units for proceeds of disposition equal to the aggregate of any cash and the fair market value of the Redemption Notes so distributed, as the case may be. Redeeming Unitholders will consequently realize a capital gain (or capital loss), depending upon whether the proceeds of disposition received exceed (or are less than) the adjusted cost base of the Units so redeemed and any reasonable costs of disposition. The tax treatment of capital gains

and losses is discussed in greater detail below under the heading “Taxation of Capital Gains and Capital Losses.”

Taxation of Warrantholders

Exercise of Warrants

No gain or loss will be realized by a Warrantholder upon the exercise of a Warrant to acquire a Unit. When a Warrant is exercised, the Warrantholder's cost of the Unit acquired thereby will be the aggregate of the Warrantholder's adjusted cost base of such Warrant and the exercise price paid for the Unit. The Warrantholder's adjusted cost base of the Unit so acquired will be determined by averaging such cost with the adjusted cost base to the Warrantholder of all Units owned by the Warrantholder immediately prior to such acquisition.

Disposition and Expiry of Warrants

A disposition or deemed disposition by a Warrantholder of a Warrant (other than upon the exercise thereof) will generally give rise to a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than such Warrantholder's adjusted cost base of the Warrants. In the event of the expiry of an unexercised Warrant, the Warrantholder will realize a capital loss equal to the Warrantholder's adjusted cost base of such Warrant. The tax treatment of capital gains and losses is discussed in greater detail below under the heading “Taxation of Capital Gains and Losses”.

Taxation of Capital Gains and Losses

Generally, one-half of any capital gain (a “taxable capital gain”) realized by a Unitholder or Warrantholder, in a taxation year must be included in the income of the Unitholder or Warrantholder for the year, and one-half of any capital loss (an “allowable capital loss”) realized by a Unitholder or Warrantholder in a taxation year is deducted from taxable capital gains realized by the Unitholder or Warrantholder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

Capital gains realized on the disposition of Units or Warrants and amounts designated by the Trust to a Unitholder as taxable capital gains or as dividends from taxable Canadian corporations may give rise to a liability for alternative minimum tax.

Eligibility of Investment

Provided that the Trust qualifies and continues to at all times to qualify as a “mutual fund trust” within the meaning of the Tax Act, or that the Units are listed on a designated stock exchange under the Tax Act (which includes the TSX), the Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred

profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (each a “plan trust”). Provided that the Warrants are listed and continue at all times to be listed on a designated stock exchange for the purposes of the Tax Act (which includes the TSX), or provided that at all times the Units are qualified investments under the Tax Act for plan trusts and the Trust is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of a plan trust, the Warrants will be qualified investments for plan trusts.

Notwithstanding the foregoing, provided that the holder of a tax-free savings account does not hold a significant interest (as defined in the Tax Act) in the Trust or any person or partnership that does not deal at arm’s length with the Trust within the meaning of the Tax Act, and provided that such holder deals at arm’s length with the Trust within the meaning of the Tax Act, the Units and Warrants will not be prohibited investments for a trust governed by such tax-free savings account. Unitholders and Warrantholders should consult their own tax advisors in this regard.

Tax Implications of the Trust’s Distribution Policy

The NAV per Unit will reflect any income and gains of the Trust that have accrued or have been realized but have not been made payable at the time Units are acquired. A Unitholder who acquires Units may become taxable on the Unitholder’s share of income and gains of the Trust that accrued before the Units were acquired notwithstanding that such amounts may have been reflected in the price paid by the Unitholder for the Units. Since the Trust intends to make monthly distributions, the consequences of acquiring Units late in a calendar year will generally depend on the amount of monthly distributions throughout the year and whether an additional distribution to Unitholders is necessary to ensure that the Trust will not be liable for income tax (other than any refundable taxes) on such amounts under the Tax Act.

12. REMUNERATION OF TRUSTEE

Pursuant to the Trust Indenture, the Trustee is entitled to receive fees from the Trust as agreed upon from time to time. The Trustee is entitled to be reimbursed for all expenses and liabilities which are properly incurred by the Trustee in connection with the activities of the Trust.

