

PROSPECTUS

Initial Public Offering

March 29, 2006



Oil Sands and Energy Mega-Projects Trust
Maximum: \$140,000,000 (14,000,000 Units)

This prospectus qualifies the issuance of transferable, redeemable units (the "Units") of Oil Sands and Energy Mega-Projects Trust (the "Trust"), an investment trust established under the laws of Ontario.

The Trust will invest in an actively managed portfolio of equity securities of issuers participating in Canadian energy mega-projects. The Manager believes that energy prices and specifically crude oil prices will remain high over at least the next decade for several reasons, including strong demand from North American economies, increasing demand from developing countries such as China and India, and limitations of supply. In addition, as Canada ranks third in the world in terms of proven crude oil reserves, is politically stable and is adjacent to the United States, the largest consumer of oil and gas in the world, it is an attractive supplier of crude oil and natural gas. Accordingly, the Manager believes Canada is and will continue to be host to a number of large projects related to energy including the development of the oil sands, the northern gas projects, enhanced oil recovery projects and liquified natural gas facilities.

The Trust's investment objectives are to:

- (i) provide the holders of Units (the "Unitholders") with long-term capital appreciation; and
- (ii) provide Unitholders with monthly cash distributions.

The net proceeds of this offering (the "Offering"), will be invested in an actively managed portfolio of securities (the "Portfolio") of issuers that are involved in the Canadian energy mega-projects, primarily in the oil sands sector, the northern gas projects, enhanced oil recovery projects and liquified natural gas facilities, including those whose businesses are directly or indirectly related to these projects including, without limitation, in the businesses of oil and gas production, services, pipelines and infrastructure, construction and real estate. Up to 10% of the Portfolio may be invested in private issuers.

Sentry Select Capital Corp. (the "Manager" or "Sentry Select") will be responsible for managing the Trust. The Manager has been investing in the oil sands and other energy mega-projects since 1997.

The Trust intends to pay monthly cash distributions. The indicative distribution for the first 12 months of the Trust is \$0.50 per Unit representing a yield of 5.0% per annum based on the \$10.00 per Unit issue price. Commencing in 2007, the Trust will annually determine and announce each April an indicative distribution amount for the following 12 months based upon the prevailing market conditions and the estimate by Sentry Select of distributable cash flow for the year. The initial cash distribution of \$0.0417 per Unit is anticipated to be payable on June 15, 2006 to Unitholders of record on May 31, 2006. The Trust may make additional distributions in any given year.

Price: \$10.00 per Unit
Minimum Purchase: 200 Units

	Price to the Public ⁽¹⁾	Agents' Fees	Net Proceeds to the Trust ⁽²⁾
Per Unit	\$ 10.00	\$ 0.50	\$ 9.50
Total Minimum Offering ⁽³⁾	\$35,000,000	\$1,750,000	\$33,250,000
Total Maximum Offering ⁽⁴⁾	\$140,000,000	\$7,000,000	\$133,000,000

Notes:

- (1) The offering price was established by negotiation between the Agents (defined below) and the Manager.
- (2) Before deducting 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 all expenses incurred in connection with the Offering that exceed 1.50% of the gross proceeds of the Offering.
- (3) There will be no closing unless a minimum of 3,500,000 Units are sold. If subscriptions for a minimum of 3,500,000 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.
- (4) The Trust 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 up to 15% of the aggregate number of Units issued at the closing of the Offering on the same terms set forth above. This prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Units 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 \$161,000,000, the Agents' fees will be \$8,050,000 and the net proceeds to the Trust will be \$152,950,000. See "Plan of Distribution".

(continued on next page)

(continued from cover)

Based on its initial anticipated composition, the Portfolio is expected to generate approximately 5.0% of distribution and dividend income per Unit per annum, which, after deduction of expenses, will be distributed by the Trust to Unitholders. The balance of the monthly 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 2.0% per annum in order for the Trust to maintain a stable NAV while making monthly cash distributions. If the return on the Portfolio is less than the amount necessary to fund the monthly distributions, the Manager may return a portion of the capital of the Trust to Unitholders to ensure that the distribution is paid and, accordingly, NAV per Unit will be reduced.

