

PROSPECTUS

Initial Public Offering

November 29, 2007



SENTRY SELECT GLOBAL REAL ESTATE FUND

Maximum: \$100,000,000 (10,000,000 Combined Units)

Sentry Select Global Real Estate Fund (the “Fund”) is an investment fund established under the laws of the Province of Ontario. This prospectus qualifies the issuance of Listed Combined Units and Class F Combined Units of the Fund (collectively, the “Combined Units”).

Each Listed Combined Unit consists of one Listed Unit and one full Listed Warrant. Each whole Listed Warrant entitles the holder to purchase one Listed Unit at a subscription price of \$10.25 on or before 4:00 p.m. on October 31, 2009. Each Class F Combined Unit consists of one Class F Unit and one whole Class F Warrant. Each whole Class F Warrant entitles the holder to purchase one Class F Unit at a subscription price of \$10.25 on or before 4:00 p.m. on October 31, 2009. **Listed Warrants or Class F Warrants not exercised on or before 4:00 p.m. on October 31, 2009 will be void and of no value.**

The Listed Units and the Listed Warrants constituting the Listed Combined Units and the Class F Units and the Class F Warrants constituting the Class F Combined Units will separate immediately following the closing of the Offering. The Listed Units and the Class F Units are collectively referred to herein as “Units” and the Listed Warrants and the Class F Warrants are collectively referred to herein as “Warrants”.

The Fund was created to provide holders of Units (“Unitholders”) with exposure to the global real estate market. Sentry Select Capital Corp. (“Sentry Select” or the “Manager”) believes that this asset class will continue to provide an attractive investment opportunity by seeking to benefit from stable income from real estate issuers in mature real estate markets such as the US, Canada, UK, Australia and Japan, and opportunities for significant capital appreciation from emerging markets with faster growing economies, such as India and China. The Manager believes that growth will be fueled by the increased demand for conservative, income investments, driven by aging populations worldwide. The Manager also believes that the aging of the global population will result in increased demand for “hard” assets which provide diversification from other financial assets and also provide a hedge against inflation. In addition, further investment opportunities may be provided by the continued adoption of the real estate investment trust structure globally.

The Fund’s investment objectives are to invest primarily in real estate issuers with a view to:

- (i) paying quarterly cash distributions (initially expected to be \$0.125 per quarter per Unit, or 5% per annum based on the original price of \$10.00 per Combined Unit); and
- (ii) preserving and enhancing the net asset value per Unit (“NAV per Unit”).

The net proceeds of the Offering will be actively managed by Sentry Select which will seek long-term capital appreciation and income by investing in a globally diversified Portfolio of publicly listed real estate issuers.

Sentry Select is a Canadian wealth management company that manages approximately \$8 billion in gross assets as of September 30, 2007. Sentry Select offers a diverse range of investment products including closed-end trusts, mutual funds, principal-protected notes and flow-through limited partnerships, covering a variety of domestic and global mandates. Sentry Select has managed listed real estate securities since its inception in 1997 and currently manages over \$600 million in real estate securities across numerous mandates.

**Price: \$10.00 per Listed Combined Unit and \$10.00 per Class F Combined Unit
(Minimum Purchase: 200 Listed Combined Units or 500 Class F Combined Units)**

	Price to the Public ⁽¹⁾	Agents’ Fee	Net Proceeds to the Fund ⁽²⁾
Per Listed Combined Unit	\$10.00	\$0.525	\$9.475
Per Class F Combined Unit	\$10.00	\$0.225	\$9.775
Total Minimum Offering ⁽³⁾⁽⁴⁾	\$20,000,000	\$1,050,000	\$18,950,000
Total Maximum Offering ⁽⁴⁾⁽⁵⁾	\$100,000,000	\$5,250,000	\$94,750,000

- (1) The offering price was established by negotiation between the Agents (defined below) and the Manager.
- (2) Before deducting the expenses of this offering (the “Offering”) and organizational expenses (estimated at \$750,000) which, together with the Agents’ fees, will be paid out of the proceeds of the Offering. The Manager has agreed to pay expenses incurred in connection with the Offering, other than the Agents’ fees, that exceed 1.50% of the gross proceeds of the Offering.
- (3) There will be no closing unless a minimum of 2,000,000 Listed Combined Units are sold. If subscriptions for a minimum of 2,000,000 Listed Combined Units have not been received within 90 days following the date of issuance of a final receipt for this prospectus, the Offering may not continue without the consent of the securities authorities and those who have subscribed on or before such date.

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- (4) The Agents' fees shown are based on the fee payable on Listed Combined Units. This amount will be lower and the net proceeds to the Fund will be higher to the extent that Class F Combined Units are sold.
- (5) The Fund has granted the Agents an option (the "Over-Allotment Option"), exercisable for a period of 30 days following the closing of the Offering, to purchase that number of Listed Units and Listed Warrants up to 15% of the aggregate number of Combined Units issued at the closing of the Offering at a price of \$9.60 per Listed Unit and \$0.40 per Listed Warrant. This prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Listed Units and Listed Warrants issuable on the exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total price to the public under the maximum offering will be \$115,000,000, the Agents' fees will be \$6,037,500 and the net proceeds to the Fund will be \$108,962,500. See "Plan of Distribution".

The Fund intends to pay regular quarterly distributions to Unitholders of record on the last day of March, June, September and December in each year and will pay a special distribution in each applicable year to the extent necessary to ensure that the Fund will not be liable for ordinary income tax in the year. The initial distribution of \$0.125 to Unitholders of record on March 31, 2008 is anticipated to be paid on or about April 15, 2008. The indicative distribution amount of the Fund is initially \$0.50 per Unit per annum for the first 4 quarters of the Fund, and thereafter as determined by the Manager each January.

Based on its initial anticipated composition, the Portfolio is expected to generate approximately 3.01% of distributions, dividend and interest income per annum (net of withholding tax), which, after deduction of expenses, will be distributed by the Fund to Unitholders. The balance of the quarterly distributions is expected to be funded through sales of securities in the Portfolio or other returns, if any. The Portfolio would be required to appreciate at a rate of approximately 4.14% per annum in order for the Fund to maintain a stable net asset value while making the initial quarterly cash distributions. Therefore, it is expected that distributions to Unitholders will be characterized primarily as capital gains, ordinary income and returns of capital. If the return on the Portfolio is less than the amount necessary to fund the quarterly distributions, the Manager may return a portion of the capital of the Fund to Unitholders to ensure that the distribution is paid and accordingly, the NAV per Unit will be reduced. See "Distributions".

Provided that the Fund qualifies as a mutual fund trust within the meaning of the Tax Act (defined herein), the Units and the Warrants will be qualified investments for trusts governed by registered retirement savings plans registered retirement income funds, deferred profit sharing plans or registered education savings plans (each a "plan trust"), and with respect to the Warrants only, provided that the Fund deals at arm's length with each person who is an annuitant, a beneficiary, an employer or a subscriber under the plan trust. See "Eligibility for Investment".

On February 1, 2010 the Fund will become an open-ended mutual fund, the Listed Units of the Fund will be delisted and the Listed Units and Class F Units will become redeemable at their respective net asset value per Unit on a daily basis. See "Conversion of the Fund".

See "Risk Factors" for a discussion of certain factors that should be considered by prospective investors in Units and Warrants. There can be no assurance that the Fund will be able to achieve its investment objectives.

The Toronto Stock Exchange ("TSX") has conditionally approved the listing of the Listed Units and the Listed Warrants subject to fulfillment by the Fund of the requirements of the TSX or or before February 8, 2008. The Listed Units and Listed Warrants will be listed for trading under the Symbol "GRE.UN" and "GRE.WT".

The Fund is not a trust company and, accordingly, the Fund is not registered under the trust company legislation of any jurisdiction as it does not carry on business as a trust company. Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured under provisions of that Act or any other legislation.

CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., Canaccord Capital Corporation, Dundee Securities Corporation, HSBC Securities (Canada) Inc., Raymond James Ltd., Blackmont Capital Inc., Wellington West Capital Inc., Berkshire Securities Inc., Desjardins Securities Inc., Laurentian Bank Securities Inc., Research Capital Corporation and Richardson Partners Financial Limited (collectively, the "Agents") conditionally offer the Combined Units, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters by Borden Ladner Gervais LLP, on behalf of the Fund, and Blake, Cassels & Graydon LLP, on behalf of the Agents. The Agents may over-allot and may effect transactions to cover their over-allotted position.

Subscriptions will be received for the Combined Units offered hereby, subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time. Closing of the Offering is expected to occur on or about December 18, 2007 but no later than January 15, 2008. Registrations and transfers of Listed Units, Listed Warrants, Class F Units and Class F Warrants will be effected only through the book-based system administered by CDS Clearing and Depository Services Inc. Beneficial owners of Units and Warrants will not have the right to receive physical certificates evidencing their ownership. See "Description of Units — Book-Based System".

These securities have not been registered under the United States Securities Act of 1933, as amended and may not be offered or sold in the U.S. unless an exemption from registration is available under applicable U.S. federal and state securities legislation.

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GLOSSARY OF TERMS

In this prospectus, the following terms shall have the meanings set forth below, unless otherwise indicated.

“**Agency Agreement**” means the agency agreement dated as of November 29, 2007 among the Fund, the Manager, and the Agents.

“**Agents**” means, collectively, CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., Canaccord Capital Corporation, Dundee Securities Corporation, HSBC Securities (Canada) Inc., Raymond James Ltd., Blackmont Capital Inc., Wellington West Capital Inc., Berkshire Securities Inc., Desjardins Securities Inc., Laurentian Bank Securities Inc., Research Capital Corporation and Richardson Partners Financial Limited.

“**Alternative Proposal**” means the proposed alternative tax proposal to the October 2003 Proposals, which has not, to date, been released.

“**Business Day**” means any day on which the TSX is open for business.

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

“**CDS Participants**” means participants in CDS.

“**Class F Combined Unit**” means a combined unit consisting of a Class F Unit and a Class F Warrant.

“**Class F Unit**” means a Class F unit of the Fund.

“**Class F Warrant**” means a full Class F Unit purchase warrant entitling the holder to purchase one Class F Unit at the Subscription Price at any time on or before the Warrant Expiry Time.

“**Closing**” means the closing of the Offering on the Closing Date.

“**Closing Date**” means the date of the Closing, which is expected to be on or about December 18, 2007 or such later date as the Fund and the Agents may agree, but in any event not later than January 15, 2008.

“**Combined Unit**” means a Listed Combined Unit or a Class F Combined Unit.

“**Conversion**” means the conversion of the Fund to an open-ended mutual fund.

“**Conversion Date**” means February 1, 2010, the date upon which the Conversion will occur.

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

“**Custodian**” means State Street Trust Company Canada, in its capacity as custodian under the Custodian Agreement.

“**Declaration of Trust**” means the declaration of trust dated as of November 29, 2007, as it may be amended from time to time.

“**DRIP**” means the Fund’s distribution reinvestment plan.

“**Extraordinary Resolution**” means a resolution passed at a meeting of Unitholders by votes cast thereat by Unitholders holding not less than 66 $\frac{2}{3}$ % of the number of Units present at the meeting or represented by proxy or rendered by instruments in writing signed by the Unitholders holding not less than 66 $\frac{2}{3}$ % of the number of Units.

“**First NAV Redemption Date**” means January 29, 2010.

“**Fund**” means Sentry Select Global Real Estate Fund, a closed-end investment fund established under the laws of Ontario pursuant to the Declaration of Trust.

“**Indicative Distribution Amount**” means the indicative distribution amount of the Fund, initially \$0.50 per Unit per annum for the first 4 quarters of the Fund, and thereafter as determined by the Manager each January.

“**Listed Combined Unit**” means a combined unit consisting of a Listed Unit and a Listed Warrant.

“**Listed Unit**” means a Unit of the Fund of the Class designated as “Listed Units”.

“**Listed Warrant**” means a full Listed Unit purchase warrant entitling the holder to purchase one Listed Unit at the Subscription Price at any time on or before the Warrant Expiry Time.

“**Manager**” means the manager of the Fund, Sentry Select.

“**Monthly Redemption**” means a redemption of Listed Units or Class F Units pursuant to the procedures described under “Redemption of Units — Monthly Redemption”.

“**Monthly Redemption Date**” with respect to particular Listed Units or Class F Units means the last Business Day of the month.

“**Monthly Redemption Price**” means the price per Listed Unit that a holder thereof is entitled to receive upon a Monthly Redemption.

“**NAREIT**” means the National Association of Real Estate Investment Trusts, the trade association for REITs and publicly traded real estate companies with an interest in the U.S. property and investment markets.

“**NAV per Listed Unit**” means the NAV of the Listed Units divided by the number of Listed Units outstanding at the time the calculation is made.

“**NAV per Class F Unit**” means the NAV of the Class F Units divided by the number of Class F Units outstanding at the time of the calculation is made.

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

“**NI 81-102**” means National Instrument 81-102 Mutual Funds of the Canadian Securities Administrators, as it may be amended from time to time.

“**Notice Period**” means the period from December 1, 2009 until 5:00 p.m. (Toronto time) on the last Business Day in December, 2009.

“**October 2003 Proposals**” means proposed amendments to the Tax Act released on October 31, 2003, by the Department of Finance that would require, for taxation years commencing after 2004, that there be a “reasonable expectation of profit” from a business or property for a taxpayer to realize a loss from such business or property, not inclusive of capital gains.

“**Offering**” means the offering of Listed Combined Units and Class F Combined Units at the Offering Price, as contemplated in this prospectus.

“**Offering Price**” means a price of \$10.00 per Listed Combined Unit and \$10.00 per Class F Combined Unit.

“**Over-Allotment Option**” means the option granted by the Fund to the Agents, exercisable for a period of 30 days following Closing, to purchase that number of Listed Units and Listed Warrants of up to 15% of the aggregate number of Combined Units issued at Closing at a price of \$9.60 per Listed Unit and \$0.40 per Listed Warrant, solely to cover over-allotments, if any.

“**Portfolio**” means the assets held by the Fund from time to time.

“**Portfolio Securities**” means securities that are held in the Portfolio.

“**Real Estate Issuers**” means publicly listed Real Estate-Related Issuers and REITs.

“**Real Estate-Related Issuer**” means an issuer whose business is the investment in, development of, service of, or operation of real property, but that is not a REIT. The Manager’s determination that an issuer is a Real Estate-Related Issuer will be conclusive for all purposes.

“**Redemption Payment Date**” means the date on or before (i) the third Business Day following the First NAV Redemption Date or (ii) the 10th Business Day following the applicable Monthly Redemption Date in the case of a Monthly Redemption.

“**Registrar and Transfer Agent**” means Computershare Trust Company of Canada.

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

“**RREEF Research**” means the real estate and infrastructure division for the investment management activities of Deutsche Bank AG.

“**Sentry Select**” means Sentry Select Capital Corp.

“**Servicing Fee**” means the servicing fee the Manager will pay the investment dealers equal to 0.40% annually of the NAV per Listed Unit for each Listed Unit held by the clients of the registered dealer.

“**SIFT Rules**” means the provisions of the Tax Act providing for a tax on certain income earned by a specified investment flow through trust or partnership which provisions were introduced as Bill C-52 and became law on June 22, 2007.

“**Subscription Price**” means the subscription price of one full Listed Warrant or one full Class F Warrant of \$10.25.

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

“**Trustee**” means initially Sentry Select, in its capacity as Trustee under the Declaration of Trust, and thereafter such successor as may be appointed Trustee in accordance with the provisions of the Declaration of Trust.

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

“**Unit**” means a Listed Unit or a Class F Unit.

“**Unitholders**” means holders of Units.

“**Valuation Time**” means 4:15 p.m. (Toronto time) on each Thursday during the year (or, if a Thursday is not a Business Day, the Business Day following such Thursday) and on the last Business Days of March, June, September and December.

“**Warrant**” means a Listed Warrant or a Class F Warrant.

“**Warrant Expiry Time**” means the date and time upon which all unexercised Listed Warrants and/or Class F Warrants expire and thereafter are null and void, being 4:00 pm (Toronto time) on October 31, 2009.

“**Warrant Indentures**” means the Warrant Indenture to be dated as of the Closing Date between the Fund and Warrant Trustee applicable to the Listed Warrants and the Warrant Indenture dated as of the Closing Date between the Fund and the Warrant Trustee applicable to the Class F Warrants.

“**Warrant Trustee**” means Computershare Trust Company of Canada, pursuant to the Warrant Indentures.

“**Warrantholder**” means a holder of one or more Listed Warrants or Class F Warrants.

MARKET INFORMATION

Certain information contained herein relating to the Global Real Estate Market has been obtained from publicly available sources including, reports prepared by sell-side research firms and real estate research and data services. It is extremely difficult to obtain accurate figures due to the fragmented and confidential nature of the industry. These sources make no representations as to the reliability of the information on which their analysis is based. Further, the analyses reflected in these reports are subject to a series of assumptions and projections about the drivers of value which are not disclosed in detail in the reports. There are a number of factors that can cause the results to differ materially from those described in the reports. These reports consider the Global Real Estate Market generally and do not purport to provide advice as to any particular investment or guidance with respect to any particular investment objective. Nor do these reports purport to provide information with respect to particular sectors or the issuers within those sectors. While the Manager believes that these reports are reliable, neither the Manager, the Fund nor the Agents have independently verified the accuracy or completeness of any information or assume any responsibility for the completeness or accuracy of the information derived from these reports.

INFORMATION REGARDING PUBLIC ISSUERS

Certain information contained in this prospectus relating to publicly traded securities and the issuers of those securities was taken from and based solely upon information published by those issuers. In addition, certain information contained in this prospectus was obtained from public sources. Neither the Manager, the Fund nor the Agents have independently verified the accuracy or completeness of any such information or assume any responsibility for the completeness or accuracy of such information.

FORWARD LOOKING STATEMENTS

Certain statements included in this prospectus constitute forward looking statements or information, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions to the extent they relate to the Fund or the Manager. The forward looking statements and information are not historical facts but reflect the Fund’s current expectations regarding future results or events. The prospectus includes, from a number of third party sources forward looking statements or information and although the Manager believes such statements or information to be reliable, no assurance can be given that such forward looking statements or information will be accurate. These forward looking statements and information are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under “Risk Factors” and in other sections of this prospectus. Accordingly readers should not place undue reliance on forward looking statements and information. All forward looking statements and information is qualified by this cautionary statement.

PROSPECTUS SUMMARY

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

THE FUND

The Fund is an investment trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust.

THE OFFERING

Offering: The Offering consists of Listed Combined Units and Class F Combined Units.

Each Listed Combined Unit consists of one Listed Unit and one full Listed Warrant. Each whole Listed Warrant entitles the holder to purchase one Listed Unit at a subscription price of \$10.25 on or before 4:00 p.m. on October 31, 2009. Each Class F Combined Unit consists of one Class F Unit and one whole Class F Warrant. Each whole Class F Warrant entitles the holder to purchase one Class F Unit at a subscription price of \$10.25 on or before 4:00 p.m. on October 31, 2009. **Listed Warrants or Class F Warrants not exercised on or before 4:00 p.m. on October 31, 2009 will be void and of no value.**

The Listed Units and the Listed Warrants constituting the Listed Combined Units and the Class F Units and the Class F Warrants constituting the Class F Combined Units will separate immediately following the closing of the Offering.