13. MATERIAL CONTRACTS

The following material contracts have been entered into by the Trust:

- (a) the amended and restated Trust Indenture dated as of February 21, 2006, as amended;
- (b) the Trust Administration Agreement dated as of February 21, 2006, as amended;
- (c) the Warrant Indenture between the Trust and the Trustee dated as of February 21, 2006;
- (d) the Investment Management Agreement dated as of February 21, 2006; and
- (e) the Limited Partnership Agreement dated as of February 21, 2006, as amended.

Copies of the foregoing agreements may be inspected during business hours on any Business Day at the business office of the Trust upon reasonable prior notice and are available on SEDAR at www.sedar.com.

14. LEGAL AND ADMINISTRATIVE PROCEEDINGS

The Administrator is not aware of any material litigation outstanding, threatened or pending by or against the Trust or the Administrator.

Penalties or Sanctions

No director, officer or promoter of the Administrator, within the last 10 years, has been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer or theft or fraud.

15. OTHER MATERIAL INFORMATION

Termination of the Trust

Unless the Trust is earlier terminated by vote of the Unitholders, the Trustee shall commence to wind-up the affairs of the Trust on the Termination Date. In connection with such winding-up, in the event that the Trust is wound-up, the Trustee will sell and convert into money the property of the Trust in one transaction or in a series of transactions at public or private sale and do all other acts appropriate to liquidate the property of the Trust, and shall in all respects act in accordance with the directions, if any, of the Unitholders in respect of termination authorized pursuant to the Special Resolution authorizing the termination of the Trust. After paying, retiring or discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Trust and providing for indemnity against any other outstanding liabilities and obligations, the Trustee shall distribute the remaining part of the proceeds of the sale of the assets together with any cash forming part of the property of the Trust among the Unitholders.

Notwithstanding the approval by Unitholders of the early termination of the Trust, unless each of the Limited Partners of the Partnership have agreed to the early dissolution of the Partnership, the Partnership will not be dissolved until August 31, 2012.

16. RISK FACTORS

Risks Related to the Partnership

An investment in Securities is subject to certain risk factors, including but not limited to, the following:

Performance and Availability of Income Funds

The value of the Portfolio will vary according to the value of the Income Fund securities in which the Partnership invests, which will depend, in part, upon the performance of the issuers of such securities. The value of the Portfolio will also depend on the availability of Income Funds

suitable for investment, as a number of Income Funds have converted to other corporate structures as tax rules came into effect for Income Funds in 2011. Additionally, external economic forces can affect the competitive strength and profitability of the businesses represented by these securities which would significantly affect the value of such securities. The amount of distributions available for payment by the Partnership to the Corporation and the Trust will depend in part on the amount of distributions paid by the issuers of the securities held by the Partnership in the Portfolio. The Partnership cannot predict when or if distributions on such securities will be made.

Real Estate Investments

The Partnership's investment in REITs are subject to the general risks associated with real property investments. Real property investments are affected by various factors including changes in general economic conditions (such as the availability of long term mortgage funds) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space and various other factors.

The value of a real property and any improvements thereto may also depend on the credit and financial stability of the tenants. A REIT's income and funds available for distributions to its unitholders would be adversely affected if a significant number of tenants were to become unable to meet their obligations to the REIT or if the REIT was unable to lease a significant amount of available space in its properties on economically favourable lease terms.

Commodity Price and Currency Fluctuations

The operations and financial condition of O&G trusts in which the Partnership may invest and, accordingly, the amount of distributions paid on their securities will be dependent on, among other things, prices applicable to oil and gas. Prices for oil and gas may vary and are determined by supply and demand factors, including weather and general economic and political conditions and other conditions or circumstances beyond the control of the issuers of these securities. A decline in oil and gas prices could have an adverse effect on the operations and financial condition of such issuers and the value of, and amount of distributions paid on, their securities. In addition, energy prices are denominated generally in U.S. dollars. Accordingly, a decrease in the value of the U.S. dollar against the Canadian dollar could reduce the amount of distributions paid on such securities.