There is currently no market through which the Units may be sold.

Provided that the Trust qualifies as a mutual fund trust within the meaning of the Tax Act, the Units 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. See “Eligibility for Investment”.

The Toronto Stock Exchange has conditionally approved the listing of the Units, subject to the fulfillment by the Trust of the requirements of such stock exchange on or before June 20, 2006, including distribution to a minimum number of Unitholders. The Units will be listed for trading under the symbol OSM.UN.

See “Risk Factors” for a discussion of certain factors that should be considered by prospective investors in Units. There can be no assurance that the Trust will be able to achieve its monthly distribution and capital appreciation objectives.

The Trust is not a trust company and, accordingly, the Trust 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.

The Trust does not have a fixed termination date but may be terminated at any time upon not less than 90 days’ written notice to the Trustee from the Manager with the prior approval of Unitholders or in other certain circumstances. See “Termination of the Trust”.

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, HSBC Securities (Canada) Inc., Raymond James Ltd., Berkshire Securities Inc., Blackmont Capital Inc., Desjardins Securities Inc., Dundee Securities Corporation, Wellington West Capital Inc., IPC Securities Corporation and Research Capital Corporation (collectively, the “Agents”) conditionally offer the Units, subject to prior sale, on a best efforts basis, if, as and when issued by the Trust 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 Trust, 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. See “Plan of Distribution”.

Subscriptions will be received for the 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 April 18, 2006, but no later than May 17, 2006. Registrations and transfers of Units will be effected only through the book-based system administered by The Canadian Depository for Securities Limited. Beneficial owners of Units will not have the right to receive physical certificates evidencing their ownership. See “Description of Units — Book-Based System”.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
GLOSSARY OF TERMS	4	UNITHOLDER MATTERS	29
PROSPECTUS SUMMARY	7	Meetings of Unitholders	29
THE TRUST	13	Acts Requiring Unitholder Approval	29
INVESTMENTS OF THE TRUST	13	Reporting to Unitholders	30
Investment Objectives	13	Proxy Voting Guidelines	30
Rationale of the Trust	13	Non-Resident Unitholders	31
Investment Methodology and Strategy	14	TERMINATION OF THE TRUST	31
Historical Performance of Managed Funds with Similar Investment Methodology and Strategy	15	CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	32
The Portfolio	15	Taxation of the Trust	33
THE ENERGY MEGA-PROJECTS	15	Taxation of Unitholders	34
Oil Sands	15	ELIGIBILITY FOR INVESTMENT	35
Northern Gas Projects	16	USE OF PROCEEDS	35
Enhanced Oil Recovery	17	PLAN OF DISTRIBUTION	36
Liquefied Natural Gas	17	FEEs AND EXPENSES	36
Mega-Project Sectors	18	Initial Expenses	36
INVESTMENT RESTRICTIONS	18	Fees and Other Expenses	36
Borrowing	19	INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	37
MANAGEMENT OF THE TRUST	19	MATERIAL CONTRACTS	37
The Manager	19	RISK FACTORS	37
The Trustee	24	LEGAL OPINIONS	43
The Custodian	24	PROMOTER	43
CONFLICTS OF INTEREST	24	AUDITORS	43
MONTHLY DISTRIBUTIONS	25	REGISTRAR AND TRANSFER AGENT	43
DESCRIPTION OF THE UNITS	25	PURCHASERS' STATUTORY RIGHTS	43
Book-Based System	26	AUDITORS' CONSENT	44
Market Purchases	26	AUDITORS' REPORT	45
REDEMPTION OF UNITS	26	CERTIFICATE OF THE ISSUER, THE MANAGER AND THE PROMOTER	C-1
Redemptions	26	CERTIFICATE OF THE AGENTS	C-2
Exercise of Redemption Right	26		
Suspension of Redemptions and Purchases	27		
CALCULATION OF NET ASSET VALUE	27		

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 March 29, 2006 among the Trust, 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, HSBC Securities (Canada) Inc., Raymond James Ltd., Berkshire Securities Inc., Blackmont Capital Inc., Desjardins Securities Inc., Dundee Securities Corporation, Wellington West Capital Inc., IPC Securities Corporation and Research Capital Corporation.