Amount: Minimum: \$20,000,000 (2,000,000 Combined Units)
Maximum: \$100,000,000 (10,000,000 Combined Units)

Offering Price: \$10.00 per Combined Unit

Minimum Purchase: 200 Listed Combined Units (\$2,000)
500 Class F Combined Units (\$5,000)

Rationale for the Fund: The Fund was created to provide Unitholders with exposure to the global real estate market. The Manager believes that this asset class will continue to provide an attractive investment opportunity by seeking to benefit from stable income from real estate securities in mature real estate markets such as the US, Canada, UK, Australia and Japan, and opportunities for significant capital appreciation from emerging markets with faster growing economies, such as India and China. The Manager believes that growth will be fueled by the increased demand for conservative, income investments, driven by aging populations worldwide. The Manager also believes that the aging of the global population will result in increased demand for “hard” assets which provide diversification from other financial assets and also provide a hedge against inflation. In addition, further investment opportunities may be provided by the continued adoption of the REIT structure globally.

Investment Objectives: The Fund’s investment objectives are to invest primarily in Real Estate Issuers with a view to:

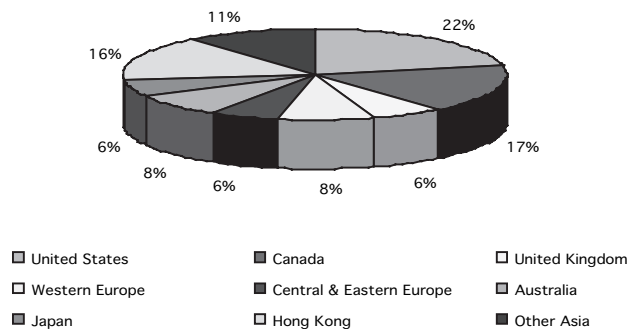
- (i) paying quarterly cash distributions (initially expected to be \$0.125 per quarter per Unit, or 5% per annum based on the original price of \$10.00 per Combined Unit); and
- (ii) preserving and enhancing the NAV per Unit.

Investment Strategy:

The net proceeds of the Offering will be invested primarily in an actively managed diversified portfolio of global Real Estate Issuers. In making its investment decisions, the Manager will first take into consideration macroeconomic factors including real Gross Domestic Product growth, population growth, reserves, budgets, inflation, interest rates and taxation rates, in order to identify countries with favourable economies that it considers attractive for investment. Next the Manager will identify specific real estate sectors, such as Residential, Retail, Industrial or Office within each country that it believes offer the most favourable potential future returns. In its analysis, the Manager will take into consideration such factors as supply and demand trends, rent and capital value trends and relative risk premiums. Finally, within each country and sector, the Manager will select those Real Estate Issuers that it believes offer the best relative value based on its fundamental analysis.

Initial Indicative Portfolio Diversification:

GEOGRAPHIC DIVERSIFICATION



Manager:

Sentry Select is the manager of the Fund. Sentry Select is responsible for providing or arranging for the provision of investment management and administrative services required by the Fund. See “Management of the Fund — The Manager”.

Sentry Select has taken the initiative in organizing the Fund and accordingly, may be a “promoter” of the Fund within the meaning of applicable securities legislation. See “Promoter”.

Sentry Select is a Canadian wealth management company that manages approximately \$8 billion in gross assets as of September 30, 2007. Sentry Select offers a diverse range of investment products including closed-end trusts, mutual funds, principal-protected notes and flow-through limited partnerships, covering a variety of domestic and global mandates. Sentry Select has managed listed real estate securities since its inception in 1997 and currently manages over \$600 million in real estate securities across numerous mandates.

Sentry Select manages the Sentry Select REIT Fund (the “REIT Fund”) which is an open-end mutual fund with approximately \$150 million in assets as of September 30, 2007. The investment objective of the REIT Fund is to

provide regular current income by investing primarily in REITs and equity securities of corporations participating in the residential and commercial real estate sector. The REIT Fund has the ability to invest globally, but the Manager did not begin investing the REIT Fund globally until May 2007. As of September 30, 2007, approximately 16.4% of the REIT Fund's assets were invested in non-Canadian securities. In managing the REIT Fund, the Manager uses the same valuation methodology in assessing Real Estate Issuers and makes its investment selections in substantially the same manner as described under "Investment Strategy", although prior to May, 2007, because it invested only in Canadian issuers, it did not take into account those macroeconomic factors that related to a country other than Canada. Furthermore, the REIT Fund is not authorized to invest in Real Estate-Related Issuers that are not participating in the residential and commercial real estate sector.

The performance of the Fund may differ materially from the information presented below. The performance of the Fund will depend on the actual results of the investments made by the Fund. **The information about the REIT Fund's performance presented below is not, and should not be construed to be, an indication about the future performance of the Units or amounts which may be distributed by the Fund. This information is presented solely for illustrative purposes, and should not be construed as a forecast or projection of the expected return of the Fund. This information is provided only to illustrate the experience and historical results achieved by Sentry Select through investment in real estate issuers. Past performance is not indicative of future results.**

	1 Year (%)	3 Year (%)	5 Year (%)	Since Inception ⁽²⁾ (%)
Performance of REIT Fund ⁽¹⁾⁽³⁾⁽⁴⁾	10.2	18.0	15.7	9.7
Performance of the Scotia Capital Real Estate Trust Sub-index ⁽⁵⁾	13.8	21.2	19.1	14.8
S&P/TSX Composite Index ⁽⁶⁾	22.9	20.2	20.4	10.1

(1) Annualized returns of Series A Units to September 30, 2007, net of fees.

(2) Inception date December 19, 1997.

(3) The REIT Fund is subject to different expenses from those of the Fund.

(4) Performance assumes reinvestment of all distributions.

(5) The Scotia Capital Real Estate Trust Sub-index is a capitalization-weighted sub-index of the Scotia Capital Income Trust Index and is designed to track the performance of all eligible listed REITs trading on the TSX. Source: Bloomberg/Scotia Capital.

(6) The S&P/TSX Composite Index is a capitalization weighted index designed to measure the market activity of stocks listed on the TSX. Source: Bloomberg.

Distributions:

The Fund intends to pay quarterly cash distributions. The initial cash distribution of \$0.125 per Unit to Unitholders of record on March 31, 2008 is anticipated to be paid on or about April 15, 2008. Commencing in 2009, the Fund will annually determine and announce each January an Indicative Distribution Amount for the following 4 quarters. The Fund may make additional distributions in any given year. See "Distributions", "Investments of the Fund — Investment Strategy" and "Risk Factors".

Based on its initial anticipated composition, the Portfolio is expected to generate approximately 3.01% of distributions, dividend and interest income per annum (net of withholding tax), which, after deduction of expenses, will be distributed by the Fund to Unitholders. The balance of the quarterly distributions is expected to be funded through sales of securities in the Portfolio or other returns, if any. The Portfolio would be required to appreciate at a rate of approximately 4.14% per annum in order for the Fund to maintain a stable NAV while making the initial quarterly cash distributions. Therefore, it is expected that distributions to Unitholders will be characterized primarily as capital gains, Canadian source dividends, ordinary income and returns of capital. If the return on the Portfolio is less than the amount necessary to fund the quarterly distributions, the Manager may return a portion of the capital of the Fund to Unitholders to ensure that the distribution is paid and accordingly, the NAV per Unit will be reduced. See “Distributions”.

If, in any year after such distributions, there would otherwise remain in the Fund additional net income or net realized capital gains, a special distribution of such portion of the net income and net realized capital gains as is necessary to ensure that the Fund will not be liable for income tax under the Tax Act (after taking into account all available deductions, credits and refunds) will be automatically payable on December 31 of that year to Unitholders of record on that date. Such additional distribution may be made in cash or Units.

Initial Indicative Distribution Amount:

The Indicative Distribution Amount for the first 4 quarters of the Fund is \$0.125 per Unit per quarter (\$0.50 per Unit per annum) representing a yield of 5.0% per annum based on the \$10.00 per Unit issue price.

Distribution Reinvestment Plan:

All distributions from the Fund will automatically be paid directly to each Unitholder unless, in the case of a holder of Listed Units who is a resident of Canada, such Unitholder requests in writing that such distribution be reinvested on such Unitholder’s behalf pursuant to the distribution reinvestment plan. See “Distribution Reinvestment Plan”. After Conversion, all distributions on Units will be automatically re-invested in Units of the same class, unless a Unitholder requests to receive cash.

Currency Hedging:

The Portfolio will normally have a significant exposure to non-Canadian dollar denominated securities. However, Sentry Select does not intend to hedge the currency exposure initially. The Manager may, from time to time, hedge some or all of the currency exposure back into Canadian dollars.

Redemption at NAV per Unit:

Units may be surrendered for redemption during the period from December 1, 2009 to 5:00 p.m. (Toronto time) on the last Business Day in December, 2009. Units surrendered for redemption during this period will be redeemed on the First NAV Redemption Date. Unitholders will receive a redemption price per Unit equal to NAV per Unit as at the First NAV Redemption Date. After the First NAV Redemption Date, Unitholders may redeem Units on any Business Day at their respective Net Asset Value per Unit. See “Redemption of Units” and “Conversion of the Fund”.

Mandatory Market Purchase Program:

The Fund will undertake a mandatory market purchase program pursuant to which the Fund will, subject to certain exceptions and compliance with any applicable regulatory requirements, purchase any Listed Units offered in the market at prices that are less than 95% of the latest determined NAV per Listed Unit, up to a maximum amount in any calendar quarter of 1.25% of

the number of Listed Units outstanding at the beginning of such calendar quarter if on any Business Day following the Closing, the closing price of the Listed Unit is less than 95% of the latest determined NAV per Listed Unit.

Conversion:

The Fund will become an open-ended mutual fund on the Conversion Date and the Listed Units will be delisted. On and after the Conversion, the Units will be redeemable at their respective NAV per Unit on a daily basis and the Fund will become subject to NI 81-102. See “Conversion of the Fund”.

Comparison of Class F Units to Listed Units:

Class F Combined Units are intended for investors who have or arrange to have fee-based accounts with a registered dealer. The Agents’ fee payable on the sale of Class F Units is lower than for Listed Units and no Servicing Fee is payable to the registered dealer of the holder of Class F Units. As a result, the NAV per Class F Unit will be higher than the NAV per Listed Unit. Distributions per Unit will be the same for Listed Units and Class F Units. The Class F Units will not be listed on an exchange. Prior to the Conversion Date, the Class F Units will be convertible each week into Listed Units on the basis of their relative Net Asset Values per Unit and it is expected that the liquidity for the Class F Units will be obtained by means of conversion into Listed Units and the sale of those Listed Units through the facilities of the TSX.

Borrowing:

The Fund will be able to borrow only in accordance with NI 81-102 as if NI 81-102 applied to the Fund.

Non-Resident Unitholders:

In certain circumstances, non-resident Unitholders and non-Canadian partnerships may be required to sell some or all of their Units to residents of Canada within a specified period of not less than 30 days. See “Unitholder Matters — Non-Resident Unitholders”.

Eligibility for Investment:

Provided that the Fund qualifies as a mutual fund trust within the meaning of the Tax Act, the Units and Warrants will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans or registered education savings plans (each a “plan trust”), and with respect to the Warrants only, provided that the Fund deals at arm’s length with each person who is an annuitant, a beneficiary, an employer or a subscriber under the plan trust. See “Eligibility for Investment”.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

A Unitholder who is resident in Canada will generally be required to include, in computing the Unitholder's income for the year, the amount of net income, and the taxable portion of the net realized capital gains of the Fund, that is paid or payable to the Unitholder in the year whether in cash or in Units. The Fund will generally be required to pay withholding tax on its foreign source dividend income. To the extent such withholding taxes do not exceed 15% of the amount of the Fund's net income from such related foreign investments, a taxable Unitholder will generally be entitled to foreign tax credits in respect of such withholding taxes paid by the Fund on the Unitholder's share of the foreign source dividend income of the Fund designated in respect of the Unitholder, under and subject to the general foreign tax credit rules under the Tax Act and depending upon other foreign source income or losses and foreign taxes paid by the Unitholder. Distributions by the Fund to a Unitholder in excess of the Unitholder's share of the Fund's net income and net realized capital gains will generally not result in an inclusion in income but will reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit held as capital property would otherwise be less than zero, the Unitholder will be deemed to have realized a capital gain equal to the negative amount and the adjusted cost base of the Unit will be increased by the amount of such deemed capital gain. A Unitholder who disposes of Units held as capital property (on redemption or otherwise) will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base of Units and any reasonable costs of disposition. Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units by obtaining advice from his or her tax advisor.

RISK FACTORS

An investment in Combined Units is subject to various risk factors, including the following risks which prospective investors should consider before purchasing Combined Units.

1. the NAV per Unit will vary according to the value of the securities in which the Fund invests;
2. possible loss of investments;
3. no guaranteed return;
4. risks associated with the composition and concentration of the Portfolio;
5. the general risks associated with investments in real estate issuers, such as oversupply of commercial real estate, reduced demand for commercial real estate and availability and cost of capital;
6. there can be no assurance that the Fund will be able to achieve its investment objectives;
7. the NAV of the Fund and the trading price of the Listed Units will be sensitive to interest rate fluctuations;
8. Listed Units may trade in the market at a premium or a discount to the NAV per Listed Unit and there can be no guarantee that Listed Units will trade at a price equal to the NAV per Listed Unit;
9. reliance on management of the Fund;
10. if a Unitholder does not exercise, or sells, the Listed Warrants or Class F Warrants, then the value of the Listed Units or Class F Units held by that Unitholder may be diluted as a result of the exercise of such Warrants by others;
11. risks associated with foreign market exposure as the securities held in the Portfolio will include securities of issuers from foreign countries;
12. risks associated with foreign currency exposure as the NAV and the value of the dividends received by the Fund will be affected by fluctuations in the value of foreign currencies relative to the Canadian dollar to the extent not hedged against;
13. risks associated with derivative instruments which carry different and possibly greater risks than the risks associated with directly investing in such securities and other traditional instruments;

14. risks associated with redemptions;
 15. the Fund's lack of operating history and the current absence of a public trading market for the Listed Units and Listed Warrants and no public trading market for the Class F Units and Class F Warrants;
 16. prior to the Conversion, the Fund is not subject to regulation as a mutual fund or trust company;
 17. the potential for conflicts of interest;
 18. the scope of the Alternative Proposal has not been released and its scope is uncertain and may increase taxable distributions to Unitholders as well as additional risks associated with taxation of the Fund;
 19. there can be no assurance that income tax laws and government incentive programs relating to 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 Fund and the Unitholders and/or the value of the Units or the securities in which the Fund invests;
 20. loss of voting rights and the ability to approve changes to the investment strategy after Conversion;
 21. Unitholders will not have statutory rights normally associated with ownership of shares of a corporation.
- See "Risk Factors".

SUMMARY OF FEES AND EXPENSES PAYABLE BY THE FUND

The following table contains a summary of the fees and expenses payable by the Fund. All fees and expenses of the Fund will be paid in cash. For further particulars, see "Fees and Expenses".

<u>Type of Charge</u>	<u>Description</u>
Fees payable to the Agents	\$0.525 per Listed Combined Unit (5.25% of the per Listed Combined Unit price). \$0.225 per Class F Combined Unit (2.25% of the Class F Combined Unit price).
Expenses of Issue	The Fund will pay the expenses incurred in connection with the Offering of Combined Units by the Fund, estimated to be \$750,000. The Manager has agreed to pay all expenses incurred in connection with the Offering, other than the Agents' fees, that exceed 1.50% of the gross proceeds of the Offering.
Fee payable to the Manager	An annual fee of 1.10% of NAV, calculated and payable monthly in cash or Listed Units or Class F Units at the option of the Manager, plus an amount equal to the Servicing Fee payable to registered dealers of 0.40% of NAV per Listed Unit as described below plus applicable taxes. No Servicing Fee will be paid with respect to Class F Units.
Operating expenses of the Fund	The Fund will pay all ordinary expenses incurred in connection with the operation and administration of the Fund estimated to be \$250,000 per annum. The Fund will also be responsible for commissions and other costs of portfolio transactions and any extraordinary expenses of the Fund which may be incurred from time to time.
Warrant Exercise Fee	Upon exercise of a Listed Warrant, the Fund will pay a fee equal to \$0.10 per Listed Warrant to the Agents and a fee equal to \$0.15 per Listed Warrant to the broker whose client is exercising the Warrant.

SUMMARY OF FEES PAYABLE BY THE MANAGER

Servicing Fee	The Manager will pay to registered dealers a Servicing Fee (calculated and paid at the end of each calendar quarter) equal to 0.40% annually of the NAV per Listed Unit for each Listed Unit held by clients of the registered dealer. No Servicing Fee will be paid with respect to Class F Units.
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THE FUND

The Fund is an investment trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. See “Management of the Fund”. The undertaking of the Fund is to own a portfolio of securities and to derive income and capital gains from these securities and preservation of capital.

The principal office of the Fund and Sentry Select is located at 130 King Street West, Suite 2850, Toronto, Ontario M5X 1A4.

INVESTMENTS OF THE FUND

Rationale of the Fund

The Fund was created to provide Unitholders with exposure to the global real estate market. Sentry Select believes that this asset class will continue to provide an attractive investment opportunity by seeking to benefit from stable income from real estate securities in mature real estate markets such as the US, Canada, UK, Australia and Japan, and opportunities for significant capital appreciation from emerging markets with faster growing economies, such as India and China. The Manager believes that growth will be fueled by the increased demand for conservative, income investments, driven by aging populations worldwide. The Manager also believes that the aging of the global population will result in increased demand for “hard” assets which provide diversification from other financial assets and also provide a hedge against inflation. In addition, further investment opportunities may be provided by the continued adoption of the REIT structure globally.

Investment Objectives

The Fund’s investment objectives are to invest primarily in Real Estate Issuers with a view to:

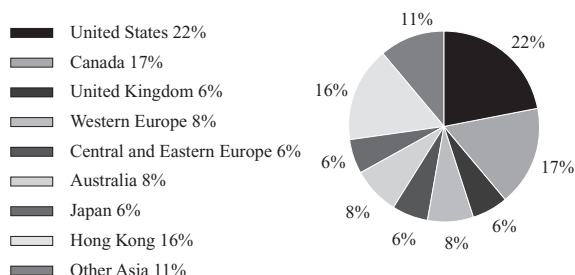
- (i) paying quarterly cash distributions (initially expected to be \$0.125 per quarter, per Unit or 5% per annum based on the original price of \$10.00 per Combined Unit); and
- (ii) preserving and enhancing the NAV per Unit.

Investment Strategy

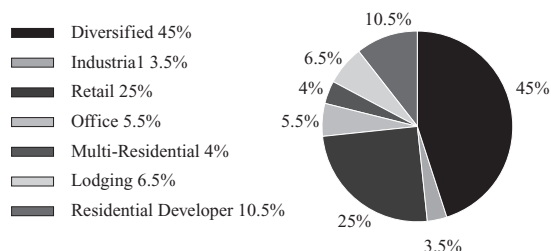
The net proceeds of the Offering will be invested primarily in an actively managed diversified portfolio of global Real Estate Issuers. In making its investment decisions, the Manager will first take into consideration macroeconomic factors including real Gross Domestic Product growth, population growth, reserves, budgets, inflation, interest rates and taxation rates, in order to identify countries with favourable economies that it considers attractive for investment. Next, the Manager will identify specific real estate sectors, such as Residential, Retail, Industrial or Office within each country that it believes offer the most favourable potential future returns. In its analysis, the Manager will take into consideration such factors as supply and demand trends, rent and capital value trends and relative risk premiums. Finally, within each country and sector, the Manager will select those Real Estate Issuers that it believes offer the best relative value based on its fundamental analysis. The Manager believes that this approach will offer the greatest risk-adjusted total returns over the long term.