As the Portfolio may include securities traded in U.S. dollars or other foreign currencies, the cash available for distribution by the Partnership to the Corporation and the Trust, when measured in Canadian dollars, will be affected by changes in the value of the U.S. dollar or other foreign currencies relative to the Canadian dollar.

Composition of Portfolio

The composition of the Portfolio taken as a whole may vary widely from time to time and may be concentrated by type of security, commodity, industry or geography, resulting in the Portfolio being less diversified than anticipated.

Foreign Market Exposure

The Portfolio may, at any time, include securities of issuers established in jurisdictions outside Canada. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to Canadian issuers, some issuers outside Canada or the U.S. may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian issuer.

Investments Restrictions

Changes to the asset value of the Portfolio may require the Partnership to sell investments to comply with its investment restrictions. Such sales may be required to be consummated at prices which may adversely affect the value received and the resulting value of the Partnership's total assets.

Reliance on the General Partner

The Corporation and the Trust are entirely dependent on the Administrator, the General Partner, Pro-Vest and the Investment Advisor with respect to the management and administration of all matters relating to the Partnership. The loss of the services of key individuals who currently comprise the directors and officers of the General Partner and Pro-Vest and the management team of the Investment Advisor could have a detrimental effect on the Partnership.

The General Partner has unlimited liability for the obligations of the Partnership and has agreed to indemnify the Limited Partners (the Corporation and the Trust) against losses, liabilities, expenses and damages suffered if the Limited Partner's respective liabilities are not limited as provided in the Limited Partnership Agreement, provided that the loss of limited liability was caused by an act or omission of the General Partner or by the negligence or wilful misconduct in the performance of, or wilful disregard or breach of, the obligations or duties of the General Partner under the Partnership Agreement. However, such indemnity will apply with respect to losses in excess of the agreed capital contribution of the Limited Partner and the amount of this protection is limited by the extent of the net assets of the General Partner and such assets may not be sufficient to fully cover any actual loss. The General Partner has, and is expected to have, only nominal assets and, therefore, the indemnity of the General Partner may have nominal value.

Possible Loss of Limited Liability and Liability for Return of Capital

Maintenance of the limited liability of a Limited Partner requires compliance with certain legal requirements in jurisdictions in which the Partnership operates and there is a risk that Limited Partners (the Corporation and the Trust) could lose their limited liability in certain circumstances.

Where a Limited Partner has received a distribution from the Partnership, such Limited Partner may be liable to return to the Partnership or, if the Partnership is dissolved, to its creditors any amount, not in excess of the amount distributed to such Limited Partner with interest, as may be

necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims otherwise arose before such distribution.

Management Services

The management services of Pro-Vest under the Partnership Management Agreement and of Sentry under the Investment Management Agreement are not be exclusive and nothing in the Partnership Management Agreement or the Investment Management Agreement prevents Pro-Vest or Sentry from providing similar management services to other partnerships, corporations, investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Partnership) or from engaging in other activities.

Risks Specifically Related to the Debentures

Payment of Interest and Principal

Although the Corporation intends to make timely payments of interest and principal on the Debentures, there is no guarantee that the Corporation will have sufficient cash available to make interest and principal payments on the Debentures on a timely basis or at all. The actual amount of cash which the Corporation will be able to utilize to pay principal and interest on the Debentures will depend on various factors, including income received from the Partnership on the Corporation Partnership Interest and the other liabilities of the Corporation, including the amounts payable to Sentry pursuant to the Partnership Management Agreement and the Corporation Administration Agreement.

Market Price of Debentures

The market value of the Debentures is dependent on various factors, including income received from the Partnership on the Corporation Partnership Interest, the underlying assets and liabilities of the Partnership and the ability of the Partnership to effect long-term growth in the value of the Portfolio. The market price of the Debentures will be sensitive to a variety of market conditions including, but not limited to, interest rates, commodity prices and currency fluctuations. Changes in market conditions may adversely affect the trading price of the Debentures.