“**Alaska Highway Pipeline Project**” means the proposed natural gas pipeline system running from the Alaska North Slope, through the Yukon and Alberta to midwest US markets.

“**bcf/d**” means billions of cubic feet per day.

“**boe/d**” means barrels of oil equivalent per day.

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

“**CDS**” means The Canadian Depository for Securities Limited.

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

“**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 April 18, 2006, or such later date as the Trust and the Agents may agree, but in any event not later than May 17, 2006.

“**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 March 29, 2006, as it may be amended from time to time.

“**Energy Mega-Projects**” means major current and future projects in Canada relating to the extraction, production and transportation of oil and gas, including the oil sands, the Northern Gas Projects, EOR projects and LNG facilities.

“**EOR**” means enhanced oil recovery.

“**Equity Security**” means a security of an issuer, excluding debt securities that are not convertible into securities other than debt securities.

“**Indicative Distribution**” means the indicative distribution of the Trust, contemplated to be \$0.50 per Unit for the first 12 months of the Trust, and thereafter as determined by the Manager from time to time.

“**LNG**” means liquified natural gas.

“**Mackenzie Gas Project**” means the proposed natural gas pipeline system that will link the Mackenzie River Delta to an existing natural gas pipeline system in northwestern Alberta.

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

“**Mega-Project Securities**” means Equity Securities issued by issuers with direct or indirect investment in Energy Mega-Projects and those whose underlying business is directly or indirectly related to including, without limitation, the businesses of oil and gas production, services, pipelines and infrastructure, construction and real estate.

“**NEB**” means Canada’s National Energy Board.

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

“**Net Realized Proceeds Per Unit**” means the amount obtained by dividing either:

- (i) the aggregate proceeds received by the Trust on the disposition of the *pro rata* share of the Portfolio represented by the Units surrendered for redemption determined as of the applicable Valuation Date, less brokerage fees, commissions and all other transaction costs relating to such disposition and less the *pro rata* share of the liabilities of the Trust; and/or
- (ii) if for any reason the Manager determines that it is not practicable for the Trust to effect such disposition, then the *pro rata* share of the Net Asset Value represented by the Units surrendered for redemption, less the brokerage fees, commissions and all other transaction costs that the Manager believes would have resulted from such disposition,

by the number of Units surrendered for redemption.

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

“**Northern Gas Projects**” means the Mackenzie Gas Project and the Alaska Highway Pipeline Project.

“**Notice Period**” means the period from the first day of October until 5:00 p.m. (Toronto time) on the tenth Business Day before the last Business Day in October (starting in 2007).

“**Offering**” means the offering of a minimum of 3,500,000 Units and a maximum of 14,000,000 Units at the Offering Price, as contemplated in this prospectus.

“**Offering Price**” means a price of \$10.00 per Unit.

“**Over-Allotment Option**” means the option granted by the Trust to the Agents, exercisable for a period of 30 days following Closing, to purchase an aggregate of up to 15% of the aggregate number of Units issued at Closing at the Offering Price, solely to cover over-allotments, if any.

“**Permitted Merger**” means a merger or other combination or consolidation of the Trust with any one or more other investment funds with similar investment objectives administered or managed by the Manager or an affiliate of the Manager or its successors provided that (i) the merger is done on a relative Net Asset Value per Unit basis and (ii) it is capable of being accomplished on a tax-deferred rollover basis for Unitholders of the Trust and (iii) Unitholders are permitted to redeem their Units at a redemption price equal to 100% of NAV, less any costs of funding such redemptions, prior to the effective date of the merger.

“**Portfolio**” means the assets held by the Trust from time to time as described under “Investments of the Trust — The Portfolio”.

“**Portfolio Securities**” means the Mega-Project Securities.