The following charts show the geographic diversification and sector allocation of the Real Estate Issuers that would have made up the Portfolio if the Portfolio had been purchased on October 23, 2007.

Geographic Diversification of Indicative Portfolio



Sector Allocation of Indicative Portfolio



Historical Performance of the Sentry Select REIT Fund

Sentry Select REIT Fund (the “REIT Fund”) is an open-end mutual fund with approximately \$150 million in assets as of September 30, 2007. The investment objective of the REIT Fund is to provide regular current income by investing primarily in REITs and equity securities of corporations participating in the residential and commercial real estate sector. The REIT Fund has the ability to invest globally, but the Manager did not begin investing the REIT Fund globally until May 2007. As of September 30, 2007, approximately 16.4% of the REIT Fund’s assets were invested in non-Canadian securities. In managing the REIT Fund, the Manager uses the same valuation methodology in assessing Real Estate Issuers and makes its investment selections in substantially the same manner as described under “Investments of the Fund — Investment Strategy”, although prior to May, 2007, because it invested only in Canadian issuers, it did not take into account those macroeconomic factors that related to a country other than Canada. Furthermore, the REIT Fund is not authorized to invest in Real Estate-Related Issuers that are not participating in the residential and commercial real estate sector.

The performance of the Fund may differ materially from the information presented below. The performance of the Fund will depend on the actual results of the investments made by the Fund. **The information about the REIT Fund’s performance presented below is not, and should not be construed to be, an indication about the future performance of the Units or amounts which may be distributed by the Fund. This information is presented solely for illustrative purposes, and should not be construed as a forecast or projection of the expected return of the Fund. This information is provided only to illustrate the experience and historical results achieved by Sentry Select through investment in real estate issuers. Past performance is not indicative of future results.**

	1 Year (%)	3 Year (%)	5 Year (%)	Since Inception ⁽²⁾ (%)
Performance of REIT Fund ⁽¹⁾⁽³⁾⁽⁴⁾	10.2	18.0	15.7	9.7
Performance of the Scotia Capital Real Estate Trust Sub-index ⁽⁵⁾	13.8	21.2	19.1	14.8
S&P/TSX Composite Index ⁽⁶⁾	22.9	20.2	20.4	10.1

(1) Annualized returns of Series A Units to September 30, 2007, net of fees.

(2) Inception date December 19, 1997.

(3) The REIT Fund is subject to different expenses from those of the Fund.

(4) Performance assumes reinvestment of all distributions.

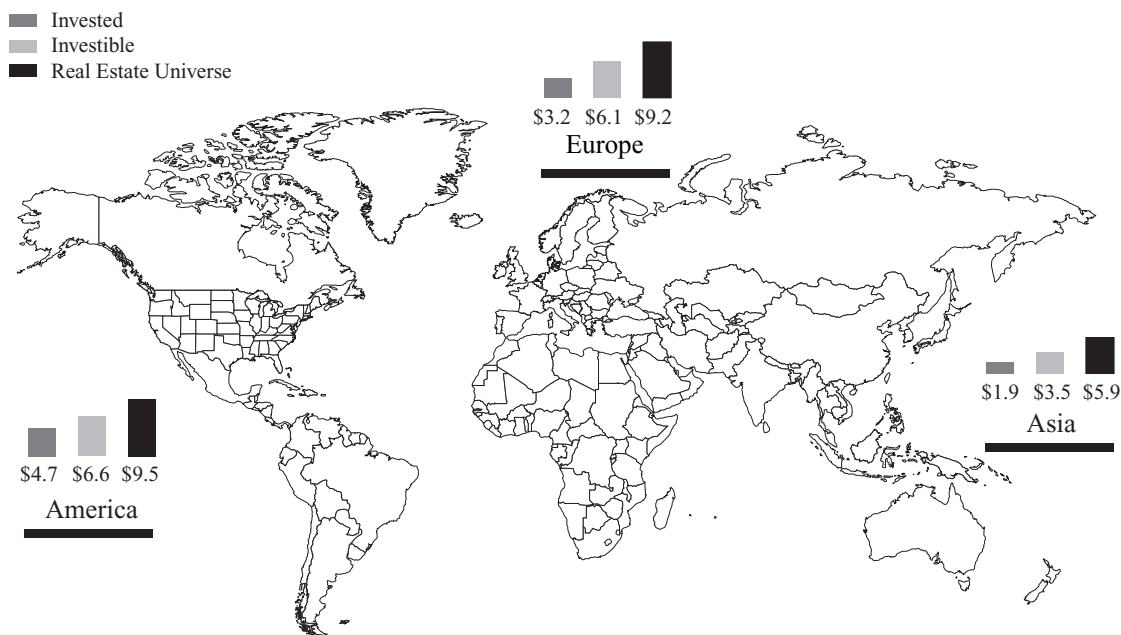
(5) The Scotia Capital Real Estate Trust Sub-index is a capitalization-weighted sub-index of the Scotia Capital Income Trust Index and is designed to track the performance of all eligible listed REITs trading on the TSX. Source: Bloomberg/Scotia Capital.

(6) The S&P/TSX Composite Index is a capitalization weighted index designed to measure the market activity of stocks listed on the TSX. Source: Bloomberg.

THE GLOBAL REAL ESTATE MARKET

The global real estate universe is estimated to be valued at over US\$24 trillion, of which approximately US\$16 trillion consists of investment grade properties and is described as “investible”. The investible universe is owned by professional real estate investors and/or owner-occupied. Of this investible universe, approximately US\$10 trillion is considered “invested”, that is, owned by professional real estate investors for investment purposes⁽¹⁾, including US\$1.2 trillion that is publicly-listed on global stock exchanges⁽²⁾.

Global Real Estate Universe in \$US Trillions



Source: RREEF Research. DTZ. ULI/PWC. As of December 2006

The global listed real estate market is dominated by the more mature real estate markets in the US, Canada, UK, Australia and Japan which account for over 70% of the listed real estate market⁽³⁾. While still small in relative terms, the emerging markets in Latin America, Europe and Asia are benefiting from initial public offerings and market appreciation.

(1) RREEF Research, *The Future Size of the Global Real Estate Market*

(2) S&P/Citigroup World Property Broad Market Index

(3) FTSE EPRA/NAREIT Global Real Estate Index

The following table shows the 10 largest REIT and 10 largest Non-REIT constituents of the FTSE EPRA/NAREIT Global Real Estate Index, which is designed to represent general trends in real estate worldwide.

FTSE EPRA/NAREIT Global Real Estate Index Top 10 REIT Constituents				
Rank	Constituent	Country	Net Mkt Cap (C\$millions)	Description
1	Westfield Group	Australia	33,631	Retail
2	Simon Property Group, Inc.	USA	25,505	Retail
3	Vornado Realty Trust	USA	19,616	Diversified
4	Land Securities Group PLC	UK	19,146	Diversified
5	Prologis	USA	17,443	Industrial
6	British Land Company PLC	UK	15,863	Diversified
7	Equity Residential	USA	15,784	Residential
8	General Growth Properties, Inc.	USA	15,218	Retail
9	Boston Properties, Inc.	USA	14,454	Office
10	Archstone-Smith Trust	USA	14,411	Residential
		<i>Total</i>	191,071	

FTSE EPRA/NAREIT Global Real Estate Index Top 10 Non-REIT Constituents				
Rank	Constituent	Country	Net Mkt Cap (C\$millions)	Description
1	Mitsubishi Estate Co. Ltd.	Japan	33,779	Diversified
2	Mitsui Fudosan Co. Ltd.	Japan	29,640	Diversified
3	Sun Hung Kai Properties Limited	Hong Kong SAR	23,204	Residential
4	Sumitomo Realty & Development Co. Ltd.	Japan	19,228	Diversified
5	Hong Kong Land Holdings Limited	Hong Kong SAR	8,432	Office
6	Brookfield Properties Corporation	Canada	8,326	Office
7	Capitaland Limited	Singapore	7,881	Diversified
8	Immofinanz AG	Austria	7,729	Diversified
9	New World Development Company Limited	Hong Kong SAR	7,219	Diversified
10	Hang Lung Properties Limited	Hong Kong SAR	6,977	Diversified
		<i>Total</i>	152,416	

Source: FTSE Group, data as at May 31, 2007. Conversion from Euro to Canadian source: Bank of Canada at conversion rate of 1.4392 Canadian dollar per Euro on May 31, 2007.

The following table shows the regional and sector percentage breakdown of the FTSE EPRA/NAREIT Global Real Estate Index. Sector returns are influenced by different factors which are often dependent upon the maturity of the local market and, generally, financial conditions within that market with the result that returns in some markets may be negative while positive in others and unrelated to returns in the global market generally. There may be large variations from country to country and from sector to sector.

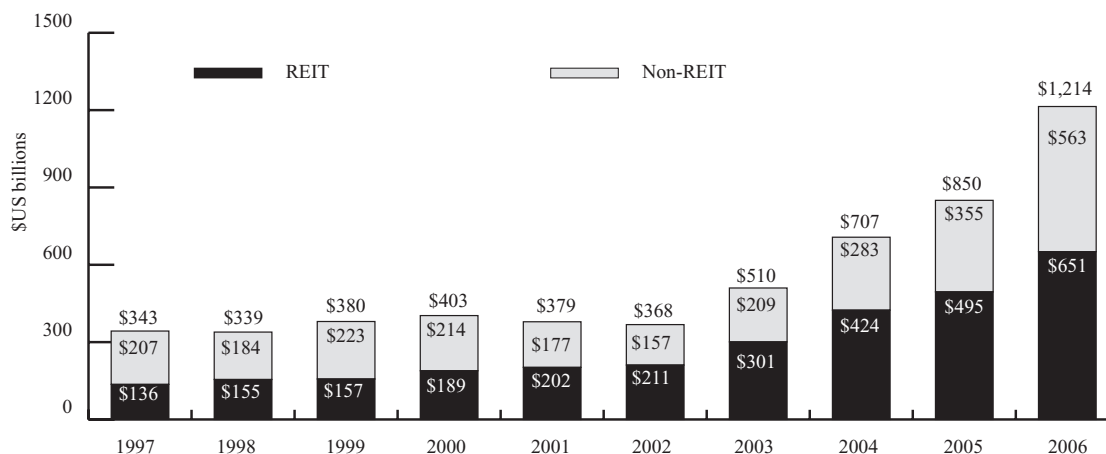
FTSE EPRA/NAREIT Global Real Estate Index

Region	% Global	Type/Sector	% Global
US	36.42%	Investors	67.3%
Australia	13.10%	Developers	32.7%
Hong Kong	12.94%	Diversified	38.6%
Japan	12.40%	Retail	22.8%
Continental Europe	10.97%	Office	13.6%
UK	8.01%	Residential	8.6%
Canada	3.45%	Industrial	6.1%
Singapore	2.62%	Lodging/Resorts	3.5%
		Healthcare	3.2%
		Self Storage	1.5%
		Industrial/Office Mixed	1.0%
		Specialty	0.9%

FTSE International Limited 2007. As at October 18, 2007.

Over the last decade, the market capitalization of the global listed real estate market has grown from US\$340 billion to over US\$1.2 trillion as shown in the following graph. Much of this growth has come during a period of declining global interest rates and strong global economic growth.

Growth in the Global Real Estate Securities Universe Market Capitalization: REIT and Non-REIT Securities



Source: S&P/Citigroup World Property Broad Market Index, December 1997 — December 2006.

One of the key drivers of growth in the listed global real estate market has been the proliferation of the REIT (and similar) structure in many countries. REIT legislation has allowed real estate owners to monetize their investments and access the capital markets for growth capital. The Manager believes the structure is also compelling for investors who are looking to gain access to long duration, high yield assets that have been shown to be hedged to inflation over the long term.

The global REIT market has grown in value by almost 350 percent over the past 5 years. At the beginning of 2007, there were a total of 334 REITs listed around the world, with a combined value of 944.6 billion, according to estimates by NAREIT.

Countries with REIT or REIT-like Legislation			
Australia	Dubai	Malaysia	South Korea
Belgium	France	Mexico	Taiwan
Brazil	Germany	Netherlands	Thailand
Bulgaria	Greece	New Zealand	Turkey
Canada	Hong Kong	Puerto Rico	UK
Chile	Israel	Singapore	US
Costa Rica	Japan	South Africa	

Source: EPRA Global REIT Survey, August 2007

Key supply drivers in most markets for the creation of REITs and similarly structured Real Estate Related Issuers include a reduction of taxes payable upon vending assets into a REIT or similar structure and access to the capital markets for continued growth. Meanwhile, the elimination of double taxation on distributions and the cash flow profile of REITs and similarly structured real estate issuers have been key drivers of demand.

The Manager believes that the aging of the global population has also led to increased demand for longer duration, high yield assets. Generally, pension funds seek to match the duration and cash flow stream of their liabilities and, accordingly, have increased their allocations to real estate (both direct and listed) and look to continue to do so in the near future. Retail investors have followed suit as the total assets in open-end real estate mutual funds have grown from US\$200 million to US\$35 billion over the last 10 years.⁽⁴⁾

The following chart shows the target real estate allocation of large pension plans in each of seven countries versus the current level of investment in real estate.



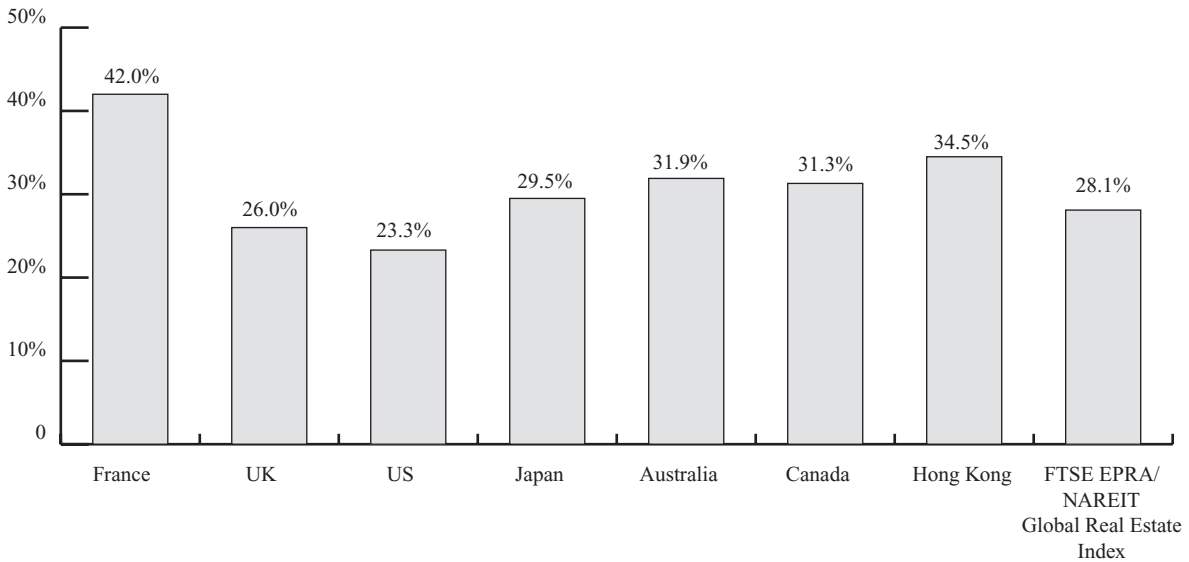
Source: RREEF Research

Investing in Global Listed Real Estate

Investors in the global real estate market have been rewarded with strong total returns over the last five years. Declining interest rates, strong economic growth and strong positive fund flows have combined to boost the size of the global listed real estate markets and has fueled strong returns. The Manager believes that going forward, the continued proliferation of the REIT structure and the continued aging of the global population should combine to sustain the demand for listed real estate securities.

(4) Citigroup Global Property Portfolio Manager's Quarterly, October 16, 2007

**Real Estate Securities Performance by Country.
5 Year Annualized Total Returns in US dollars as at October 17, 2007**



Note:

The information in this graph shows historical returns and should not be construed as an indication about future performance. The performance of the Fund will depend upon the actual future results of the investments made by the Fund which will likely be different from the performance of the FTSE EPRA/NAREIT Global Real Estate Index or any of the country sub-indices.

Source: FTSE EPRA/NAREIT

The strong fundamentals supporting global listed real estate include growing economic regions such as Latin America, Central and Eastern Europe, and Asia, where, based upon investment in immovable assets located within the specific country, listed real estate can offer some of the purest exposure to a growing economy. The following table shows the forecast real GDP growth for 2008, based upon the *Economist* consensus forecast, for five emerging market countries and five mature economy countries.

2008 Real GDP % Growth Forecast			
China	9.7	US	2.7
India	7.8	Canada	2.7
Malaysia	5.7	UK	2.5
Hong Kong	5.1	Germany	2.1
Singapore	5.4	France	2.1

Source: Economist Consensus Forecast, April 19, 2007

A benefit of investing in listed real estate is the low correlation it has demonstrated to other asset classes over the last decade. It has been proven in numerous studies that the addition of lowly correlated assets to a diversified portfolio will yield lower total portfolio volatility and can generate better risk adjusted returns for investors over the long term. This is especially true for listed real estate generally given its historically higher relative yield. The following table shows the correlation of certain stock or bond indices with the FTSE EPRA/NAREIT Global Real Estate Index.

**Correlation of Global Real Estate to Traditional Asset Classes
5 Years as at September 28, 2007**

Asset Class by Index	FTSE EPRA/NAREIT Global Real Estate Index (USD)
MSCI World Index	0.55
FTSE Global Government Bond Index	0.32
S&P 500 Index	0.49
S&P/TSX Composite Index	0.50

Source: FTSE EPRA/NAREIT

Within the global listed real estate universe there exist opportunities to further diversify. The returns from various real estate markets show low and declining correlations over time.

The following table shows the correlation between global real estate markets.

Three-Year FTSE EPRA/NAREIT Correlation Summary

	US	UK	Europe (Ex UK)	Australia	Japan	Singapore	Hong Kong
US	1.00	0.53	0.69	0.28	0.04	0.15	0.40
UK	0.53	1.00	0.64	0.45	0.09	(0.12)	0.16
Europe (Ex UK)	0.69	0.64	1.00	0.73	(0.41)	0.27	0.26
Australia	0.28	0.45	0.73	1.00	(0.40)	0.50	0.29
Japan	0.04	0.09	(0.41)	(0.40)	1.00	0.02	0.17
Singapore	0.15	(0.12)	0.27	0.50	0.02	1.00	0.57
Hong Kong	0.40	0.16	0.26	0.29	0.17	0.57	1.00

Source: Merrill Lynch Report, *Global Realty 82: Underweight the US*, October 9, 2007.