Prior Ranking Indebtedness; Absence of Covenant Protection; Credit Risk

The Debentures are subordinate to all Senior Indebtedness of the Corporation and to trade creditors of the Corporation. The Debentures are also effectively subordinate to claims of creditors of the Corporation's subsidiaries except to the extent the Corporation is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors.

The Debentures are unsecured obligations of the Corporation. Therefore, if the Corporation becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the Corporation's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its Senior Indebtedness and liabilities to trade creditors in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding.

The Debenture Indenture will not limit the ability of the Corporation to incur additional debt or liabilities (including Senior Indebtedness) or to repay its debt and other liabilities.

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of the Corporation and its creditworthiness.

Reliance on Corporation and Sentry

Debentureholders are entirely dependent on the Corporation and Sentry with respect to the management and administration of all matters relating to the Corporation. The loss of the services of key individuals who currently comprise the directors and officers of the Corporation and the management team of Sentry could have a detrimental effect on the Corporation.

Management and Administrative Services

The management and administration services of Sentry under the Corporation Administration Agreement are not exclusive and nothing in the Corporation Administration Agreement prevents Sentry from providing similar management services to other corporations and other clients (whether or not their investment objectives are similar to those of the Corporation) or from engaging in other activities.

Investment Management Agreement

If Pro-Vest fails to fulfill its obligations under the Partnership Management Agreement, Debentureholders may be unable to recover the resulting damages from Pro-Vest as Pro-Vest does not have significant assets.

If the Investment Advisor fails to fulfill its obligations under the Investment Management Agreement, Debentureholders will be dependent upon Pro-Vest to sue the Investment Advisor as the Investment Advisor's direct contractual relationship is with Pro-Vest, not the General Partner.

Stability Rating

The Corporation does not have a stability rating and has no current plans to apply for a stability rating.

Risks Specifically Related to the Structure of the Trust

Nature of Units

The Units do not represent a traditional investment and should not be viewed as "shares" in the Trust or the Partnership. The Units represent a fractional interest in the Trust. As holders of Units, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The Trust's sole assets will be the Trust Partnership Interest and its share in Trust Opco.

The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of the *Canada Deposit Insurance Corporation Act* or any other legislation.

Furthermore, the Trust is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Distributions

Although the Trust intends to make distributions to Unitholders from the net income of the Trust (net of administrative and certain other expenses described herein), these cash distributions are not assured. The actual amount distributed will depend on various factors, including income received from the Partnership on the Trust Partnership Interest.

Market Price of Trust Securities

The market value of the Trust Securities will be a function of anticipated income from the Partnership on the Trust Partnership Interest, the underlying assets and liabilities of the Partnership and the ability of the Investment Advisor to effect long-term growth in the value of the Portfolio. The market price of the Trust Securities will be sensitive to a variety of market conditions including, but not limited to, interest rates, commodity prices and currency fluctuations. Changes in market conditions may adversely affect the trading price of the Trust Securities.

Other Investment Considerations

There is no assurance that an investment in the Trust will earn any positive return in the short or long term.

Redemptions and purchases of Units will reduce the cash available for distribution to Unitholders.

Reliance on Trust Opco and Sentry

Unitholders are entirely dependent on Trust Opco and Sentry with respect to the management and administration of all matters relating to the Trust. The loss of the services of key individuals who currently comprise the directors and officers of Trust Opco and the management team of Sentry could have a detrimental effect on the Trust.

Management and Administrative Services

The management and administration services of Sentry under the Trust Administration Agreement are not exclusive and nothing in the Trust Administration Services Agreement prevents Sentry from providing similar management services to other trusts and other clients (whether or not their investment objectives are similar to those of the Trust) or from engaging in other activities.

Taxation of the Trust

If the Trust ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading “Income Tax Considerations” would be materially and adversely different in certain respects. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the Unitholders.

The Trust may take certain measures in the future to the extent that it believes necessary to ensure that it maintains its status as a mutual fund trust. These measures could be adverse to certain Unitholders, particularly non-residents of Canada.

In determining its income for tax purposes, the Trust will treat gains or losses on the disposition of securities as capital gains and losses. If these dispositions are not on capital account, the net income of the Fund for tax purposes and the amounts allocated to Unitholders could increase.