“**Private Issuer**” means an issuer with securities for which a market quotation is not readily available, other than cash equivalents.

“**Redemption Payment Date**” means the date on or before the 15th Business Day following the applicable Valuation Date.

“**Registrar and Transfer Agent**” means Computershare Investor Services Inc.

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

“**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 Unit for each Unit held by the clients of the registered dealer.

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

“**tcf**” means trillion cubic feet.

“**Termination Date**” means the date the Trust is terminated (although the Trust does not have a fixed termination date) as more fully described under “Termination of the Trust”.

“**Trust**” means Oil Sands and Energy Mega-Projects Trust, a closed-end investment trust established under the laws of Ontario pursuant to the Declaration of Trust.

“**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 transferable, redeemable unit of the Trust.

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

“**Valuation Date**” means the last Business Day in October.

“**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, October and December.

PUBLIC INFORMATION

Certain information contained in this prospectus relating to publicly traded securities and the issuers of those securities is 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 Trust 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, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions to the extent they relate to the Trust or the Manager. The forward looking statements are not historical facts but reflect the Trust’s current expectations regarding future results or events. These forward looking statements 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.

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 TRUST

The Trust is an investment trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. It has been created with the intention of providing monthly distributions and capital appreciation.

THE OFFERING

Offering:	The Offering consists of Units.
Amount:	Minimum: \$35,000,000 (3,500,000 Units) Maximum: \$140,000,000 (14,000,000 Units)
Offering Price:	\$10.00 per Unit
Minimum Purchase:	200 Units (\$2,000)
Rationale for the Trust:	The Trust will invest in an actively managed portfolio of equity securities of issuers participating in Energy Mega-Projects. The Manager believes that energy prices and specifically crude oil prices will remain high over at least the next decade for several reasons, including strong demand from North American economies, increasing demand from developing countries such as China and India, and limitations of supply. In addition, as Canada ranks third in the world in terms of proven crude oil reserves, is politically stable and is adjacent to the United States, the largest consumer of oil and gas in the world, it is an attractive supplier of crude oil and natural gas. Accordingly, the Manager believes Canada is and will continue to be host to a number of large projects related to energy including the development of the oil sands, the Northern Gas Projects, enhanced oil recovery projects and liquified natural gas facilities.
Investment Objectives:	The Trust's investment objectives are to: (i) provide Unitholders with long-term capital appreciation; and (ii) provide Unitholders with monthly cash distributions.
Investment Methodology and Strategy:	<p>The net proceeds from the Offering will be invested in a portfolio of securities which will consist of Mega-Project Securities. The Manager will actively manage the Trust's investments which will include rotation of weightings within the Mega-Project Securities sectors. Up to 10% of the Portfolio may be invested in Private Issuers.</p> <p>The Manager does not manage another investment fund that has the identical investment objectives and investment focus as the Trust. However, the Manager intends to use substantially the same investment methodology and strategy for the Trust as it does for other funds managed by it that have a similar investment focus. The following funds managed by the Manager have a similar investment focus: (i) Sentry Select Focused Growth & Income Trust which may invest up to 20% of its assets in the oil sands sector; (ii) Canadian Energy Growth Fund which focuses on the energy sector; and (iii) Strategic Energy Fund which focuses on the energy sector and may invest a portion of its assets in Private Issuers. Unlike the Trust, however these funds are not restricted to a particular set of projects and related businesses.</p>

Historical Performance of Managed Funds with Similar Investment Methodology and Strategy:

The following shows the historical annualized total returns for Sentry Select Focused Growth & Income Trust, Strategic Energy Fund and Sentry Select Canadian Energy Growth Fund as at December 31, 2005 net of fees (which includes the reinvestment of distributions). This information does not reflect the expected performance of the Trust and is provided only to illustrate the experience and historic investment results obtained by Sentry Select in funds with a similar investment focus. This information is not, and should not be construed as, indicative of the future performance of the Units or amounts which may be distributed by the Trust. This information is provided solely for illustrative purposes, and should not be construed as a forecast or projection. Past performance does not guarantee future investment results.