INVESTMENT RESTRICTIONS

The Declaration of Trust contains investment restrictions to the effect that, on and after the initial investment of the assets of the Fund, prior to the Conversion Date, may not:

- (a) purchase any security issued by any issuer (other than short-term debt securities issued or guaranteed by the Government of Canada or any Canadian province or municipality) if as a result more than 10% of the Fund's total assets would consist of securities issued by such issuer;
- (b) borrow money in excess of 5% of the Fund's total assets after giving effect to the borrowing and only to the extent permitted by NI 81-102 (as if the Fund were subject to NI 81-102);
- (c) purchase or sell commodities or commodity contracts except as permitted by NI 81-102 (as if the Fund were subject to NI 81-102);
- (d) use derivatives except as permitted by NI 81-102 (as if the Fund were subject to NI 81-102) and, in particular, purchase or sell covered call options and cash covered put options (excluding currency hedging) that are in excess of 15% of the Fund's total assets;
- (e) make loans or guarantee obligations, except that the Fund may purchase and hold debt obligations (including bonds, debentures or other obligations and certificates of deposit, bankers' acceptances and fixed time deposits) in accordance with its investment objectives;
- (f) purchase securities on margin or sell securities short;

- (g) invest for the purpose of exercising control over management of any issuer;
- (h) invest in mutual funds (within the meaning of NI 81-102) (as if the Fund were subject to NI 81-102);
- (i) invest in any securities of an entity that would be a foreign affiliate of the Fund within the meaning of the Tax Act;
- (j) hold securities of any non-resident corporation or trust or other entity (or a partnership which holds such securities) if the Fund (or partnership) would be required to mark its investment in such securities to market in accordance with proposed section 94.2 of the Tax Act or to include any amounts in income pursuant to proposed section 94.1 or 94.3 of the Tax Act, nor invest in any interest in a non-resident trust other than an “exempt foreign trust” as defined in proposed section 94 of the Tax Act, as set forth in the proposed amendments to the Tax Act dealing with foreign investment entities and non-resident trusts released on November 9, 2006 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);
- (k) invest in any security that is a tax shelter investment within the meaning of the Tax Act;
- (l) lend Portfolio assets except as permitted by NI 81-102 (as if the Fund were subject to NI 81-102);
- (m) purchase real estate or real estate mortgage loans (other than securities issued by Real Estate Issuers);
- (n) act as an underwriter except to the extent that the Fund may be deemed to be an underwriter in connection with the sale of securities in its Portfolio;
- (o) make or hold any investments that would result in the Fund itself being subject to the tax for a specified investment flow-through entity under the SIFT Rules; or
- (p) undertake any activity or take any action or omit to take any action or make or hold any investment that would result in the Fund failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act.

If a percentage restriction on investment or use of assets set forth above is adhered to at the time of the transaction, later changes to the market value of the investment or the total assets of the Fund will not be considered a violation of the restriction. If the Fund receives from an issuer subscription rights to purchase securities of that issuer, and if the Fund exercises such subscription rights at a time when the Fund’s Portfolio holdings of securities of that issuer would otherwise exceed the limits set forth above, it will not constitute a violation if, prior to receipt of securities upon exercise of such rights, the Fund has sold at least as many securities of the same class and value as would result in the restriction being complied with.

The foregoing investment restrictions may not be changed without the approval of the Unitholders, by a resolution passed by two-thirds of the votes cast at a meeting of Unitholders called for such purpose, unless such changes are necessary to ensure compliance with all applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time. See “Unitholder Matters”.

On and after the Conversion Date, the Fund will be subject to certain standard investment restrictions and practices contained in NI 81-102 and such other investment restrictions as the Trustee may determine, in its sole discretion, from time to time.

Borrowing

The Fund will be able to borrow or pledge its assets only to the extent permitted by NI 81-102 as if NI 81-102 applied to the Fund. Currently NI 81-102 would not permit the Fund to borrow cash or provide a security interest over any of its portfolio assets unless: (i) the transaction is a temporary measure to accommodate requests for the redemption of securities of the Fund while the Fund effects an orderly liquidation of portfolio assets, or to permit the Fund to settle portfolio transactions and, after giving effect to all transactions undertaken under this paragraph, the outstanding amount of all borrowings of the Fund does not exceed 5% of the net assets of the Fund taken at market value at the time of the borrowing, (ii) the security interest is required

to enable the Fund to effect a specified derivative transaction under NI 81-102, is made in accordance with industry practice for that type of transaction and relates only to obligations arising under that particular specified derivatives transaction, or (iii) the security interest secures a claim for the fees and expenses of the custodian or a sub-custodian of the Fund for services rendered in that capacity as permitted by NI 81-102.

Derivatives

The Manager may from time to time write (sell) covered call options in respect of the securities in the Portfolio or write (sell) cash covered put options in respect of securities in which the Fund is permitted to invest.

Currency Hedging

The Portfolio will normally have a significant exposure to non-Canadian dollar denominated securities. Sentry Select does not intend to hedge the currency exposure initially. However, the Manager may, from time to time, hedge some or all of the currency exposure back into Canadian dollars.

MANAGEMENT OF THE FUND

The Manager

Pursuant to the Management Agreement, Sentry Select has been appointed to act as the Manager of the Fund and, as such, is responsible for making all investment decisions for the Fund in accordance with the investment objectives and strategy of the Fund and for the execution of all Portfolio transactions.

The Manager is also responsible for providing or arranging for the provision of marketing and administrative services required by the Fund. Under the Management Agreement, the Manager may delegate certain of its duties to third parties. The Manager's duties include: maintaining accounting records for the Fund; authorizing the payment of operating expenses incurred on behalf of the Fund; handling trades in the Portfolio Securities on behalf of the Fund; preparing financial statements, income tax forms and financial and accounting information as required by the Fund; providing Unitholders, with financial statements and other reports as are required by applicable law from time to time; monitoring the Fund's compliance with regulatory requirements and any applicable stock exchange listing requirements; preparing the Manager's reports to Unitholders and the Canadian securities regulatory authorities and any stock exchange on which the Listed Units are listed; and negotiating contractual agreements with third party providers of services, including auditors and printers.

Sentry Select is a Canadian wealth management company that manages approximately \$8 billion in gross assets as of September 30, 2007. The company offers a diverse range of investment products including closed-end trusts, mutual funds, principal-protected notes and flow-through limited partnerships, covering a variety of domestic and global mandates. Sentry Select has managed listed real estate securities since its inception in 1997 and currently manages over \$600 million in real estate securities across numerous mandates.

The name and municipality of residence of each of the directors, applicable officers and senior management of the Manager and their principal occupation are as follows:

<u>Name and Municipality of Residence</u>	<u>Office</u>	<u>Principal Occupation</u>
JOHN F. DRISCOLL Toronto, Ontario	Chairman, President, Chief Executive Officer and Director	Chairman, President and Chief Executive Officer, Sentry Select
HON. MICHAEL A. MEIGHEN . . . Toronto, Ontario	Director	Counsel to Ogilvy Renault (law firm) and Member of the Senate of Canada
DONALD J. WORTH Willowdale, Ontario	Director	Independent Businessman
SIMON B. SCOTT Oakville, Ontario	Director	Corporate Director
FRANK POTTER Toronto, Ontario	Director	Chairman, Emerging Market Advisors Inc. (consulting firm) and Corporate Director
H. GARFIELD EMERSON Toronto, Ontario	Director	Principal, Emerson Advisory and Corporate Director
DAVID M. SCHWARTZ Toronto, Ontario	Senior Vice President and Chief Operating Officer	Senior Vice President and Chief Operating Officer, Sentry Select
JOHN VOUGLAID King City, Ontario	Senior Vice President, Chief Financial Officer and Treasurer	Senior Vice-President, Chief Financial Officer and Treasurer, Sentry Select
JAMES ALEXANDER (SANDY) MCINTYRE Toronto, Ontario	Senior Vice President and Senior Portfolio Manager	Senior Vice-President and Senior Portfolio Manager, Sentry Select
RANIERO CORSINI Mississauga, Ontario	Senior Vice President, Global Structured Products	Senior Vice President, Global Structured Products, Sentry Select
DENNIS MITCHELL Toronto, Ontario	Portfolio Manager	Portfolio Manager, Sentry Select
RICHARD D'ARCHIVIO Toronto, Ontario	Vice President, Finance	Vice President, Finance, Sentry Select
KEVIN COHEN Toronto, Ontario	Vice President, Operations and General Counsel	Vice President, Operations and General Counsel, Sentry Select
RYAN CAUGHEY Toronto, Ontario	Corporate Secretary	Corporate Secretary, Sentry Select

The following is a brief description of the background of the key management of Sentry Select.

John F. Driscoll, Chairman, President, Chief Executive Officer and Director

Mr. Driscoll is the founding President, Chairman and Chief Executive Officer of Sentry Select. He also founded and has been Chairman of NCE Resources Group since 1984, and Chairman and Founder of Petrofund Energy Trust since 1988. He is also Chairman of Inter Pipeline Fund, Strategic Energy Fund, Endev Energy Inc. and C.A. Bancorp. since October 2002, May 2002, October 2003 and January 2006 respectively. Mr. Driscoll has been president, since 1981, of J.F. Driscoll Investment Corp., a company specializing in investment management and related advisory and consulting services. Mr. Driscoll received his Bachelor of Science degree from the Boston College Business School and attended the New York Institute of Finance for advanced business studies. He has more than 30 years of diversified business experience. He is a member of the CFA Institute (formerly the

Association for Investment Management and Research) and also attained the professional manager designation with the Canadian Institute of Management. He has founded numerous public partnerships as well as public and private energy and investment related companies. During the last 20 years, issuers of which Mr. Driscoll was chairman or Chief Executive Officer have invested or managed the investment of more than \$10.5 billion. He is Vice-Chair of the Royal Ontario Museum Foundation Board of Directors.

Honourable Michael A. Meighen, Q.C., Director

Senator Meighen is a Director of Sentry Select. He currently chairs the Investment Review Committee of the Cundill Funds and is a Director of Paribas Participations Limitée and J.C. Clark Ltd. In 1990, Senator Meighen was appointed to the Senate of Canada, where he serves on the Senate Standing Committees on Banking, Trade and Commerce, National Security and Defence, and Fisheries. He also chairs the Senate Subcommittee on Veterans Affairs. Senator Meighen is counsel to the law firm Ogilvy Renault and has practised litigation and commercial law in Montreal and Toronto. Senator Meighen received his Bachelor of Arts Degree from McGill University in 1960 and his Civil Law Degree from Université Laval in 1963 and has received an Honorary Doctorate of Laws from each of Mount Allison University and the University of New Brunswick.

Donald J. Worth, Director

Mr. Worth held the position of Vice-President, Global Mining Group at the Canadian Imperial Bank of Commerce prior to his retirement in August 1997 following over 30 years at such bank. Earlier in his career, Mr. Worth held various positions in the mining operations of Asarco Mexicana, Lake Asbestos of Québec and Canadian Gypsum. He is a past President of the Canadian Institute of Mining, Metallurgy and Petroleum and holds a Masters of Applied Science degree in Mining Engineering from the University of Toronto. Mr. Worth is presently a Director of several resource companies and has served as a trustee of Labrador Iron Ore Royalty Income Fund since 1995.

Simon B. Scott, Q.C., Director

Mr. Scott was a partner of Borden Ladner Gervais LLP or a predecessor firm from 1972 to 2005 where he practised corporate law with a primary focus on merger and acquisitions transactions and in major structured finance transactions both within Canada and international markets. Mr. Scott received his Bachelor of Laws degree from Osgoode Hall Law School of York University, Toronto, in 1964 and was appointed Queen's Counsel in 1983. Mr. Scott has been on the Board of Directors of Caradon Limited, Hercules Canada Inc., Pointing Canada Limited, International Paper (Canada) Inc., Ryder Truck Rental Canada Limited, Textron Canada Limited and Canadian Credit Management Foundation.

Frank Potter, Director

Mr. Potter is Chairman of Emerging Markets Advisors Inc. in Toronto. He has an extensive background in international banking and is a former Executive Director of The World Bank. More recently he was senior advisor at the Department of Finance in Ottawa. He sits on a number of boards, both corporate and not-for-profit, including Canadian Tire Corporation Limited and the Penn West Energy Trust.

H. Garfield Emerson, Q.C.

Mr. Emerson is the Principal, Emerson Advisory and a corporate director. He is the former National Chair of the law firm of Fasken Martineau DuMoulin LLP (2001-2006). Prior to joining Fasken Martineau in August, 2001, Mr. Emerson was the President and Chief Executive Officer of NM Rothschild & Sons Canada Limited, an investment banking firm that he established in Canada in 1990 and which is an affiliate of NM Rothschild & Sons Limited of London, England, and Rothschild & Cie of Paris, France. From 1970 to 1990, Mr. Emerson was a partner of the Toronto law firm, Davies, Ward & Beck and appointed Queen's Counsel in 1980. Mr. Emerson is currently a director of CAE Inc., Canadian Tire Corporation Limited, Pelmorex Investments Inc. and Wittington Investments, Limited. He is the former Chairman of the Board of Directors of Rogers Communications Inc. (1993-2006), former Vice Chair of the Auditing and Assurance Standards Oversight Council and a former director of Canada Deposit Insurance Corporation, Marathon Realty Corporation

Limited, University of Toronto Asset Management Corporation and Sunnybrook Health Sciences Centre. Mr. Emerson has a Bachelor of Arts (Hons) and a Bachelor of Laws, both from the University of Toronto. From August 28 to November 20, 1998, Mr. Emerson was a director of Livent Inc. (“Livent”) when the Ontario Securities Commission issued a cease trading order in August 1998 at the request of Livent in respect of Livent’s securities. Mr. Emerson resigned as a director of Livent in November 1998 and Livent filed for protection under Canadian and United States insolvency and creditors’ protection legislation within 12 months of Mr. Emerson’s resignation.

David M. Schwartz, Senior Vice-President and Chief Operating Officer

Mr. Schwartz is Senior Vice-President and Chief Operating Officer of Sentry Select. Mr. Schwartz has over 40 years of experience in the mutual fund industry. In April 1995, he joined NCE Resources Group as Vice-President. From 1991 to 1994, Mr. Schwartz served as Vice-President, Sales, Spectrum United Mutual Funds. Prior to that, he was President, The Guardian Group of Funds Ltd., and Senior Vice-President, Investors Group. Mr. Schwartz received his Bachelor of Arts degree in Economics from McGill University.

John Vooglaid, Senior Vice-President, Chief Financial Officer and Treasurer

Mr. Vooglaid is Senior Vice-President and Chief Financial Officer of Sentry Select. Since June 1988, he has been a Vice-President and Treasurer of the NCE Resources Group. From 1978 to June 1986, Mr. Vooglaid was with the resource audit group of a major public accounting firm. Mr. Vooglaid received his Chartered Accountant’s diploma in 1982. He earned a Bachelor of Arts (Honours) Degree in Economics from the University of Toronto in 1977.

James Alexander (Sandy) McIntyre, Senior Vice-President and Senior Portfolio Manager

Mr. McIntyre is Senior Vice-President and Senior Portfolio Manager of Sentry Select. Mr. McIntyre has over 30 years of investment management experience and specializes in oil and gas royalty trusts, commercial and industrial income trusts and REITs. Mr. McIntyre and his team of analysts manage approximately \$3 billion in income fund assets. Prior to joining Sentry Select in 2000, Mr. McIntyre spent 20 years with Jones Heward Investment Management Inc., a wholly owned subsidiary of the Bank of Montreal, where he was a member of the Investment Policy Committee with responsibility for high yield investments, including royalty and income trusts. He received a Bachelor of Arts from the University of Toronto in 1974, where he majored in English and Philosophy.

Raniero Corsini, Senior Vice-President, Global Structured Products

Mr. Corsini received his Bachelor of Science degree in Business Administration from United States International University. He joined Sentry Select in 2001 as Vice-President of International Business Development. Prior to joining Sentry Select, he was the Managing Director, National Sales for Bonham & Co. Asset Management and before that, he was Managing Director, National Sales for SVC O’Donnell from 1999 to 2001. Prior to this, Mr. Corsini was Vice-President, Sales with BPI Mutual Funds from 1994 to 1999.

Dennis Mitchell, Portfolio Manager

Mr. Mitchell joined Sentry Select in 2005 and has more than eight years of experience in the financial industry. He is a member of the income trust team, specializing in the analysis of real estate, REITs and infrastructure trusts. Prior to joining Sentry Select, Mr. Mitchell spent time with a large Canadian financial institution in the equity research and asset management businesses. He received his MBA from the Schulich School of Business at York University in 2002 and holds the Chartered Financial Analyst (CFA) designation.

Richard D’Archivio, Vice-President, Finance

Mr. D’Archivio is Vice-President, Finance of Sentry Select. Prior to joining Sentry Select in July 2005, Mr. D’Archivio was a Senior Manager in the audit and business advisory group of Deloitte & Touche LLP where he specialized in the asset management and banking industry groups. Prior to joining Deloitte & Touche LLP in June 2002, Mr. D’Archivio was a Manager with Arthur Andersen LLP where he also practiced in the financial

institutions industry group since September 1997. Mr. D'Archivio received his Bachelor of Business Administration degree from the Schulich School of Business at York University in 1997. He received his Chartered Accountant's designation in 2000 and Chartered Financial Analyst designation in 2002.

Kevin Cohen, Vice President, Operations and General Counsel

Mr. Cohen is Vice President, Operations and General Counsel with Sentry Select. Prior to joining Sentry Select in February 2006, Mr. Cohen practiced corporate and securities law with Torys LLP from 2004 to 2006. From 2002 to 2004, Mr. Cohen attended the Richard Ivey School of Business at the University of Western Ontario, graduating in 2004 with a Masters of Business Administration degree. From 1994 to 2002, Mr. Cohen practiced law in Vancouver after obtaining his Bachelor of Laws degree in 1994 from the University of British Columbia.

Ryan Caughey, Corporate Secretary

Mr. Caughey joined Sentry Select in July 2006. Mr. Caughey practiced corporate and securities law with Osler, Hoskin & Harcourt LLP from 2003 to 2006. Mr. Caughey obtained his Bachelor of Laws degree in 2002 from Queen's University and his Honours Bachelor of Arts degree in 1998 from the University of Western Ontario.

Independent Review Committee

In accordance with the provisions of National Instrument 81-107 — Independent Review Committee for Investment Funds (“NI 81-107”), which came into force on November 1, 2006, the board of directors of the Manager appointed an independent review committee (“IRC”) in respect of the Fund to whom the Manager is to refer all conflict of interest matters for recommendation or approval, as applicable. The IRC will prepare, at least annually, a report for Unitholders of its activities. This report will be available on the Manager's website at: www.sentryselect.com, or at the Unitholder's request at no cost by contacting the Manager at 1-888-739-4623. The Manager appointed its three person IRC on November 15, 2006, and is now in full compliance with NI 81-107. The members of the Manager's IRC are Michael Gourley (Chair), Marie Rounding and David Gavsie.

The Trustee

Sentry Select will act as trustee of the Fund and is responsible for certain aspects of the day-to-day administration of the Fund as described in the Declaration of Trust, including calculating NAV, net income and net realized capital gains of the Fund, and executing instruments on behalf of the Fund.

The Trustee may resign upon 60 days' notice to Unitholders. The Trustee may be removed with the approval of a two-thirds majority vote cast at a meeting of Unitholders called for such purpose or by the Manager (if the Manager is then not the Trustee) if the Trustee has committed certain events of bankruptcy or insolvency or is in material breach or default of its obligations under the Declaration of Trust which breach has not been cured within 30 days after notice thereof has been given to the Trustee. Any such resignation or removal shall become effective only upon the acceptance of appointment by a successor. If the Trustee resigns, its successor may be appointed by the Manager. The successor must be approved by Unitholders if the Trustee is removed by Unitholders. If no successor has been appointed within 60 days, the Trustee or any Unitholder may apply to a court of competent jurisdiction for the appointment of a successor.

The Declaration of Trust provides that the Trustee shall not be liable in carrying out its duties under the Declaration of Trust except where it is in breach of its obligations under the Declaration of Trust or where the Trustee fails to act honestly and in good faith, and in the best interests of Unitholders to the extent required by laws applicable to corporate trustees, or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee, or any of its officers, directors, employees or agents, in respect of certain liabilities incurred by it in carrying out its duties.