While the Trust has been structured so that the Trust will generally not be liable to pay income tax, the information available to the Trust and the Manager relating to the characterization, for tax purposes, of the distributions received by the Trust in any year from issuers of units of real estate investment trusts, units of oil and gas trusts and units of oil sands trusts may be insufficient as at December 31 of that year to ensure that the Trust will make sufficient distributions in order that the Trust will not be liable to pay income tax in respect of that year.

The scope of the October 31, 2003 tax proposals announced by the Department of Finance and the announcement made by the Minister of Finance on February 23, 2005 that the Department of Finance would be developing an alternative proposal, both of which are intended to address the deductibility of losses, is uncertain. There can be no assurance that once the legislation is finalized that losses of the Trust may be denied with the result that the taxable amount of distributions to Unitholders could be increased.

The SIFT Rules

Certain securities may be issued by issuers that are SIFT trusts or SIFT partnerships. In such event, the after-tax returns realized by unitholders may be reduced to the extent that the Trust receives distributions of income or capital gains from such SIFT trusts or SIFT partnerships. In addition, as a result of the SIFT Rules, it is possible that SIFT trusts or SIFT partnerships may seek to restructure their affairs or organizational structures in a manner that could have an impact upon the returns to the Trust. Finally, the SIFT tax provisions have had, and may continue to have, an effect on the trading price of interests in trusts and limited partnerships that may be affected by SIFT Rules.

Changes in Legislation

There can be no assurance that income tax laws and government incentive programs relating to the resources industry and real estate industry and the treatment of mutual fund trusts under the Tax Act will not be changed in a manner which adversely affects the distributions received by

the Trust and the unitholders and/or the value of the Units or the securities in which the Trust invests.

Accordingly, changes in this area are possible. Such changes could result in the income tax considerations described under the heading “Income Tax Considerations” being materially different in certain respects.

Status of Income Funds in the Portfolio under Tax Laws

There can be no assurance that Canadian federal income tax laws and administrative policies respecting the treatment of Income Funds will not be changed in a manner that has a material adverse effect on the investment returns from and value of Income Funds within the Portfolio.

Stability Rating

The Trust does not have a stability rating and has no current plans to apply for a stability rating.

Redemptions

Cash payments for Units surrendered for redemption are subject to limitations and any notes in lieu of a cash payment will not be listed on any stock exchange and no market is expected to develop for such notes.

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

Other Risks

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Corporation and Trust Opco will be subject in connection with the business and operations of the Corporation and the Trust whose operations may, from time to time, be in direct competition with those of the Corporation or the Trust or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Corporation or the Trust.

Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting of any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

The management services of Sentry under the Partnership Management Agreement, the Corporation Administration Agreement and the Trust Administration Agreement are not exclusive and nothing in such agreements prevents Sentry from providing similar management or administrative services to other partnerships, corporations, investment funds, trusts and other

clients (whether or not their investment objectives and policies are similar to those of the Partnership, the Corporation or the Trust) or from engaging in other activities. Investments in securities purchased by the Investment Advisor on behalf of the Partnership and other partnerships, corporations, investment funds or trusts managed by the Investment Advisor will be allocated to the Partnership and such other partnerships, corporations, investment funds or trusts on an equitable basis, taking into account such factors as the size of the order and the applicable investment restrictions and policies of the Partnership and the other partnerships, corporations, investment funds or trusts. Such considerations may result in the allocation of such investments among the Partnership and such other partnerships, corporations, investment funds or trusts on other than a *pari passu* basis.

Certain directors of the Investment Advisor are insiders of certain Income Funds and, as such, may from time to time have knowledge of undisclosed material information with respect to such Income Funds. The Investment Advisor has implemented and maintains policies and procedures to prevent any such director from making or influencing investment decisions made by the Investment Advisor and to prevent the transmission of such information to those officers and employees of the Investment Advisor who make or participate in making such investment decisions including those made on behalf of the Partnership.