Annual Total Returns as at December 31, 2005

<u>Sentry Select Product</u>	<u>1 year</u>	<u>3 year</u>	<u>Since Inception⁽¹⁾</u>
Sentry Select Focused Growth & Income Trust ⁽²⁾	72.7%	51.2%	36.7%
Strategic Energy Fund ⁽²⁾⁽³⁾	44.6%	29.3%	15.7%
Sentry Select Canadian Energy Growth Fund (Class A) ⁽⁴⁾⁽⁵⁾	55.7%	34.0%	18.1%

- (1) The inception date for Sentry Select Focused Growth & Income Trust was January 24, 2002, the inception date for Strategic Energy Fund was May 9, 2002 and the inception date for Sentry Select Canadian Energy Growth Fund was December 19, 1997.
- (2) Source: Bloomberg.
- (3) Not including the exercise of any outstanding rights.
- (4) This fund is an open-end mutual fund and does not have a market price, unlike the prior two closed-end funds whose units are publicly listed on the TSX. In addition, this fund is subject to different expenses from the Trust, does not make monthly distributions and has not employed leverage as part of its investment strategy.
- (5) Source: Sentry Select.

Portfolio:

The following table sets out the approximate allocation of investments within the Portfolio as if the Portfolio had been purchased on February 17, 2006.

Approximate Allocation of Investments Within the Portfolio

<u>Mega-Project Securities</u>	<u>Weighting</u>
Producers	42%
Services	20%
Pipeline and infrastructure	16%
Construction	12%
Real estate	10%
Total Portfolio	<u>100%</u>

Approximately 5% of the initial Portfolio would have been invested in Private Issuers.

Energy Mega-Projects:

Canada's oil sands resources are contained in three areas: the Athabasca area, the Cold Lake area and the Peace River area. The Athabasca area is the largest, and, to date, has been the most intensely developed. This area is also the only area that is amenable to surface mining.

The Mackenzie Gas Project is a proposed 1220-kilometre pipeline system along the Mackenzie Valley with an estimated cost of over \$7 billion. It will link northern producing natural gas wells to an existing natural gas pipeline system in northwestern Alberta. The natural gas exploration and development companies involved in the Mackenzie Gas Project have

interests in three discovered natural gas fields in the Mackenzie Delta-Taglu, Parsons Lake and Niglintgak regions. In total, as much as 1.2 billion cubic feet per day of natural gas could be available initially to move through the Mackenzie Valley Pipeline.

The Alaska Highway Pipeline Project is a proposed 4.5 bcf/d pipeline running 5,600 km from the Alaska North Slope, through the Yukon and Alberta to midwest US markets.

Enhanced oil recovery techniques offer the prospect for producing an incremental 30 to 60 percent of a reservoir's original oil in place. The major categories of EOR are thermal recovery, chemical injection, or gas injection. Thermal recovery introduces heat to lower the viscosity of heavy oil and improve its ability to flow through a reservoir. Chemical injection involves using chemicals to increase the effectiveness of waterfloods or using detergent-like surfactants to help lower the surface tension that often prevents oil droplets from moving through a reservoir. Gas injection uses gases such as natural gas, nitrogen, or carbon dioxide that expand in a reservoir to push additional oil out of a reservoir.

Recently rising demand and flat to declining North American production have combined to drive natural gas prices to historical levels. In fact, high natural gas prices have now made the transport of natural gas in liquefied form to supply-constrained markets economically feasible. In essence, the ability to convert gas into a liquid and transport it via tanker ship to distant markets, has created a global gas market.

Manager:

Sentry Select is the manager of the Trust. Sentry Select has been investing in oil sands and other energy mega-projects since 1997. Sentry Select is also responsible for providing or arranging for the provision of administrative services required by the Trust. See "Management of the Trust—The Manager".