The Trustee is entitled to receive fees from the Fund as described under “Fees and Expenses”. 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 Fund.

The Custodian

State Street Trust Company Canada will act as custodian of the assets of the Fund pursuant to a custodian agreement (the “Custodian Agreement”) and has the power to appoint sub-custodians. The Custodian will also carry out, on behalf of the Trustee, certain aspects of the day-to-day administration of the Fund, including calculating net income and net realized capital gains of the Fund and maintaining the books and records of the Fund concerning the assets of the Fund that are under its custodianship. State Street Fund Services Toronto Inc. will calculate NAV, on behalf of the Trustee, pursuant to an accounting services agreement with the Trustee.

CONFLICTS OF INTEREST

The management services of Sentry Select under the Management Agreement are not exclusive and nothing in the Management Agreement prevents Sentry Select 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 Fund) or from engaging in other activities. Investments in securities purchased by the Manager on behalf of the Fund and other investment funds or trusts managed by the Manager will be allocated to the Fund and such other investment funds or trusts on a pro-rata basis according to the size of the order and the applicable investment restrictions and policies of the Fund and the other investment funds or trusts.

The Declaration of Trust and the Management Agreement acknowledge that the Trustee and the Manager may provide services to the Fund in other capacities, provided that the terms of any such arrangements are no less favourable to the Fund than those which would be obtained from parties which are at arm’s length for comparable services. The Trustee may act as trustee of, and provide services to, issuers of Securities, including issuers of Securities in which the Fund has invested or may invest.

Pursuant to National Instrument 81-107 the Manager has established an independent review committee to review conflicts of interest. See “Management of the Fund — Independent Review Committee”.

DISTRIBUTIONS

The Fund intends to pay quarterly cash distributions. The Indicative Distribution Amount for the first 4 quarters of the Fund is \$0.50 per Unit per annum representing a yield of 5.0% per annum based on the \$10.00 per Unit issue price. The initial cash distribution of \$0.125 per Unit is anticipated to be paid on or about April 15, 2008 to Unitholders of record on March 31, 2008. The Fund may make additional distributions provided certain conditions are met and the Manager considers it appropriate in the circumstances at such time.

No assurance can be given as to the amount of the Indicative Distribution Amount in future years. The Manager, on behalf of the Fund, may at any time re-evaluate the Indicative Distribution Amount. If the cash available for distribution to Unitholders is consistently higher or lower than the Indicative Distribution Amount, then the Manager on behalf of the Fund may announce a new Indicative Distribution Amount.

Based on its initial anticipated composition, the Portfolio is expected to generate approximately 3.01% of distributions, dividend and interest income per annum (net of withholding tax), which, after deduction of expenses, will be distributed by the Fund to Unitholders. The balance of the quarterly distributions is expected to be funded through sales of securities in the Portfolio or other returns, if any. The Portfolio would be required to appreciate at a rate of approximately 4.14% per annum in order for the Fund to maintain a stable net asset value while making the initial quarterly cash distributions. Therefore, it is expected that distributions to Unitholders will be characterized primarily as capital gains, Canadian source dividends, ordinary income and returns of capital. If the return on the Portfolio is less than the amount necessary to fund the quarterly distributions, the Manager may return a portion of the capital of the Fund to Unitholders to ensure that the distribution is paid and accordingly, NAV per Unit will be reduced. See “Distributions”.

If, in any year after such distributions, there would otherwise remain in the Fund additional net income or net realized capital gains, a special distribution of such portion of the net income and net realized capital gains

as is necessary to ensure that the Fund will not be liable for income tax under the Tax Act (after taking into account all available deductions, credits or refunds) will be automatically payable on December 31 of that year to Unitholders of record on that date. Such distribution may be paid in cash or Units. See “Canadian Federal Income Tax Considerations”.

Cash distributions will be payable in Canadian dollars to Unitholders of record at 5:00 p.m. (Toronto time) on the last Business Day of each quarter, unless a Unitholder has, through his or her CDS Participant, requested to participate in the DRIP. All cash distributions will be paid by cheque to CDS or paid in such other manner as may be agreed to by the Trustee. See “Description of the Units — Book-Based System”.

Each Unitholder will be mailed annually information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the Fund in respect of the preceding taxation year of the Fund. See “Canadian Federal Income Tax Considerations”.

DISTRIBUTION REINVESTMENT PLAN

After four months from the Fund becoming a reporting issuer, it will adopt the DRIP so that at the election of each holder of Listed Units (who is a resident of Canada), all distributions shall be automatically reinvested on each holder of Listed Units behalf pursuant to the DRIP. Notwithstanding the DRIP, all distributions to non-resident holders of Listed Units will be paid in cash net of any applicable withholding tax and will not be reinvested.

Distributions due to participants in the DRIP (the “DRIP Participants”) are paid to Computershare Trust Company of Canada in its capacity as agent under the DRIP (the “DRIP Agent”) and applied to the purchase of Listed Units. Purchases in the market are made by the DRIP Agent on an orderly basis during the 5 trading day period following the distribution date and the price paid for such Listed Units will not exceed the higher of (A) the NAV per Listed Unit on the relevant distribution date, and (B) 95% of the closing price of the Listed Units on the Toronto Stock Exchange on the trading day immediately preceding the relevant distribution date (the “Market Price”). Upon the expiration of such 5 trading day period, the unused portion, if any, of the distribution attributable to the DRIP Participants is used to purchase Listed Units from the Fund at a price equal to the higher of (A) the NAV per Listed Unit on the relevant distribution date, and (B) 95% of the Market Price. Depending upon market conditions, direct reinvestment of cash distributions by holders of Listed Units in the market may be more or less advantageous than the reinvestment arrangements under the DRIP. The Listed Units purchased in the market or from the Fund are allocated on a pro rata basis to the DRIP Participants. No fractional Listed Units will be issued under the DRIP.

The DRIP Agent shall furnish to each DRIP Participant a report of the Listed Units purchased for the DRIP Participant’s account in respect of each distribution and the cumulative total of all Listed Units purchased for that account. The DRIP Agent’s charges for administering the DRIP and all brokerage fees and commissions in connection with purchases of Listed Units on the market pursuant to the DRIP are paid by the Fund. **The automatic reinvestment of distributions under the DRIP will not relieve participants of any income tax applicable to such distributions.** See “Canadian Federal Income Tax Considerations”. A holder of Listed Units participating in the DRIP who receives a Listed Unit from the Fund for a price that is less than the fair market value of the Listed Unit will be considered by CRA as having to include the difference in the holder of Listed Units income and to add the difference to the cost of the Listed Units.

The Manager may terminate the DRIP in its sole discretion, upon not less than 30 days’ notice to the DRIP Participants and the DRIP Agent. The Manager may also amend, modify or suspend the DRIP at any time in its sole discretion, provided that it gives notice of such amendment, modification or suspension to holders of Listed Units. The Fund is not required to issue Listed Units into any jurisdiction where such issuance would be illegal.

After Conversion, all distributions will be automatically re-invested in Listed Units, unless a holder of Listed Units requests to receive cash.

DESCRIPTION OF THE UNITS AND WARRANTS

The Fund is authorized to issue an unlimited number of Listed Units and Class F Units.

Except as described below, 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 Fund, including distributions of net income and net realized capital gains, and distributions upon the termination of the Fund. Units are issued only as fully paid and are non-assessable. Units will only be issued through the book-entry only system administered by CDS as described below.

The Declaration of Trust will provide that the Fund will not, prior to the Conversion Date, issue additional Units following completion of the Offering, except: (i) where the net proceeds per Listed Unit or Class F Unit, as applicable, is not less than the NAV per Unit of that class calculated on the date immediately prior to the pricing of the offering; (ii) upon the exercise of Warrants issued as part of the Combined Units issued in this Offering; (iii) by way of the DRIP; (iv) by way of Unit distributions; or (v) by way of payment to the Manager for the Manager's fees subject to a maximum of 200,000 Listed Units or Class F Units. Immediately after a pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units of that class will be consolidated such that each Unitholder will hold after the consolidation the same number of Units of that class as the Unitholder held before the non-cash distribution, except in the case of a non resident Unitholder to the extent tax was required to be withheld in respect of the distribution. Subject to the foregoing, the Fund may also allot and issue other securities at such time or times and in such manner as the Manager in its sole discretion shall determine, provided that such issuance is not dilutive to the Unitholders.

Class F Units

Holders of Class F Units have the right of redemption as described under "Redemption of Units" and shall be entitled to receive distributions declared by the Fund as described under "Distributions".

A holder of Class F Units may convert Class F Units into Listed Units by delivering a notice and surrendering such Class F Units by 4:00 p.m. (Toronto time) on a Business Day to the Registrar and Transfer Agent. Any such Class F Units so surrendered shall be converted into Listed Units as of the close of business on the first Thursday (or if such Thursday is not a Business Day, the Business Day following such Thursday) that is at least two Business Days following the date on which such Class F Units were surrendered for conversion. For each Class F Unit so converted, a holder will receive a number of Listed Units equal to the NAV per Class F Units as of the Conversion Date divided by the NAV per Listed Units as of such date. No fractional Listed Units will be issued on a conversion of Class F Units.

On termination or liquidation of the Fund, the holders of outstanding Class F Units and the holders of the Listed Units, of record, are entitled to receive in proportion to their relative Net Asset Value per Unit all of the assets of the Fund remaining after payment of all debts and liabilities. See "Unitholder Matters — Termination of the Fund".

As the Agents' fee in connection with the sale of Class F Units is lower than the Agents' fee on the sale of Listed Units and as no Servicing Fee is paid in connection with Class F Units, the NAV per Class F Units will be greater than the NAV per Listed Units.

The Class F Units will not be listed on a stock exchange. It is expected that liquidity, prior to the Conversion Date for the Class F Units will be obtained primarily by means of conversion into Listed Units and the sale of these Listed Units.

Warrants

The following is a summary only and is subject to, and is qualified in its entirety by reference to, the detailed provisions of the Warrant Indentures. The Listed Warrants and Class F Warrants will be governed by the applicable Warrant Indenture. The Listed Warrants and Listed Units will trade separately. The Class F Warrants and Class F Units will not be listed on an exchange.

One Listed Warrant entitles the holder to subscribe for one full Listed Unit at a Subscription Price equal to \$10.25 at any time prior to the Warrant Expiry Time. Listed Units will be authorized and reserved by the Fund

for issue on exercise of the Listed Warrants. Listed Warrants will be issued in registered form to CDS. A Listed Warrant does not entitle the holder thereof to any rights whatsoever as a Unitholder.

One Class F Warrant entitles the holder to subscribe for one full Class F Unit at a Subscription Price equal to \$10.25 at any time prior to the Warrant Expiry Time. Class F Units will be authorized and reserved by the Fund for issue on exercise of the Class F Warrants. Class F Warrants will be issued in registered form to CDS. A Class F Warrant does not entitle the holder thereof to any rights whatsoever as a Unitholder.

Under the Warrant Indentures, the Fund may, from time to time, purchase Listed Warrants or Class F Warrants in the market, by private contract or otherwise.

Warrantholders have no voting rights or preemptive rights or any other rights which a holder of Listed Units or Class F Units may have.

The Listed Warrants and Class F Warrants are exercisable at any time between the Closing Date and the Warrant Expiry Time. The subscription form must be completed and accompanied by a Non-certificated Inventory (NCI) Letter of Instruction from CDS and payment of the Subscription Price. Payment of any service charge, commission or other fee payable in connection with the exercise or trade of Warrants shall be the responsibility of the Warrantholder. The Warrantholder must also pay all stamp, issue, registration or other similar taxes and duties (if any) consequent upon the issue or delivery of the relative Listed Units or Class F Units to or to the order of a third party. The date on which the Listed Warrants and Class F Warrants are deemed to be exercised is the date on which the subscription form relative thereto and the Subscription Price are lodged with the Warrant Trustee.

Dilution to Existing Unitholders

If a Unitholder wishes to retain its current percentage ownership in the Fund and assuming that all Warrants are exercised, it should purchase all of the Listed Units or Class F Units (as applicable) for which it may subscribe pursuant to the Listed Warrants and Class F Warrants delivered under the Offering. If that Unitholder does not do so and other holders of Listed Warrants and Class F Warrants exercise any of their Listed Warrants and Class F Warrants, that Unitholder's current percentage ownership in the Fund will be diluted.

The subscription rights in effect under the Listed Warrants and Class F Warrants for Listed Units or Class F Units (as applicable) of the Fund issuable upon the exercise of the Listed Warrants and Class F Warrants shall be subject to adjustment from time to time if, prior to the Expiry Time, the Fund shall, in certain circumstances:

- (a) subdivide, re-divide or change its outstanding Listed Units or Class F Units into a greater number of Listed Units or Class F Units (as applicable);
- (b) reduce, combine or consolidate its outstanding Listed Units or Class F Units into a smaller number of Listed Units or Class F Units (as applicable);
- (c) distribute to holders of all or substantially all of the Fund's outstanding Listed Units or Class F Units (as applicable) any assets or securities of the Fund including rights, options or warrants to acquire Listed Units or Class F Units (as applicable) of the Fund or securities convertible into or exchangeable for Listed Units or Class F Units (as applicable) of the Fund or property or assets, including evidence of indebtedness (other than in connection with regular dividends or the distribution and exercise of the Listed Warrants or Class F Warrants);
- (d) reclassify the Listed Units or Class F Units (as applicable) or reorganize the capital of the Fund; or
- (e) consolidate, amalgamate, or merge the Fund with or into any other corporation, trust or other entity, or sell or convey the property and assets of the Fund as an entirety or substantially as an entirety (other than in connection with the redemption or retraction of Listed Units or Class F Units (as applicable)).

Expiry of Warrants

The Listed Warrants and Class F Warrants will expire at 4:00 p.m. (Toronto Time) on October 31, 2009. Listed Warrants and Class F Warrants not exercised prior to the Warrant Expiry Time will be void and of no value.

Book-Based System

Registration of interests in and transfers of the Units will be made only through the book-based system of CDS. On the date of Closing, the Fund will deliver to CDS a certificate evidencing the aggregate number of Listed Units, Class F Units, Listed Warrants and Class F Warrants subscribed for under the Offering. Units must be purchased, transferred and surrendered for retraction only through a CDS Participant. All rights of an owner of Units and Warrants must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS and the CDS Participant through which the owner holds such Units and Warrants. Upon purchase of any Units, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units and Warrants means, unless the context otherwise requires, the owner of the beneficial interest in such Units and Warrants.

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

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

The Fund has the option to terminate registration of the Units or Warrants through the book-based only system in which case certificates for Units in fully registered form would be issued to beneficial owners of such securities or to their nominees.

REDEMPTION OF UNITS

Monthly Redemption

Prior to Conversion, Listed Units and Class F Units may be surrendered at any time by the holders thereof for monthly redemption. Upon receipt by the Fund of the redemption notice, in the manner described below under the heading "Redemption of Units — Exercise of Redemption Right", the holder of a Listed Unit shall be entitled to receive a price per Listed Unit (the "Monthly Redemption Price") equal to the lesser of:

- (a) 90% of the "market price" of the Listed Units on the principal market on which the Listed Units are quoted for trading during the 20 trading day period ending immediately before the Monthly Redemption Date; and
- (b) 100% of the "closing market price" on the principal market on which the Listed Units are quoted for trading on the Monthly Redemption Date.

Class F Units are redeemable at the Monthly Redemption Price multiplied by a fraction the numerator of which is the NAV per Class F Unit and the denominator of which is the NAV per Listed Unit, in each case as most recently calculated.

For the purposes of this calculation, "market price" will be an amount equal to the weighted average of the closing price of the Listed Units for each of the trading days on which there was a closing price; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the Listed Units traded on a particular day, the "market price" shall be an amount equal to the average of the highest and lowest prices for each of the trading days on which there was a trade; and provided further that if there was trading on the applicable exchange or market for fewer than 10 of the 20 trading days, the "market price" shall be the average of the following prices established for each of the 20 trading days: the

average of the last bid and last asking prices of the Listed Units for each day there was no trading; the closing price of the Listed Units for each day that there was trading if the exchange or market provides a closing price; and the average of the highest and lowest prices of the Listed Units for each day that there was trading if the market provides only the highest and lowest prices of Listed Units traded on a particular day. The “closing market price” shall be an amount equal to the closing price of the Listed Units if there was a trade on the date and the exchange or market provides a closing price; an amount equal to the average of the highest and lowest prices of the Listed Units if there was trading and the exchange or other market provides only the highest and lowest prices of Listed Units traded on a particular day; or the average of the last bid and last asking prices of the Listed Units if there was no trading on that date.

The Monthly Redemption Price payable by the Fund in respect of any Listed Units surrendered for redemption shall be satisfied by way of a cash payment on the Redemption Payment Date, provided that the entitlement of Unitholders to receive cash upon the redemption of their Listed Units is subject to the limitations that: (i) at the time such Listed Units are tendered for redemption, the outstanding Listed Units shall be listed for trading on a stock exchange or traded or quoted on another market which the Trustee considers, in its sole discretion, provides representative fair market value prices for the Listed Units; and (ii) the normal trading of Listed Units is not suspended or halted on any stock exchange on which the Listed Units are listed (or, if not listed on a stock exchange, on any market on which the Listed Units are quoted for trading) on the Monthly Redemption Date or for more than 10 trading days during the 20 day trading period ending immediately before the Monthly Redemption Date.

It is anticipated that the Monthly Redemption will not be the primary mechanism for Unitholders to dispose of their Units.

Resale of Listed Units Tendered for Redemption

The Fund has entered into an agreement (a “Recirculation Agreement”) with CIBC World Markets Inc. (the “Recirculation Agent”) whereby the Recirculation Agent has agreed to use commercially reasonable efforts to find purchasers for any Listed Units tendered for redemption pursuant to a Monthly Redemption prior to the relevant Redemption Payment Date where requested by the Fund to do so provided that the holder of the Listed Units so tendered has not withheld consent thereto. The Fund may, but is not obligated to, require the Recirculation Agent to seek such purchasers and, in such event, the amount to be paid to the Unitholder on the applicable Redemption Payment Date will be an amount equal to the proceeds of the sale of the Listed Units less any applicable commission, provided that such amount will not be less than the Monthly Redemption Price.

Subject to the Fund’s right to require the Recirculation Agent to use commercially reasonable efforts to find purchasers for any Listed Units tendered for redemption prior to the relevant Monthly Redemption Date, any and all Listed Units which have been surrendered to the Fund for redemption are deemed to be outstanding until (but not after) the close of business on the relevant Monthly Redemption Date, unless not redeemed thereon, in which event such Listed Units will remain outstanding.

Redemption of Units on the First NAV Redemption Date

Unitholders who wish to redeem their Units on the First NAV Redemption Date will receive a redemption price per Unit equal to NAV per Listed Unit or NAV per Class F Unit, as applicable, on such date.

Units may be surrendered for redemption during the Notice Period by the registered Unitholder to the Registrar and Transfer Agent. Units surrendered for redemption by a Unitholder during the Notice Period will be redeemed on the First NAV Redemption Date and the Unitholder will receive payment on or before the third Business Day following the First NAV Redemption Date.