GLOSSARY

“**ABCA**” means the *Business Corporations Act* (Alberta), including the regulations promulgated thereunder.

“**Bundled Unit**” means a combination of Debentures and Trust Securities offered pursuant to the Offering, each Bundled Unit consisting of one (1) Debenture (having a principal amount of Cdn \$100), 15 Units and 15 Warrants.

“**Business Day**” means any day on which is not a Saturday or Sunday or a legal holiday in the City of Calgary, Alberta.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**CDS Participant**” or “**Participant**” means a participant in CDS.

“**C&I income trusts**” means commercial and industrial income trusts.

“**Corporation Administration Agreement**” means the administration agreement between the Corporation and Sentry, as it may be amended from time to time.

“**Corporation Contribution**” means the net proceeds which are received by the Corporation from the sale of the Debentures hereunder after the payment of all expenses, including the fees paid to Canaccord Capital Corporation, as agent, and after retaining a reserve in the amount of Cdn \$50,000 to pay for ongoing expenses of the Corporation, as more fully described in “Use of Proceeds”.

“**Corporation Partnership Interest**” means the interest in the Partnership to be held by the Corporation which will be represented by the Residual Partnership Units and the Preferred Partnership Units which are received by the Corporation in exchange for the Corporation Contribution.

“**CRA**” means the Canada Revenue Agency.

“**Debentures**” means the 7.0% unsecured subordinated debentures of the Corporation due August 31, 2012.

“**Debentureholders**” means holders of Debentures from time to time.

“**Distributable Cash of the Trust**” has the meaning set forth in Section 5.1 of the Trust Indenture.

“**fiscal year**” means the period of January 1 to December 31 of each year.

“**General Partner**” means the Corporation, Canadian Income Management Inc.

“**Income Fund**” means a trust, limited partnership, corporation or other similar entity, the securities of which are listed and posted for trading on a North American stock exchange, structured to own debt and/or equity of an underlying company or limited partnership, or a

royalty in revenues generated by such entity, or an interest in real property, including royalty trusts, income funds, REITs, certain limited partnerships and other income vehicles provided that the determination by the Investment Advisor that an issuer of securities is an Income Fund shall be conclusive.

“**Limited Partner**” means, at any particular time, any party to the Partnership who is bound by the terms thereof as a limited partner of the Partnership and is shown on the certificate as a limited partner.

“**Net Asset Value**” or “**NAV**” means the net asset value of the Trust, as determined by subtracting the aggregate amount of the liabilities of the Trust from the total assets and as more particularly set forth in the Trust Indenture.

“**NI 81-102**” means National Instrument 81-102 - *Mutual Funds* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**Notice Period**” means, in respect of a calendar quarter (the “Current Quarter”) commencing with the calendar quarter ended June 30, 2007, the period from the last Business Day in the previous calendar quarter until 5:00 p.m. (Toronto time) on the second last Business Day of the Current Quarter.

“**O&G trusts**” means oil and gas income trusts and royalty trusts, including certain long-life oil sand trusts.

“**Ordinary Resolution**” means a resolution approved at a meeting of Unitholders by more than 50% of the votes cast in respect of the resolution by or on behalf of Unitholders present in person or represented by proxy at the meeting.

“**Portfolio**” means the securities held by the Partnership from time to time.

“**Portfolio Securities**” means the securities of C&I income trusts, REITs and O&G trusts.

“**Preferred Partnership Units**” means preferred units of the Partnership which will entitle the Corporation to a preferred return which for a fiscal year of the Partnership will be the lesser of: (A) the net income of the Partnership for such fiscal year; and (B) an amount equal to 7.0% of the principal amount of all outstanding Debentures plus costs and expenses incurred by the Corporation (including, without limitation, the fees payable to Pro-Vest pursuant to the Partnership Management Agreement) (the “Preferred Income Allocation”); plus an amount equal to the amount by which the Income of the Partnership for all prior fiscal years was less than the Preferred Income Allocation for all such prior fiscal years and which also entitle the Corporation to a preferred distribution upon the termination of the Partnership as described in the Prospectus.