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

Monthly Distributions:

The Trust intends to pay monthly cash distributions. Commencing in 2007, the Trust will annually determine and announce each April an Indicative Distribution amount for the following 12 months based upon the prevailing market conditions and the Manager's estimate of distributable cash flow for the year. The initial cash distribution of \$0.0417 per Unit is anticipated to be payable on June 15, 2006 to Unitholders of record on May 31, 2006. The Trust may make additional distributions in any given year. The amount of the monthly distributions may fluctuate from month to month and there can be no assurance that the Trust will make any distributions in any particular month or months. See "Monthly Distributions", "Investments of the Trust—Investment Methodology and Strategy" and "Risk Factors".

Based on its initial anticipated composition, the Portfolio is expected to generate approximately 5.0% of distribution and dividend income per Unit per annum, which, after deduction of expenses, will be distributed by the Trust to Unitholders. The balance of the monthly 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 2.0% per annum in order for the Trust to maintain a stable NAV while making monthly cash distributions. If the return on the Portfolio is less than

the amount necessary to fund the monthly distributions, the Manager may return a portion of the capital of the Trust to Unitholders to ensure that the distribution is paid and, accordingly, NAV per Unit will be reduced.

If, in any year after such distributions, there would otherwise remain in the Trust 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 Trust will not be liable for income tax under the Tax Act will be automatically payable on December 31 of that year to Unitholders of record on that date.

Initial Indicative Distribution:

The Indicative Distribution for the first 12 months of the Trust is \$0.50 per Unit representing a yield of 5.0% per annum based on the \$10.00 per Unit issue price.

Redemption Right:

Units may be surrendered for redemption during the period from the first day of October to 5:00 p.m. (Toronto time) on the tenth Business Day before the last Business Day in October in each year, beginning in 2007, subject to the Trust's right to suspend redemptions. Units surrendered for redemption during this period will be redeemed on the Valuation Date and the Unitholder will receive payment on or before the 15th Business Day following such Valuation Date. Unitholders will receive a redemption price per Unit equal to the Net Realized Proceeds Per Unit as at such Valuation Date. See "Redemption of Units — Redemptions".

Market Purchases:

During any twelve month period, the Trust has the right (but not the obligation), exercisable in its sole discretion, to purchase in the market for cancellation up to 10% of the Units outstanding at the beginning of such period at prices not exceeding the NAV per Unit. The Trust will offer to purchase Units offered on the TSX at prices that are less than 95% of the latest determined NAV per Unit where the Manager determines that such purchases are in the best interest of Unitholders, up to a maximum amount in any three month period of 1.25% of the number of Units outstanding at the beginning of such period subject to "Redemption of Units — Suspension of Redemptions and Purchases" and the rules of the TSX. Purchases of Units by the Trust will be subject to compliance with any applicable regulatory requirements and limitations.

Termination:

The Trust does not have a fixed termination date but may be terminated at any time upon not less than 90 days' written notice to the Trustee from the Manager with the prior approval of Unitholders by a resolution passed by holders of more than 50% of the Units voting thereon at a meeting duly convened for the consideration of such termination, provided that Unitholders holding at least 10% of the Units outstanding on the record date for voting for the meeting vote in favour of such resolution. In addition, the Manager may, in its discretion, terminate the Trust without the approval of Unitholders, if it believes that it is no longer economically practical to continue the Trust or the Manager determines that it would be in the best interests of Unitholders to terminate the Trust or to terminate the Trust in connection with a Permitted Merger.

Borrowing:

The Trust is authorized to borrow an amount not exceeding 15% of the value of the total assets of the Trust for the purpose of making investments in accordance with its investment objectives and restrictions, for working capital purposes and to pledge its assets to secure the borrowings. Initially, the Trust does not intend to borrow. See "Borrowing".