Exercise of Redemption Right Prior to Conversion Date

The redemption right must be exercised by causing written notice to be given within the Notice Period, in the case of a redemption on the First NAV Redemption Date, and at least ten Business Days prior to a Monthly Redemption Date, in the case of a Monthly Redemption, and in the manner described below. If a Unitholder makes such a surrender within the last 10 Business Days in the case of a Monthly Redemption, the Units will be

redeemed on the Monthly Redemption Date in the next month and the Unitholder will receive the Monthly Redemption Price determined with reference to the Monthly Redemption Date in the next month. Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Listed Units which are not paid for by the Fund on the relevant Redemption Payment Date.

A Unitholder 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 a Unitholder, a written notice of a Unitholder's intention to redeem Listed Units or Class F Units. A Unitholder who desires to redeem Listed Units or Class F Units should ensure that the CDS Participant is provided with notice (the "Redemption Notice") of his or her intention to exercise his or her redemption privilege sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver notice to CDS and so as to permit CDS to deliver notice to the Registrar and Transfer Agent, 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 Unitholder's intention to redeem such Listed Units or Class F Units, a Unitholder shall be deemed to have irrevocably surrendered his or her Listed Units or Class F Units for redemption and appointed such CDS Participant to act as his or her 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 Fund to the CDS Participant or to the owner.

Redemption of Units on and after the Conversion Date

On and after the Conversion Date, Unitholders may redeem Units on any Business Day without charge. To do so, Unitholders must complete a written redemption request. If the redemption request is deposited with a dealer, the dealer must send the redemption request to the Toronto office of the Fund's registrar and transfer agent on the same day. If the dealer receives the redemption request after the close of business (usually 4:00 p.m. Toronto time) or on a day that is not a Business Day, the dealer must send it to the Fund's registrar and transfer agent on the next Business Day.

A redemption request received by the Fund's registrar and transfer agent before the close of business (usually 4:00 p.m. Toronto time) on a Business Day will be processed at the Net Asset Value per Unit calculated at the close of business on that Business Day. A redemption request received by the Fund's registrar and transfer agent after the close of business on a Business Day or on a day which is not a Business Day will be processed at the Net Asset Value per Unit determined at the close of business on the next Business Day.

Whenever practicable, a dealer must send such redemption request by courier or fax, to ensure that the Fund's registrar and transfer agent receives it as quickly as possible. The cost of sending the redemption request must be paid by the dealer. A redemption request sent by fax directly by an investor will not be accepted.

For the protection of Unitholders in the Fund, a Unitholder's signature on any redemption request must be guaranteed by a bank, trust company or a dealer. This procedure must be followed carefully. Other documentation may be required for redemption by corporations or other Unitholders that are not individuals.

If all necessary redemption documents have been properly completed and sent to the Fund's registrar and transfer agent with the redemption request, the Manager will pay the redemption amount within three Business Days of the day on which the redemption request was placed. Otherwise, the redemption amount will be paid within three Business Days after the Fund's registrar and transfer agent receives the missing documentation. If all necessary documents are not received by the Fund's registrar and transfer agent within ten Business Days following the date on which the redemption was requested, the Manager will reverse the redemption order by processing a purchase order on the tenth Business Day after the redemption order for the number of Units that were redeemed. The redemption proceeds will be used to pay for the Units purchased. Any excess proceeds

belong to the Fund. Any shortfall will initially be paid to the Fund by the Manager, but the Manager will be entitled to collect the shortfall, plus any costs involved, from the dealer who placed the redemption request. The dealer may, in turn, collect the shortfall plus any costs involved from the Unitholders who placed the redemption request. Where no dealer has been involved, the Manager will be entitled to collect the shortfall and costs from the Unitholders who placed the redemption request.

There is no charge for redemptions of Units that were acquired before the Conversion Date.

Suspension of Redemption Right

A Unitholder's right to redeem Units of the Fund may be suspended with the consent of the Canadian securities regulatory authorities if necessary or for any period when normal trading is suspended on any stock exchange, options exchange or futures exchange, in or outside Canada, on which securities are listed and traded, or on which specified derivatives are traded, where more than 50% of the securities or specified derivatives held by the Fund by market value, or underlying market exposure, are listed or traded if those securities or specified derivatives are not traded on any other exchange that represents a reasonably practical alternative for the Fund.

Mandatory Market Purchase Program

The Fund will undertake a mandatory market purchase program pursuant to which the Fund will, subject to certain exceptions and compliance with any applicable regulatory requirements, purchase any Listed Units offered in the market at prices that are less than 95% of the latest determined NAV per Listed Unit, up to a maximum amount in any calendar quarter of 1.25% of the number of Listed Units outstanding at the beginning of such calendar quarter if on any Business Day following the Closing, the closing price of the Listed Unit is less than 95% of the latest determined NAV per Listed Unit.

CONVERSION OF THE FUND

The Listed Units and Class F Units will be redeemable at NAV per Listed Unit or NAV per Class F Unit, as applicable, on the First NAV Redemption Date. See "Redemption of Units." Effective at the close of business on the Conversion Date, the Listed Units will be delisted from any stock exchange on which they are then listed.

The Fund will become an open-ended mutual fund on February 1, 2010, which is the Conversion Date and the day following the First NAV Redemption Date. Upon Conversion, the Fund will become one of the Sentry Select family of mutual funds. The Units will become redeemable at NAV per Unit on a daily basis, and will be removed from the book-entry only system of CDS. Thereafter the Units will be transferable only with the consent of the Trustee and, as soon as practicable thereafter, will be registered on the books of the registrar and transfer agent for the Sentry Select family of mutual funds, currently IFDS Limited.

Upon Conversion, the Fund will become subject to NI 81-102. The Fund will be subject to certain standard investment restrictions and practices contained in NI 81-102 and such other investment restrictions as the Trustee may determine, in its sole discretion, from time to time. The Declaration of Trust provides that certain provisions thereof that apply before the Conversion Date will cease to apply and those provisions that apply for the Sentry Select family of mutual funds will thereafter be applicable. For example, the Fund will be able to issue different classes and series of units. The Manager expects that it will offer Series A and Series F units, as those types of units are currently offered in its other mutual funds. These Units will be offered at their respective NAV per Unit. The Listed Units will be redesignated as Series X units. The Class F Units will be redesignated as Series F units. The circumstances under which Unitholders will be entitled to a vote will be reduced and certain matters which require approval by an Extraordinary Resolution will, after the Conversion Date, require the approval of the holders of a simple majority of the Units voting thereon. See "Unitholder Matters — Acts Requiring Unitholder Approval".

CALCULATION OF NET ASSET VALUE

For reporting purposes other than financial statements, the Net Asset Value of a Unit is established by dividing the Net Asset Value of the class of Units by the number of Units of that class that are outstanding at the time the calculation is made. That amount is known as the net asset value per Listed Unit or net asset value per Class F Unit (“NAV per Listed Unit” or “NAV per Class F Unit”). Net Asset Value will be valued in Canadian dollars.

If on any Valuation Time prior to the Conversion Date when Listed Warrants or Class F Warrants as applicable, are outstanding and the NAV per Listed Units or the NAV per Class F Unit would otherwise be greater than the Subscription Price, then the Net Asset Value for that class of Units shall be calculated by adding to the Net Asset Value the net proceeds that would be received by the Fund if all of such Listed Warrants or Class F Warrants, as applicable, were exercised and the total number of Units of the class outstanding at such time shall be deemed to include the number of Units that would be issuable upon the exercise of such Listed Warrants or Class F Warrants.

Unless otherwise required by law, the value of the assets held by the Fund is determined as follows:

- (a) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received (or to be received and declared to securityholders of record on a date before the date as of which the net asset value is being determined), and interest accrued and not yet received, shall be deemed to be the full amount thereof unless the Manager shall have determined that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend received or interest is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Manager shall determine to be the reasonable value thereof;
- (b) the value of any security which is listed or dealt in upon a stock exchange shall be determined by (a) in the case of a security which was traded on the day as of which the Net Asset Value is being determined, the closing sale price; (b) in the case of a security which was not traded on the day as of which the Net Asset Value is being determined, a price which is the average of the closing recorded bid and asked prices; or (c) if no bid or asked quotation is available, the price last determined for such security for the purpose of calculating the Net Asset Value. The value of interlisted securities shall be computed in accordance with directions laid down from time to time by the Manager; and provided however that if, in the opinion of the Manager, stock exchange or over the counter quotations do not properly reflect the prices which would be received by the Fund upon the disposal of shares or securities necessary to effect any redemptions of securities, the Manager may place such value upon such shares or securities as appears to the Manager to most closely reflect the fair value of such shares or securities;
- (c) the value of any security, the resale of which is restricted or limited by reason of a representation, undertaking or agreement by the Fund or by the predecessor in title of the Fund, shall be the lesser of (a) the value based on reported quotation in common use and (b) that percentage of the market value of securities of the same class, the resale of which is not restricted or limited by reasons of any representation, undertaking or agreement, equal to the percentage that the acquisition cost of the Fund was of the market value of such securities at the time of acquisition, provided that a gradual taking into account of the actual value of the securities may be made when the date on which the restrictions will be lifted is known;
- (d) the value of all assets of the Fund valued in terms of a currency other than Canadian currency and liabilities payable in a currency other than Canadian currency shall be translated to Canadian currency using the closing rate of exchange as quoted by customary banking sources on the date of valuation;
- (e) upon writing any covered clearing corporation option, option on futures or over the counter option, the premium received by the Fund shall be reflected as a deferred credit that shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over the counter option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized loss or gain on investment. The deferred credit will be deducted in calculating the NAV of the Fund. Any securities that are subject of a written option shall be valued at their current market value;

- (f) a long position in an option or a debt like security shall be valued at the current market value of the position;
- (g) the value of a forward contract or swap shall be the gain or loss on the contract that would be realized if, on the date that valuation is made, the position in the forward contract or swap were to be closed out;
- (h) the value of a standardized future shall be:
 - (i) if daily limits imposed by the futures exchange through which the standardized future was issued are not in effect, the gain or loss on the standardized future that would be realized if, on the date that valuation is made, the position in the standardized future were to be closed out; or
 - (ii) if daily limits imposed by the futures exchange through which the standardized future was issued are in effect, based on the current market value of the underlying interest of the standardized future;
- (i) margin paid or deposited in respect of standardized futures or forward contracts shall be reflected as an account receivable and, if not in the form of cash, shall be noted as held for margin;
- (j) each transaction of purchase or sale of portfolio securities effected by the Fund shall be reflected in the computation of the Net Asset Value of the Fund not later than the first computation of the Net Asset Value of the Fund made after the date on which the transaction becomes binding; and
- (k) the issue or redemption of Listed Units or Class F Units of the Fund shall be reflected in the computation of the Net Asset Value not later than the next computation of the Net Asset Value or series made after the time of the issue or redemption of the Listed Units or Class F Units of the Fund.

The liabilities of the Fund include:

- (a) all bills and accounts payable;
- (b) all administrative expenses payable and/or accrued;
- (c) all obligations for the payment of money or property, including the amount of any declared but unpaid distributions;
- (d) all allowances authorized or approved by the Manager for taxes or contingencies; and
- (e) all other liabilities of the Fund of whatever kind and nature, except liabilities represented by outstanding units.

Sentry Select may suspend the calculation of the Net Asset Value when the right to redeem a Unit is suspended. See “Redemption of Units”. During any period of suspension there will be no calculation of the Net Asset Value and the Fund will not be permitted to issue or redeem any Unit. The calculation of the Net Asset Value will resume when trading in the Fund’s securities and specified derivatives resumes.

Prior to the Conversion Date, the NAV, the NAV per Listed Unit and NAV per Class F Unit will be calculated on each Thursday (or if a Thursday is not a Business Day, the Business Day following such Thursday). On or after the Conversion Date, the NAV per Unit will be calculated on each Business Day. Such information will be provided by Sentry Select to Unitholders on request by calling toll-free 1-888-739-4623 or through the Internet at www.sentryselect.com.

UNITHOLDER MATTERS

Meetings of Unitholders

A meeting of Unitholders may be convened by Sentry Select at any time and must be convened if requisitioned by the holders of not less than 20% of the Units then outstanding by a written requisition specifying the purpose of the meeting. Prior to the Conversion Date, not less than 21 days’ and not more than 50 days’ notice will be given of any meeting of Unitholders. The quorum at any such meeting is two Unitholders present in person or by proxy except for the purpose of any meeting called to consider item (d) under

“Unitholder Matters — Acts Requiring Unitholder Approval” in which case the quorum shall be Unitholders holding 20% of the outstanding Units. If no quorum is present at such meeting when called, the meeting, if called on the requisition of Unitholders, will be terminated and otherwise will be adjourned for not less than 10 days and at the adjourned meeting the Unitholders then present in person or represented by proxy will form the necessary quorum. At any such meeting, each Unitholder will be entitled to one vote for each whole Unit registered in the Unitholder’s name.

The Fund does not intend to hold annual meetings of Unitholders.

Acts Requiring Unitholder Approval

Prior to the Conversion Date, pursuant to the Declaration of Trust, the following matters require the approval of two-thirds of the votes cast by Unitholders voting thereon (other than item (h) which require approval by a simple majority vote) at a meeting called and held for such purpose:

- (a) a change in the investment objectives of the Fund as described under “Investments of the Fund — Investment Objectives”;
- (b) a change in the investment restrictions of the Fund as described under “Investment Restrictions”;
- (c) any change in the basis of calculating fees or other expenses that are charged to the Fund which could result in an increase in charges to the Fund other than a fee or expense charged by a person or company that is at arm’s length to the Fund and for which Unitholders are sent a written notice of such change at least 60 days before the effective date of such change;
- (d) a change of the manager of the Fund, other than a change resulting in an affiliate of such person assuming such position or, except as described herein, a change in the trustee of the Fund, other than a change resulting in an affiliate of such person assuming such position;
- (e) a reorganization with, or transfer of assets to, a mutual fund trust, if
 - (i) the Fund ceases to continue after the reorganization or transfer of assets; and
 - (ii) the transaction results in Unitholders becoming securityholders in the mutual fund trust;
- (f) a reorganization with, or acquisition of assets of, a mutual fund trust, if
 - (i) the Fund continues after the reorganization or acquisition of assets;
 - (ii) the transaction results in the securityholders of the mutual fund trust becoming Unitholders of the Fund; and
 - (iii) the transaction would be a material change to the Fund;
- (g) an amendment, modification or variation in the provisions or rights attaching to the Listed Units or Class F Units; and
- (h) a reduction in the frequency of calculating the NAV per Listed Unit and Class F Unit.

Holders of Listed Units and of Class F Units shall vote together, unless the matter being voted on affects one class of Units differently from the other.

On and after the Conversion Date, Unitholders will be permitted to vote on all matters that require Unitholder approval under NI 81-102. These matters include, in respect of the Fund:

- (a) any (i) change in the basis of the calculation of a fee or expense charged to the Fund that could result in an increase in charges to the Fund, or (ii) a new fee or expense is introduced that could result in an increase in charges to the Fund. (In either case, securityholder consent will not be required if the change or new fee or expense is a result of a change made by a third party at arm’s length to the Fund. In this case, Unitholders will be sent written notice at least 60 days before the effective date of the change.);
- (b) a change of the Manager, unless the new manager is an affiliate of the Manager;

- (c) a change in the fundamental investment objectives of the Fund;
- (d) a decrease in the frequency of the calculation of the Net Asset Value per Unit of the Fund; and
- (e) a material reorganization of the Fund (except in certain circumstances with the approval of the Independent Review Committee).

The Unitholders will also be permitted to vote on any modification, amendment, alteration or deletion of rights, privileges or restrictions attaching to the Units which would have a material adverse effect on the interest of the Unitholders. No amendment may be made to the Declaration of Trust which would have the effect of reducing the expenses reimbursable to the Manager or terminating the Manager unless the Manager, in its sole discretion, consents.

The Trustee at the request of the Manager may, without the approval of or notice to Unitholders, amend the Declaration of Trust for certain limited purposes specified therein, including to:

- (a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law or regulation applicable to or affecting the Fund;
- (b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (c) bring the Declaration of Trust into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities industry, provided that any such amendment does not adversely affect the pecuniary value of the interests of the Unitholders;
- (d) maintain the status of the Fund as a “mutual fund trust” for the purposes of the Tax Act or to respond to amendments to such Act or to the interpretation thereof;
- (e) provide added protection or benefit to Unitholders;
- (f) to effect the Conversion; or
- (g) on and after the Conversion Date, to delete any provisions which have application only prior to the Conversion Date.

Except for changes to the Declaration of Trust which require the approval of Unitholders or changes described above which do not require approval of or prior notice to Unitholders, the Declaration of Trust may be amended from time to time by Sentry Select upon not less than 30 days’ prior written notice to Unitholders.

Reporting to Unitholders

The Fund will prepare, file and send to Unitholders unaudited semi-annual and audited annual financial statements of the Fund and other documents in accordance with National Instrument 81-106.

Proxy Voting Guidelines

The voting rights attached to securities held by the Fund will be executed in accordance with Sentry Select’s proxy voting guidelines. The Sentry Select proxy voting guidelines are as follows:

“The voting rights attached to securities held by the Fund will be executed in accordance with Sentry Select’s proxy voting guidelines. Sentry Select views the long-term economic best interest of the investors in the Fund as the key consideration when voting proxies of portfolio companies.

As a general rule, Sentry Select shall vote against any actions that would:

- reduce the rights or options of shareholders,
- reduce shareholder influence over the board of directors and management,
- reduce the alignment of interests between management and shareholders, or
- reduce the value of shareholders’ investments.

At the same time, since Sentry Select's portfolio managers follow an investment discipline that includes investing in companies that are believed to have strong management teams, the portfolio managers will generally support the management of companies in which they invest, and will accord proper weight to the positions of a company's board of directors. Therefore, in most circumstances, votes will be cast in accordance with the recommendations of the company's board of directors. When casting a vote, Sentry Select's portfolio managers will take into consideration all relevant facts and circumstances (including country specific considerations), and retain the right to vote proxies as deemed appropriate.

Sentry Select's proxy voting guidelines are available at www.sentryselect.com."

Non-Resident Unitholders

The Fund was not established and shall not be maintained for the benefit of one or more non-resident persons within the meaning of the Tax Act. At no time may non-residents of Canada and partnerships (other than "Canadian partnerships" as defined in the Tax Act) be the beneficial owners of more than 50% of the Units and the Trustee shall inform the Registrar and Transfer Agent of this restriction. The Trustee may require a declaration as to the jurisdiction in which a beneficial owner of Units is resident and, if a partnership, as to its status as a "Canadian partnership". If the Trustee becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 10% or more of the Units then outstanding are, or may be, non-residents and/or partnerships (other than "Canadian partnerships"), or that such a situation is imminent, the Trustee may make a public announcement thereof and the Trustee may send a notice to such non-resident Unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Trustee may consider equitable and practicable, requiring them to sell their Units or a portion thereof to residents of Canada within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustee with satisfactory evidence that they are not non-residents or partnerships (other than "Canadian partnerships") within such period, the Trustee may redeem or, on behalf of such Unitholders, sell such Units. Upon such redemption or sale, the affected Unitholders shall cease to be beneficial Unitholders of Units and their rights shall be limited to receiving the redemption price or the net proceeds of sale of such Units.

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

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of Units and Warrants by a purchaser, who acquires Units and Warrants pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times, is an individual (other than a trust) resident in Canada, deals at arm's length with the Fund and the Agents and holds Units or Warrants as capital property (a "Holder"). Generally, securities will be considered to be capital property to a purchaser provided that the purchaser does not hold such securities in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who might not otherwise be considered to hold Units as capital property may, in certain circumstances, be entitled to have such securities and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "Regulations"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the "Proposed Amendments"), and counsel's understanding of the current administrative policies and assessing practices of the CRA publicly available prior to the date hereof.