“**Prospectus**” means the prospectus of the Trust dated January 30, 2006.

“**Redemption Price**” is equal to 90% of the NAV of the Units determined as of the Valuation Date relating to such Notice Period in the manner set out in the section “Calculation of Net Asset Value”.

“**Registrar and Transfer Agent**” means Computershare Trust Company of Canada and its successors, the registrar and transfer agent of the Units and the Warrants.

“**Residual Partnership Units**” means residual units of the Partnership which will be held by the Corporation and the Trust as to, initially, 1% and 99%, respectively and which will entitle the holders to receive income of the Partnership, if any, remaining after the payment of amounts allocated to holders of Preferred Partnership Units and to receive remaining proceeds of the liquidation of the Partnership after the payment of debts and liabilities of the Partnership and amounts paid to holders of Preferred Partnership Units.

“**REIT**” means a real estate investment trust;

“**Securities**” means the Units and the Warrants.

“**Senior Indebtedness**” means all indebtedness, liabilities and obligations of the Corporation (excluding Debentures), whether outstanding as at the date of the Debenture Indenture or thereafter, created, incurred or assumed, or for which it is liable in respect of any guarantee, indemnity, suretyship or joint and several liability, and renewals, extensions, restructurings, refinancings and refundings of any such indebtedness, liabilities or obligations, unless in each case it is provided by the terms of the instrument creating or evidencing such indebtedness, liabilities or obligations that such indebtedness, liabilities or obligations are *pari passu* with or subordinate in right of payment to the Debentures.

“**Special Resolution**” means a resolution proposed to be passed as a special resolution at a meeting of Unitholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of the Trust Indenture at which two or more holders of at least 10% of the aggregate number of Units then outstanding are present in person or by proxy and passed by the affirmative votes of the holders of not less than 66⅔% of the Units represented at the meeting and voted on a poll upon such resolution.

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

“**Taxation Year**” means the taxation year of the trust as determined, from time to time, by the Administrator subject to the provisions of the Tax Act.

“**Termination Date**” means August 31, 2012, the date the Trust is terminated as more fully described under “Other Material Information – Termination of the Trust”.

“**Trust Fund**” at any time, shall mean such of the monies, properties and assets that are at such time held by the Trustee on behalf of the Trust for the purposes of the Trust as further described in the Trust Indenture.

“**Trust Partnership Interest**” means the interest in the Partnership to be held by the Trust which will be represented by the Class A units of the Partnership which are received by the Trust in exchange for the Trust Partnership Contribution.

“**Trust Security**” means one (1) Unit and one (1) Warrant.

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

“**Unitholders**” means holders of Units from time to time.

“**Valuation Date**” means, in respect of a Notice Period, the last day of the month in which the Notice Period ends.

“**Valuation Time**” means 4:15 p.m. (Calgary time) on the Valuation Date.

“**Warrants**” means the Unit purchase warrants offered hereby, each Warrant entitling the holder to acquire, at any time until February 28, 2012, subject to adjustment in accordance with the terms of the Warrant Indenture, one (1) Unit at an exercise price of \$2.60 per Unit.

“**Warrantholder**” means the holders of Warrants from time to time.

“**Warrant Indenture**” means the indenture dated February 21, 2006, as amended between the Warrant Trustee and the Trust, as it may be amended from time to time.

“**Warrant Trustee**” means initially Computershare Trust Company of Canada, and its successors as provided in the Warrant Indenture, in its capacity as trustee under the Warrant Indenture.

CANADIAN INCOME MANAGEMENT TRUST

- Additional information about the Trust is available in the Trust's management reports of fund performance and financial statements.
- You can get a copy of these documents, including a statement of portfolio transactions, at no cost by calling 1-888-730-4623, or from your dealer or by e-mail at info@sentry.ca.
- These documents and other information about the Trust, such as information circulars and material contracts, are also available on the Administrator's Internet site at www.sentry.ca or at www.sedar.com.

Sentry Select Capital Inc.

130 King Street West, The Exchange Tower, Suite 2850
Toronto, Ontario
M5X 1A4
Telephone: 1-888-730-4623