Trustee:	Sentry Select is the trustee of the Trust and is responsible for certain aspects of the day-to-day administration of the Trust. See “Management of the Trust — The Trustee”.
Custodian:	State Street Trust Company Canada will be the custodian of the assets of the Trust. See “Management of the Trust — The Custodian”.
Eligibility for Investment:	Provided that the Trust qualifies as a mutual fund trust within the meaning of the Tax Act, the Units 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. See “Eligibility for Investment”.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

A Unitholder will generally be required to include, in computing the Unitholder’s income for the year, the amount of the net income, and the taxable portion of the net realized capital gains of the Trust, that is paid or payable to the Unitholder in the year whether in cash or in Units. Distributions by the Trust to a Unitholder in excess of the Unitholder’s share of the Trust’s net income and net realized capital gains will 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. A Unitholder who disposes of Units held as capital property (on redemption or otherwise) will realize a capital gain to the extent that the proceeds of disposition exceed the adjusted cost base of Units and any reasonable costs of disposition. **See “Canadian Federal Income Tax Considerations”. 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 the Units is subject to certain risk factors, including the following:

1. the NAV per Unit will vary according to the value of the securities in which the Trust invests;
2. no guaranteed return;
3. the NAV per Unit and the trading price will be highly sensitive to commodity prices and, in particular, volatility of oil and natural gas prices, and currency fluctuations;
4. risks associated with performance of the securities in the Portfolio, including risks specific to investments in the oil sands sector, such as, exploration and development risks, shortages of skilled labour, construction delays and cost overruns, adverse royalty regime changes and environmental regulations and declines in reserve estimates;
5. risks associated with the Northern Gas Projects such as development risks, weather-related risks, cost overruns and land claims;
6. risks associated with Private Issuers;
7. investments in REITs are subject to the general risks associated with real property investments;
8. the NAV per Unit will be sensitive to interest rate fluctuations;
9. Units may trade in the market at a premium or a discount to the NAV per Unit and there can be no guarantee that Units will trade at a price equal to the NAV per Unit;
10. the Trust may use borrowing to enhance returns to Unitholders which may result in losses or a decrease in net cash distributions to Unitholders or may require the Trust to sell investments in order to comply with the terms of a loan facility which may have an adverse impact on the returns earned by the Trust;

11. the possibility that some of the interest paid on any borrowing may not be deductible by the Trust for tax purposes;
12. there can be no assurance that the Trust will be able to achieve its monthly distribution or capital appreciation objectives;
13. risks associated with the composition and concentration of the Portfolio;
14. reliance on management of the Trust;
15. the Trust's lack of operating history and the current absence of a public trading market for the Units;
16. Unitholders may receive distributions of securities in specie upon the termination of the Trust, for which there may be an illiquid market;
17. no market existing for the Units;
18. the Trust is not subject to regulation as a mutual fund or trust company;
19. the potential for conflicts of interest;
20. there is no assurance that the Manager will be able to invest the net proceeds of the Offering to reach the proposed initial weightings in a timely manner, which may negatively affect the Trust's ability to fulfil its investment objectives;
21. risks associated with taxation of the Trust;
22. there can be no assurance that income tax laws and government incentive programs relating to the resource industry and the treatment of mutual fund trusts under the Tax Act will not be changed in a manner which adversely affects the distributions received by the Trust and the Unitholders and/or the value of the Units or the securities in which the Trust invests; and
23. risks associated with annual redemptions;
24. 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 TRUST

The following table contains a summary of the fees and expenses payable by the Trust. All fees and expenses of the Trust 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	\$0.50 per Unit (5.0% of the Unit price).
Expenses of Issue	The Trust will pay the expenses incurred in connection with the Offering of Units by the Trust, estimated to be \$750,000. The Manager has agreed to pay all expenses incurred in connection with the Offering that exceed 1.5% 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 Units at the option of the Manager, plus an amount equal to the Servicing Fee payable to registered dealers of 0.40% of NAV as described below plus applicable taxes.
Operating expenses of the Trust	The Trust will pay all ordinary expenses incurred in connection with the operation and administration of the Trust estimated to be \$285,000 per annum. The Trust will also be responsible for commissions and other costs of portfolio transactions and any extraordinary expenses of the Trust which may be incurred from time to time.