On October 31, 2003, the Department of Finance released, for public consultation, Proposed Amendments that would require, for taxation years commencing after 2004, that there be a reasonable expectation of cumulative profit (exclusive of capital gains) from a business or property in order for a taxpayer to deduct losses from such business or property from the taxpayer's income (the "October 2003 Proposals"). If they were enacted in their current form, the October 2003 Proposals could adversely affect a Holder who has borrowed funds in connection with the acquisition of Units. This summary does not address any special considerations for such Holders and any such Holders should consult their own tax advisors. On February 23, 2005, the Minister of Finance announced that the Department of Finance was developing a "more modest" legislative alternative to the October 2003 Proposals and that the alternative would be released for comment at an early opportunity (the "Alternative Proposal"). No such Alternative Proposal has yet been released and the October 2003 Proposals are not expected to be enacted in their current form. No assurance can be given that any such Alternative Proposal will not adversely affect the Fund or a Holder.

Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in the law or administrative practice, whether by way of legislative, governmental or judicial decision or action, nor does it take into account provincial or foreign tax legislation or considerations. There can be no assurance that the Proposed Amendments will be enacted in their current form or at all.

This summary assumes that the Fund will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act. In order to so qualify the Fund must comply on a continuous basis with certain minimum distribution requirements relating to the Units. In addition, the Fund must not at any time reasonably be considered to be established or maintained primarily for the benefit of non-resident persons.

On September 16, 2004, the Minister released certain proposals to the effect that a trust would lose its status as a mutual fund trust under the Tax Act if at any time the aggregate fair market value of all of its issued and outstanding units held by one or more non-resident persons, and/or by partnerships which are not Canadian partnerships under the Tax Act, is more than 50% of the aggregate fair market value of all issued and outstanding units of the trust, unless no more than 10% (based on fair market value) of the trust's property is at any time taxable Canadian property and certain other types of specified property. These proposals did not provide any means of rectifying the loss of mutual fund trust status. On December 6, 2004, the Minister suspended implementation of these proposals pending further consultation with the private sector and Bill C-52 which received Royal Assent on June 22, 2007 did not include these proposals.

The Manager has advised counsel that the Fund intends to make an election so that it will qualify under the Tax Act as a mutual fund trust from the commencement of its first taxation year. If the Fund were not to qualify as a mutual fund trust at all times, the income tax consequences described below and under "Eligibility for Investment" would in some respects be materially different.

This summary also assumes that none of the issuers of the securities in the Portfolio will be foreign affiliates of the Fund or of any Holder and that none of the securities in the Portfolio will be "tax shelter investments" within the meaning of section 143.2 of the Tax Act, or will be a tracking interest or participating interest, other than an exempt interest, in a "foreign investment entity" or an interest in a non-resident trust other than an "exempt foreign trust" under amendments to the Tax Act proposed in a Notice of Ways and Means Motion released on November 9, 2006 (or such proposals as amended or enacted, or successor provisions thereto).

This summary is also based on the assumption that the Fund will at no time be a "SIFT trust" as defined in the SIFT Rules. Provided that the Fund does not hold "non-portfolio property" as defined in the SIFT Rules, it will not be a SIFT trust. Based upon its investment objectives and investment restrictions, as described under the headings "Investments of the Fund" and "Investment Restrictions", respectively, the Fund should not hold any "non-portfolio properties".

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units or Warrants. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units or Warrants will vary according to the status of the investor, the province or provinces in which the investor resides or carries on business and, generally, the investor's own particular circumstances. Accordingly, the following description of income tax matters is of a general nature only and is not intended to constitute advice to any particular investor. **Prospective investors should consult their own tax advisors with**

respect to the income tax consequences of investing in Units or Warrants, based upon the investor's particular circumstances.

Taxation of the Fund

The Fund will be subject to tax under Part I of the Tax Act on the amount of its income for tax purposes for the year, including net taxable capital gains, less the portion thereof that it claims in respect of amounts paid or payable to Holders in the year. The Manager has advised counsel that the Fund generally intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year after taking into account all available deductions, credits and refunds. Therefore, provided the Fund makes distributions in each year of its net income for tax purposes and net realized capital gains as described under the heading "Distributions", it will generally not be liable in such year for income tax under Part I of the Tax Act other than such tax on net realized capital gains that would be recoverable by it in such year by reason of the capital gains refund.

With respect to an issuer that is a trust resident in Canada whose units are included in the Portfolio and held as capital property for the purposes of the Tax Act, and that is not subject in a taxation year to the tax under the SIFT Rules, the Fund is required to include in its income such portion of the net income and the taxable portion of the net realized capital gains of such issuer as is paid or becomes payable to the Fund in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the issuer. Provided appropriate designations are made by the issuer, any net taxable capital gains realized by the issuer and taxable dividends received by the issuer from taxable Canadian corporations that are paid or become payable to the Fund and are designated by the issuer in respect of the Fund will effectively retain their character as such in the hands of the Fund.

The Fund is generally required to reduce the adjusted cost base of the units of such issuer structured as a trust resident in Canada to the extent that all amounts paid or payable in a year by such issuer to the Fund exceed the sum of the amounts included in the income of the Fund for the year and the Fund's share of the non-taxable portion of capital gains of such issuer for the year. To the extent that the adjusted cost base to the Fund of the unit of such issuer would otherwise be less than zero, the negative amount is deemed to be a capital gain realized by the Fund and the Fund's adjusted cost base of such unit is increased by the amount of such deemed capital gain to zero.

Under the SIFT Rules, each issuer in the Portfolio that is a "SIFT trust" or "SIFT partnership" as defined under the SIFT Rules (which will generally include income trusts, other than certain real estate investment trusts, and certain partnerships, the units of which are listed or traded on a stock exchange or other public market) will be subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains respecting "non-portfolio properties" (collectively, the "Non-Portfolio Earnings"). Non-Portfolio Earnings that are earned by a SIFT partnership or are 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 13% on account of provincial tax. The SIFT Rules will generally not apply for taxation years that end before 2011 where such an issuer would have been a SIFT trust or a SIFT partnership on October 31, 2006 had the SIFT Rules been in force and applied to the issuer as of that date and the issuer complied with guidelines issued by the Department of Finance on December 15, 2006 and incorporated by reference into the SIFT Rules concerning the acceptable level of growth for such issuers. In all other cases, the SIFT Rules will generally apply to the 2007 and later taxation years of a SIFT trust or SIFT partnership. Any Non-Portfolio Earnings that become payable by a SIFT trust or SIFT partnership will be taxed as though they were a taxable dividend received from a taxable Canadian corporation and will be deemed to be an "eligible dividend" eligible for the enhanced gross-up and tax credit rules.

The Fund will also be required to include in its income for each taxation year, any dividends received (or deemed to be received) by it in such year on a Portfolio Security and all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

In computing its income for tax purposes, the Fund may deduct reasonable administrative, interest and other expenses incurred to earn income and may deduct over a five-year period the costs and expenses of the

Offering paid by the Fund and not reimbursed. To the extent that the Fund borrows to redeem Fund Units, the interest in respect of such borrowing will generally not be deductible.

It is possible that, under the October 2003 Proposals, or the Alternative Proposal the deduction of losses of the Fund in a particular taxation year could be limited. Under the October 2003 Proposals, a taxpayer will have a loss for a taxation year from a particular source that is a business or property only if, in that year, it is reasonable to expect that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on and can reasonably be expected to carry on the business, or has held and can reasonably be expected to hold, the property. If the deduction of losses of the Fund was limited in a particular year, the taxable income of the Fund would be increased along with the taxable amount of distributions to Holders.

Upon the actual or deemed disposition of a Portfolio Security held by the Fund as capital property, the Fund will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base of such asset and any reasonable costs of disposition.

The Manager has advised counsel that the Fund will purchase Portfolio Securities with the objective of receiving distributions and income thereon and will take the position that gains and losses realized on the disposition thereof are capital gains and capital losses. The Manager has also advised counsel that the Fund intends to make an election under subsection 39(4) of the Tax Act so that all Portfolio Securities that are “Canadian securities” (as defined in the Tax Act) will be deemed to be capital property to the Fund.

The Manager has advised counsel that, generally, the Fund will include gains and deduct losses in connection with investments made through derivative securities on income account, except where such derivatives are used to hedge securities held on capital account, and that the Fund will recognize such gains and losses for tax purposes at the time that they are realized. Option transactions may be on income account or on capital account, depending on the circumstances.

In determining the income of the Fund, premiums received by the Fund on covered call options written by the Fund on securities held on capital account (and, which are not exercised prior to the end of the year) will constitute capital gains of the Fund in the year received. Premiums received by the Fund on covered call options on capital account which are exercised in the taxation year in which the option is written by the Fund will be added in computing the proceeds of disposition to the Fund of the securities disposed of by the Fund on exercise of such call options.

The trading price of, and dividends on, Portfolio Securities may be denominated in currency other than Canadian currency. All dividends, costs, option premiums and proceeds of disposition of securities will be determined in Canadian dollars for purposes of the Tax Act at the exchange rate prevailing at the time of the relevant transaction. The Fund may realize gains and losses by virtue of the fluctuation of the value of foreign currencies relative to Canadian dollars.

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

Taxation of Holders

Allocation of Purchase Price

A purchaser of a Combined Unit offered by this prospectus will be required to allocate the price paid for a Combined Unit on a reasonable basis between the Unit and the Warrant in order to determine their respective costs to the purchaser for purposes of the Tax Act. The Fund will allocate \$9.60 to each Unit and \$0.40 to each full Warrant. Although the Fund believes this allocation to be reasonable, it is not binding upon the CRA or a

Holder. A successful challenge by the CRA to this allocation will affect the adjusted cost base calculations accordingly.

Holding and Dispositions of Units

A Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income, and the taxable portion of the net realized capital gains, of the Fund for a taxation year of the Fund that ended in that year as is paid or becomes payable to the Holder in the Fund's particular taxation year whether in cash or in additional Units.

Provided that appropriate designations are made by the Fund, such portion of (a) the net realized taxable capital gains of the Fund, (b) the foreign source income of the Fund and foreign taxes eligible for the foreign tax credit and (c) the taxable dividends received by the Fund on shares of taxable Canadian corporations as is paid or becomes payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules will apply. An enhanced dividend gross-up and tax credit is available for eligible dividends paid after 2005 by corporations resident in Canada which are so designated by the dividend paying corporation. The availability of foreign tax credits in respect of foreign source income designated to a Holder by the Fund is subject to the foreign tax credit rules under the Tax Act and the Holder's particular circumstances including other foreign source income or losses received and foreign taxes paid by the Holder. The non-taxable portion of net realized capital gains of the Fund that are paid or become payable to a Holder in a year will not be included in computing the Holder's income for the year. Any amount in excess of a Holder's share of the net income and the net realized capital gains of the Fund for a taxation year that is paid or becomes payable to the Holder in such year will not generally be included in computing the Holder's income for the year. However, the payment by the Fund of such excess amount will reduce the adjusted cost base of Units to the Holder. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Holder from the disposition of the Unit and the Holder's adjusted cost base will be increased by the amount of such deemed capital gain.

The market value per Unit will likely reflect any income and gains of the Fund that have accrued or have been realized but not made payable at the time Units are acquired. Consequently, Holders that acquire additional Units may become taxable on their share of income and gains of the Fund that accrued or were realized before the Units are acquired and were not made payable before such time.

Upon the disposition or deemed disposition by a Holder of a Unit, whether on a sale, redemption, repurchase or otherwise, a capital gain (or capital loss) will be realized by the Holder to the extent that the proceeds of disposition, net of any reasonable costs of disposition exceed (or are less than) the adjusted cost base of the Unit to the Holder immediately before the disposition. For the purposes of determining the adjusted cost base to a Holder of Units, when Units are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units of that class owned by the Holder as capital property immediately before that time. The cost of Units acquired as a distribution of income or capital gains or on a reinvestment of distributions from the Fund will be equal to the amount of the distribution. A consolidation of Units of a class following a special distribution paid in the form of additional Units of that class will not be regarded as a disposition of Units and will not affect the aggregate adjusted cost base to a Holder of Units of that class. See "Description of the Units and Warrants".

Generally, one-half of any capital gain (a "taxable capital gain") realized by a Holder in a taxation year must be included in computing the income of the Holder for that year and one-half of any capital loss (an "allowable capital loss") realized by a Holder in a taxation year may be deducted from taxable capital gains realized by the Holder 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 those years, including taxable capital gains realized on the disposition of Units or payable to the Manager, amounts designated by the Fund to a Holder as taxable capital gains.

Amounts designated as taxable dividends from taxable Canadian corporations and net realized capital gains paid or payable to a Holder by the Fund or realized on the disposition of Units may give rise to a liability for alternative minimum tax.

Conversion of Class F Units

The conversion of Class F Units into Listed Units will not constitute a disposition for the purposes of the Tax Act.

Exercise of Warrants

No gain or loss will be realized by a Holder upon exercise of a Warrant. When a Warrant is exercised, the cost to the Holder of the Unit thus acquired will be the aggregate of the adjusted cost base, for that Holder, of the Warrant and the price paid for the Unit upon exercise of the Warrant. The adjusted cost base to a Holder of a Unit acquired upon the exercise of a Warrant must be averaged with the adjusted cost base (determined immediately before the exercise of the Warrant) of all other Units of that class of the Fund held by the Holder as capital property at the time of the exercise of the Warrant to determine the adjusted cost base of each Unit thereafter. In the event a Holder who acquires Units also holds other Units of the Fund of the same class the adjusted cost base will be determined by averaging the adjusted cost base of all the Units of the Fund of that class owned by the Holder as capital property at that time.

Disposition or Expiry of Warrants

The disposition or deemed disposition of a Warrant or expiry of an unexercised Warrant will generally result in a capital gain (or capital loss) to the Holder to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Warrant to the Holder. The expiry of an unexercised Warrant will generally result in a capital loss equal to the adjusted cost base to the Holder of such expired Warrants. Any such capital gains and capital losses will be treated as discussed above in the discussion of the disposition of Units.

ELIGIBILITY FOR INVESTMENT

Provided that the Fund qualifies as a mutual fund trust within the meaning of the Tax Act, the Units and Warrants will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans or registered education savings plans (each a “plan trust”), and with respect to the Warrants only, the Fund deals at arm’s length with each person who is an annuitant, a beneficiary, an employer or a subscriber under the plan trust.

USE OF PROCEEDS

The Fund will use the proceeds from the sale of combined Units as follows (excluding the listed Units and listed Warrants sold pursuant to the exercise of the Over-Allotment Option):

	<u>Minimum Offering</u>	<u>Maximum Offering</u>
Gross proceeds to the Fund	\$20,000,000	\$100,000,000
Agents’ fees ⁽¹⁾	\$ 1,050,000	\$ 5,250,000
Expenses of issue	\$ 300,000	\$ 750,000
Net proceeds to the Fund	<u>\$18,650,000</u>	<u>\$ 94,000,000</u>

(1) The Agents’ fees shown are based upon the fee payable on Listed Units. This amount will be lower and the net proceeds to the Fund will be higher to the extent that Class F Units are sold.

The Fund will use the net proceeds of the Offering (including any net proceeds from the exercise of the Over-Allotment Option) to invest in securities in accordance with the investment objectives and restrictions of the Portfolio as described herein. See “Investments of the Fund”. The Sentry Select anticipates that the net proceeds of the Offering will be substantially invested within 90 days from the Closing Date. Pending such investment, the cash portion of the net proceeds will be invested in money market instruments.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement between the Agents, Sentry Select and the Fund, the Agents have agreed to offer the Units for sale, as agents of the Fund, on a best efforts basis, if, as and when issued by the Fund. The Agents will receive a fee equal to \$0.525 for each Listed Combined Unit sold and \$0.225 for each Class F Combined Unit sold and will be reimbursed for reasonable out-of-pocket expenses incurred by them. The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Units offered hereby, the Agents will not be obligated to purchase Units that are not sold.

The Fund has granted the Agents an Over-Allotment Option, exercisable in whole or in part at any time and from time to time during the period of 30 days following the Closing, to purchase that number of Listed Units and Listed Warrants up to 15% of the aggregate number of Combined Units issued at the Closing at a price of \$9.60 per Listed Unit and \$0.40 per Listed Warrant, which additional Listed Units are qualified for sale hereunder. To the extent the Over-Allotment Option is exercised, the Agents will be entitled to a fee equal to 5.25% per Listed Unit and/or Listed Warrant purchased.

If subscriptions for a minimum of 2,000,000 Listed Combined Units have not been received within 90 days following the date of issuance of a final receipt for the prospectus, the Offering may not continue without the consent of the securities authorities and those who have subscribed for Combined Units on or before such date. Under the terms of the Agency Agreement, the Agents may, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Agency Agreement. Cash proceeds from subscriptions will be held by the Agents until Closing. If the minimum Offering is not achieved and the necessary consents are not obtained or if the Closing does not occur for any reason, subscription proceeds received from prospective purchasers will be returned to such purchasers promptly without interest or deduction. Subscriptions for Combined Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. Closing is expected to take place on or about December 18, 2007 or such later date that is on or before January 15, 2008 as may be agreed upon by the Fund and the Agents.

Pursuant to policy statements of certain Canadian securities regulators, the Agents may not, throughout the period of distribution, bid for or purchase Units or Warrants. The foregoing restriction is subject to certain exceptions, on the conditions that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Units or Warrants. Such exceptions include a bid or purchase permitted under applicable by-laws and rules of the relevant self-regulatory authorities relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Agents may over-allot and may effect transactions to cover their over-allotted position. Such transactions, if commenced, may be discontinued at any time.

FEES AND EXPENSES

Initial Expenses

The expenses of the Offering (including the costs of creating the Fund, the costs of printing and preparing this prospectus, legal expenses of the Fund, marketing expenses and legal and other out-of-pocket expenses incurred by the Agents and certain other expenses) will, together with the Agents' fees, be paid from the gross proceeds of the Offering. The Offering expenses are estimated to be \$750,000. The Manager has agreed to pay all expenses incurred in connection with the Offering, other than the Agents' fees, that exceed 1.50% of the gross proceeds of the Offering.

Fees and Other Expenses

Pursuant to the terms of the Declaration of Trust, Sentry Select is entitled to a fee at an annual rate of 1.10% of NAV, plus an amount equal to the Servicing Fee payable to registered dealers of 0.40% of NAV per Listed Unit plus applicable taxes. Fees payable to Sentry Select will be calculated and payable monthly based on

the average NAV of the Fund calculated at each Valuation Time during that month. The Manager will pay to registered dealers the Servicing Fee (calculated and paid at the end of each calendar quarter) equal to 0.40% annually of the NAV per Listed Unit for each Listed Unit held by clients of the dealers.

The management fee will be paid in cash, although the Fund has granted to the Manager, for so long as the Manager acts as manager of the Fund, the right, exercisable each month at the Manager's sole discretion, to elect to have any or all of the management fee (other than the portion relating to the Servicing Fee) payable to it in respect of such month paid in Listed Units or Class F Units (provided that the Manager will be entitled to receive cash in lieu of any fractional Unit that the Manager would otherwise be entitled to receive upon such an election). The issuance of Units to the Manager as payment of the management fee will be made at the average of the NAV per Listed Unit or Class F Unit for the applicable month and should have the effect of providing additional cash flow in order to facilitate distributions to Unitholders and will increase the number of issued and outstanding Listed Units or Class F Units (as applicable) once any such distribution is made. This prospectus also qualifies the distribution of the right granted by the Fund to the Manager to receive payment of the management fee in Units.

The Fund will pay for all ordinary expenses incurred in connection with the operation and administration of the Fund. All fees and expenses of the Fund will be paid in cash. It is expected that these expenses will include, without limitation: (a) mailing and printing expenses for periodic reports to Unitholders; (b) fees payable to the Trustee for acting as trustee (except when the Manager is the Trustee); (c) fees payable to the Registrar and Transfer Agent, DRIP Agent and Warrant Trustee; (d) fees payable to the Custodian for acting as custodian of the assets of the Fund; (e) independent review committee member fees and expenses in connection with the independent review committee; (f) banking fees and interest with respect to any borrowing; (g) fees payable to the auditors and legal advisors of the Fund; (h) regulatory filing, stock exchange and licensing fees; (i) any expenses in connection with the Conversion; and (j) expenditures incurred upon the termination of the Fund. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which Sentry Select, or the Trustee, is entitled to indemnity by the Fund. See "Management of the Fund". The aggregate annual amount of these fees and expenses is estimated to be \$250,000, excluding any banking fees and interest which will increase with the Fund's utilization of any borrowing. The Fund will also be responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of the Fund which may be incurred from time to time.

Upon exercise of a Listed Warrant, the Fund will pay a fee equal to \$0.10 per Listed Warrant to the Agents and a fee equal to \$0.15 per Listed Warrant to the broker whose client is exercising the Warrant.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Sentry Select will receive the fees described under "Fees and Expenses" for its services to the Fund and will be reimbursed by the Fund for all expenses incurred in connection with the operation and administration of the Fund.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Units:

- (a) the Declaration of Trust described under "The Fund";
- (b) the Management Agreement described under "Management of the Fund — The Manager";
- (c) the Warrant Indentures described under "Description of the Units and Warrants — Warrants";
- (d) the Agency Agreement described under "Plan of Distribution"; and
- (e) the Custodian Agreement described under "Management of the Fund — The Custodian".

Copies of the foregoing agreements, after the execution thereof, may be inspected during business hours at the principal office of the Fund during the course of distribution of the Units offered hereby. Any of the foregoing contracts that are not executed prior to the filing of this prospectus will be filed with the securities regulatory authorities forthwith after such contract is entered into.

RISK FACTORS

Investments in the Fund are available to all investors.

The following are certain considerations relating to an investment in Combined Units which prospective investors should consider before purchasing such securities:

Risks Relating to the Fund

Performance of Issuers

The NAV per Unit will vary according to the value of the securities in which the Fund invests, which will depend, in part, upon the performance of the issuers of such securities. The value of the securities acquired by the Fund will be affected by business factors and risks that are beyond the control of the Manager or the Fund.

The value of the Units may be affected by factors such as interest rates, financial market volatility, economic cycles and economic climate, political events, government policy and taxation and regulatory change. A large number of the securities held by the Fund will be subject to regulation, and there is risk that the actions of a regulator or political intervention may influence the prices of the securities held in the Portfolio.

The Net Asset Value per Unit, as calculated by the Manager, may not reflect the price for which the Units can actually be sold.

Loss of Investment

An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment and who can withstand the effect of no distribution being paid in any period.

No Guaranteed Return

There is no guarantee that an investment in the Fund will earn any positive return in the short term or long term. The Indicative Distribution Amount from year to year may be significantly less than the initial targeted Indicative Distribution Amount. The Manager, on behalf of the Fund, may at any time re-evaluate the Indicative Distribution Amount.

Composition of Portfolio

The composition of the Portfolio taken as a whole may vary widely from time to time but will be concentrated by geography and may be concentrated by type of security, commodity or industry. Therefore, the Portfolio may be considered less diversified.

Real Estate Sector Risk

Investing in one specific sector of the stock market entails greater risk than investing in all sectors of the stock market. If a sector declines or falls out of favour, the share values of most or all of the companies in that sector will generally fall faster than the market as a whole. The assets, earnings and share values of companies involved in the real estate industry are influenced by a number of different factors including economic cycles, inflation, the cost of capital available to Real Estate Issuers, the level of short and long term interest rates, the timing of increases in supply, consumer confidence, investor confidence in competing asset classes, demographic trends, the policies of various levels of government and the economic well-being of industries such as retail and tourism.

Real Estate Issuers generally are subject to certain risks related to their direct ownership of real estate. Real property investments are affected by general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants and upon the vacancy rates of the property portfolio. There are also certain types of risks relating to the ownership of real estate, generally of a catastrophic nature, such as wars or environmental contamination, which may be either uninsurable or not insurable on an economically viable basis. In addition, environmental laws may render

a Real Estate Issuer liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. Real estate ownership may also require certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges regardless of whether the property is producing any income.

No Assurances on Achieving Objectives

There is no assurance that the Fund will be able to achieve its quarterly distribution and capital appreciation objectives.

The funds available for distribution to Unitholders will vary according to, among other things, the levels of distributions and interest paid by the securities held in the Portfolio and the value of those securities.

An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment and who can withstand the effect of the Indicative Distribution Amount not being met in any period.

Interest Rate Fluctuations

As the Fund is targeting quarterly distributions representing a yield on the Offering Price of the Units of 5.0% per annum, the trading price of the Units may be affected by the level of interest rates prevailing from time to time. In addition, any decrease in the NAV resulting from an increase in interest rates may also negatively affect the trading price of the Units. Changes in interest rates may also adversely affect the business of the issuers in which the Fund invests or the trading price of the securities of such issuers.

Trading Price of the Listed Units Relative to Net Asset Value

Units of certain closed end trusts in Canada have traded at a discount from their net asset values. This risk associated with units of a closed end trust is a risk separate and distinct from the risk that the Fund's NAV may decrease. The Fund cannot predict whether the Listed Units will trade at a discount from, a premium to, or at the NAV per Listed Unit.

Reliance on Management

Unitholders will be dependent on the management of the Manager. Investors who are not willing to rely on the management of the Manager should not invest in the Units.

Dilution

If a Unitholder does not exercise, or sells, the Listed Warrants or the Class F Warrants, then the value of the Listed Units or Class F Units held by that Unitholder may be diluted as a result of the exercise of such Warrants by others.

Foreign Market Exposure

The securities held in the Portfolio will consist of securities of many issuers established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to Canadian and United States companies, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or United States company. Volume and liquidity in some foreign markets may be less than in Canada and the United States and at times, volatility of price may be greater than in Canada or the United States. As a result, the price of such securities may be affected by conditions in the market of the jurisdiction in which the issuer is located or its securities are traded. These include changes in foreign exchange control regulations, application of foreign tax legislation including confiscatory taxation and withholding taxes, changes in government, administration and economic monetary policy, appropriation, changed circumstances in dealings between nations, lack of uniform accounting and auditing standards, potential difficulties in enforcing contractual obligations and extended settlement periods.

Investments in foreign markets carry the potential exposure to political upheaval, acts of terrorism and war, all of which could have a material adverse affect on the value of such securities.

Foreign Currency Exposure

As the Portfolio will consist principally of securities denominated in foreign currencies, as the issuers will have substantial exposure to non-Canadian currency, and, therefore, the NAV the trading price and the value of the dividends and other distributions received by the Fund will be affected by fluctuations in the value of the other foreign currencies relative to the Canadian dollar. The Fund will not be hedged and accordingly, no assurance can be given that the Fund will not be adversely impacted by changes in foreign exchange rates. As the distributions received on securities held in the Portfolio will include foreign currencies, the distributable cash, when measured in Canadian dollars, will be affected by changes in the value of these currencies relative to the Canadian dollar.

Use of Derivative Instruments

The use of derivative instruments involves risks different from and possibly greater than the risks associated with investing directly in such securities and other traditional investments. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, leveraging risk, counterparty risk, trading execution risk and short selling risk. Derivatives also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index.

Redemptions

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

Operating History

The Fund is a newly organized investment trust with no previous operating history. There is currently no public trading market for the Listed Units and Listed Warrants and no public trading market for the Class F Units and Class F Warrants, and there can be no assurance that an active public market will develop or be sustained after completion of the Offering. Application for listing of the Class F Units on a stock exchange will not be made.

Status of the Fund

As the Fund will not be a mutual fund as defined under Canadian securities laws until the Conversion Date, the Fund is not subject to the Canadian policies and regulations that apply to open end mutual funds, prior to the Conversion.

The Fund is not a trust company and is not registered under legislation of any jurisdiction governing trust companies as it does not carry on, nor does it intend to carry on, the business of a trust company. The Units are not “deposits” within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured under the provisions of that Act or any other legislation.

Potential Conflict of Interest

The directors and officers of the Manager and their affiliates and associates may engage in the promotion, management or investment management of any other fund or trust which invests primarily in real estate issuers.

Taxation of the Fund

The scope of the October 2003 Proposals limiting deductibility of losses and the Alternative Proposal to be released by the Minister of Finance (Canada) is uncertain. There can be no assurance that pursuant to the Alternative Proposal, when released, that losses of the Fund may not be denied with the result that the taxable amount of distributions to Unitholders could be increased.

If the Fund ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading “Canadian Federal Income Tax Considerations” and “Eligibility for Investment” 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 SIFT Rules

The SIFT Rules will apply to a trust that is a SIFT trust within the meaning of the Tax Act. The Fund should not be a SIFT trust for the purposes of these rules because the Fund should not hold “non-portfolio property” based on its investment objectives and investment restrictions. Specifically the Fund does not intend to hold “Canadian real, immovable or resource property” as this term is defined in the Tax Act having a fair market value exceeding 50% of the equity value of the Units, at any time. If the SIFT Rules were to apply to the Fund, they may have an adverse impact on the distributions received by Unitholders.

Certain Portfolio Securities included may be issued by issuers that are or may become SIFT trusts or SIFT partnerships. In such event, the after-tax returns realized by Unitholders may be reduced to the extent that the Fund 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 Fund. Finally, the SIFT Rules 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 businesses of issuers of Portfolio Securities 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 Fund and the Unitholders and/or the value of the Units or the securities in which the Fund invests.

Conversion

After Conversion, Unitholders will not have the right to approve changes to the investment strategy of the Fund.

There may be a time immediately following the First NAV Redemption Date where Unitholders may not be able to sell or redeem their Units.

Nature of Units

The Units share certain attributes common to both equity securities and debt instruments. The Units are dissimilar to debt instruments in that there is no principal amount owing to Unitholders. The Units represent a fractional interest in the assets of the Fund. 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.

LEGAL OPINIONS

The matters referred to under “Eligibility for Investment” and “Canadian Federal Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon by Borden Ladner Gervais LLP, on behalf of the Fund, and Blake, Cassels & Graydon LLP, on behalf of the Agents.

PROMOTER

Sentry Select has taken the initiative in organizing the Fund and accordingly may be considered to be a “promoter” of the Fund within the meaning of the securities legislation of certain provinces of Canada. Sentry Select will receive fees from the Fund and will be entitled to reimbursement of expenses incurred in relation to the Fund as described under “Fees and Expenses”.

AUDITORS

The independent auditors of the Fund are Deloitte & Touche LLP, Suite 1400, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2V1.

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada will be appointed the registrar and transfer agent for the Listed Units, Listed Warrants, Class F Units and Class F Warrants.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in several of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the prospectus of Sentry Select Global Real Estate Fund (the "Fund") dated November 29, 2007 relating to the issue and sale of Listed Combined Units and Class F Combined Units of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the Trustee of the Fund on the statement of financial position of the Fund as at November 29, 2007. Our report is dated November 29, 2007.

Toronto, Canada
November 29, 2007

(Signed) DELOITTE & TOUCHE LLP
Chartered Accountants
Licensed Public Accountants

AUDITORS' REPORT

To the Trustee of
Sentry Select Global Real Estate Fund

We have audited the statement of financial position of Sentry Select Global Real Estate Fund (the "Fund") as at November 29, 2007. This financial statement is the responsibility of the Fund's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this financial statement presents fairly, in all material respects, the financial position of the Fund as at November 29, 2007 in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
November 29, 2007

(Signed) DELOITTE & TOUCHE LLP
Chartered Accountants
Licensed Public Accountants

SENTRY SELECT GLOBAL REAL ESTATE FUND
STATEMENT OF FINANCIAL POSITION
As at November 29, 2007

ASSETS

Cash	<u>\$10</u>
Total	<u><u>\$10</u></u>

UNITHOLDER'S EQUITY

Unitholder's Equity (Note 1): 1 Class F Unit	<u>\$10</u>
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Approved by the Manager:

(Signed) JOHN DRISCOLL
Director

(Signed) FRANK POTTER
Director

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

SENTRY SELECT GLOBAL REAL ESTATE FUND
NOTES TO STATEMENT OF FINANCIAL POSITION
November 29, 2007

1. NATURE OF OPERATIONS

Sentry Select Global Real Estate Fund (the “Fund”) is an investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust (the “Declaration of Trust”) dated November 29, 2007, by Sentry Select Capital Corp. (“Sentry Select” or the “Manager”), as manager and trustee of the Fund. The Fund is authorized to issue an unlimited number of Listed Combined Units and Class F Combined Units (collectively, the “Combined Units”). Each Listed Combined Unit consists of one Listed Unit and one full Listed Warrant. Each Class F Combined Unit consists of one Class F Unit and one full Class F Warrant. A Listed Warrant and a Class F Warrant entitles the holder to purchase one Listed Unit or one Class F Unit (as applicable) at the subscription price of \$10.25 at any time on or before October 31, 2009.

The net asset value (the “NAV”) per Listed Unit and Class F Unit will be calculated as of 4:15 p.m. (Toronto time) on each Thursday during the year (or, if a Thursday is not a business day, the business day following such Thursday) and on the last business days of March, June, September and December (the “Valuation Time”). The NAV on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund, including any income, net realized capital gains or losses or other amounts payable to Unitholders on or before such date expressed in Canadian dollars at the applicable exchange rate on such date.

On any Valuation Time prior to the Conversion Date (defined as February 1, 2010, the date upon which the Fund will convert to an open-ended mutual fund) when Listed Warrants or Class F Warrants are outstanding and the NAV per Listed Unit or the NAV per Class F Unit would otherwise be greater than the exercise price of such Listed Warrants or Class F Warrants, as applicable then the NAV for that Class of Units shall be calculated by adding to the NAV the net proceeds that would be received by the Fund if all of such Listed Warrants or Class F Warrants were exercised and the total number of Units of the Class outstanding at such time shall be deemed to include the number of Units that would be issuable upon the exercise of such Listed Warrants or Class F Warrants.

The Fund’s investment objectives are to invest primarily in real estate issuers with a view to:

- (i) paying quarterly cash distributions (initially expected to be \$0.125 per quarter per Unit, or 5% per annum based on the original price of \$10.00 per Combined Unit); and
- (ii) preserving and enhancing the net asset value per Unit.

2. MANAGEMENT FEES AND OTHER EXPENSES

Pursuant to the management agreement, Sentry Select is the manager of the Fund and, as such, is responsible for providing or arranging for required general and administrative services to the Fund.

Pursuant to the management agreement, Sentry Select is entitled to a fee of 1.10% of NAV, plus an amount equal to the Servicing Fee (described below) payable to the registered dealers of 0.40% of NAV per Listed Unit plus applicable taxes. Fees payable to Sentry Select will be calculated and payable monthly based on the average NAV of the Fund calculated at each Valuation Time during that month. The management fee will be paid in cash, although the Fund has granted to the Manager the right, exercisable each month to be paid in Units.

The Manager will pay to the registered dealers the Servicing Fee (calculated and paid at the end of each calendar quarter) equal to 0.40% annually of the NAV per Listed Unit for each Listed Unit held by clients of the registered dealers.

State Street Trust Company Canada (the “Custodian”) acts as custodian of the assets of the Fund and is also responsible for certain aspects of the Fund’s day-to-day operations. In consideration for the services provided by the Custodian, the Fund will pay a monthly fee to be agreed upon between the Custodian and Sentry Select.

In consideration for the services provided by the trustee of the Fund (except when the Manager is the trustee of the Fund), the Fund will pay a monthly fee to be agreed upon between the trustee of the Fund and Sentry Select.

Pursuant to the Declaration of Trust, the Fund is responsible for all expenses incurred in connection with the operation and administration of the Fund. All fees and expenses of the Fund will be paid in cash. Sentry Select will be reimbursed by the Fund for all expenses incurred in connection with the operation and administration of the Fund.

CERTIFICATE OF THE ISSUER, THE MANAGER AND THE PROMOTER

Dated: November 29, 2007

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of *The Securities Act*, 1988 (Saskatchewan), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 63 of the *Securities Act* (Nova Scotia), by Section 13 of the *Securities Act* (New Brunswick), by Part XIV of *The Securities Act* (Newfoundland and Labrador), by Part II of the *Securities Act* (Prince Edward Island), by Part 3 of the *Securities Act* (Yukon Territory), by the *Securities Act* (Northwest Territories) and by the *Securities Act* (Nunavut) and the respective regulations thereunder. This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Québec) and the regulations thereunder.

SENTRY SELECT CAPITAL CORP.
(as Manager, Promoter and on behalf of the Fund)

(Signed) JOHN DRISCOLL
Chief Executive Officer and President

(Signed) JOHN VOGLAID
Chief Financial Officer and Treasurer

On behalf of the Board of Directors of Sentry Select Capital Corp.

(Signed) SIMON B. SCOTT
Director

(Signed) FRANK POTTER
Director

CERTIFICATE OF THE AGENTS

Dated: November 29, 2007

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of *The Securities Act 1988*, (Saskatchewan), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 64 of the *Securities Act* (Nova Scotia), by Section 13 of the *Securities Act* (New Brunswick), by Part XIV of *The Securities Act* (Newfoundland and Labrador), by Part II of the *Securities Act* (Prince Edward Island), by Part 3 of the *Securities Act* (Yukon Territory), by the *Securities Act* (Northwest Territories) and by the *Securities Act* (Nunavut) and the respective regulations thereunder. To the best of our knowledge, this prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Québec) and the regulations thereunder.

CIBC WORLD MARKETS INC.

RBC DOMINION SECURITIES INC.

(Signed) RONALD W.A. MITCHELL

(Signed) EDWARD V. JACKSON

BMO NESBITT BURNS INC.

NATIONAL BANK FINANCIAL INC.

(Signed) FAROOQ N.P. MOOSA

(Signed) MICHAEL D. SHUH

SCOTIA CAPITAL INC.

TD SECURITIES INC.

(Signed) BRIAN D. MCCHESEY

(Signed) CAMERON GOODNOUGH

CANACCORD CAPITAL
CORPORATION

DUNDEE SECURITIES
CORPORATION

HSBC SECURITIES
(CANADA) INC.

RAYMOND
JAMES LTD.

(Signed) BINA N. PATEL

(Signed) BRETT WHALEN

(Signed) BRENT LARKAN

(Signed) MIKE WESTCOTT

BLACKMONT CAPITAL INC.

WELLINGTON WEST CAPITAL INC.

(Signed) CHARLES A.V. PENNOCK

(Signed) KEVIN M. HOOKE

BERKSHIRE
SECURITIES INC.

DESJARDINS
SECURITIES INC.

LAURENTIAN BANK
SECURITIES INC.

RESEARCH CAPITAL
CORPORATION

RICHARDSON
PARTNERS FINANCIAL
LIMITED

(Signed) DAVID
MACLEOD

(Signed) BETH SHAW

(Signed) PIERRE
GODBOUT

(Signed) DAVID
KEATING

(Signed) DAVE
FINNBOGASON

Sentry Select