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 Unit for each Unit held by clients of the registered dealer.
----------------------	--

THE TRUST

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

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

INVESTMENTS OF THE TRUST

Investment Objectives

The Trust’s investment objectives are to:

- (i) provide Unitholders with long-term capital appreciation; and
- (ii) provide Unitholders with monthly cash distributions.

Rationale of the Trust

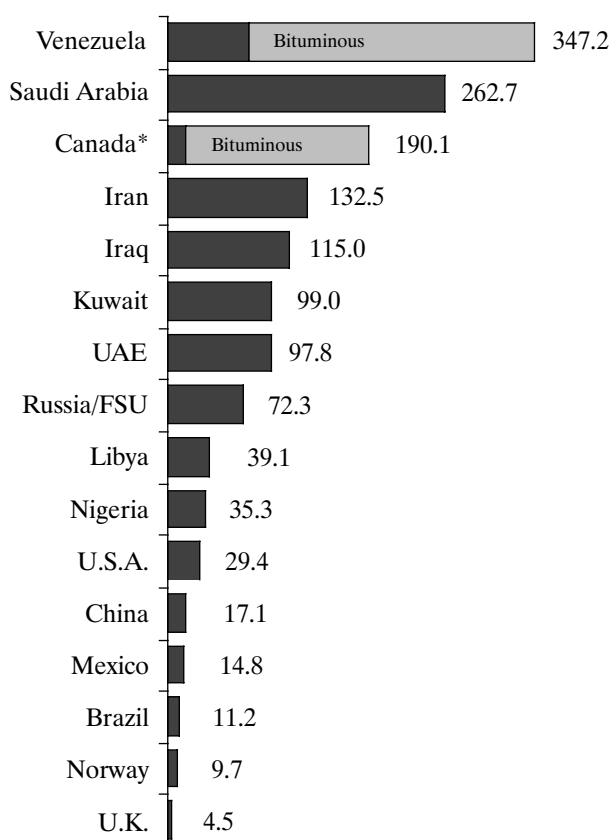
The Trust will invest in an actively managed portfolio of equity securities of issuers participating in Energy Mega-Projects. The Manager believes that energy prices and specifically crude oil prices will remain high for at least the next decade for the following reasons:

- Demand for oil and gas is increasing from strong North American economies even in a period when energy costs are increasing.
- Demand for oil and gas is increasing from developing countries, especially China and India, where GDP growth is at very high levels.
- Supply constraints caused by natural reservoir declines are reducing conventional oil production by over 2 million barrels per year.
- Oil production from remote areas is constrained by the lack of infrastructure for producing, transporting, refining and processing.
- Oil and gas development is limited by the lack of qualified personnel and in particular, geologists, engineers and construction workers.
- Energy development in Canada is restrained by environmental concerns, Kyoto Accord compliance efforts, land claims and slow approval processes by various government regulatory boards.

Energy Mega-Projects are, typically, capital-intensive projects that take a significant time to establish and which are intended to operate for a long periods of time. Accordingly, the Manager believes that the Energy Mega-Projects provide significant opportunities for the suppliers of goods and services to these projects, and other issuers that may benefit directly or indirectly from the investment in them.

The Manager believes Canada is and will continue to be, the host of a number of large projects related to energy including the development of the oil sands, the Northern Gas Projects, enhanced oil recovery projects and liquified natural gas facilities.

2004 Crude Oil Reserves
(in Billions of Barrels)



Source: BP Statistical Review of World Energy, 2005; OPEC

Investment Methodology and Strategy

The net proceeds from the Offering will be invested in a portfolio of securities which will consist of Mega-Project Securities. Up to 10% of the Portfolio may be invested in Private Issuers.

The Manager will use a disciplined, fundamental approach consisting of an intensive and ongoing research process of investment opportunities of Mega-Project Securities. This approach will involve the use of computer based research incorporating and rating a number of factors including profitability, liquidity, operating and administrative costs, cash flow and management. In the case of oil and gas investments, the Manager's research process will also include the performance of specific resource property analysis. The Manager will draw from expertise in the oil and gas industry available to it to assist in the evaluation of the underlying properties held by oil and gas investments. In its analysis of the real estate sector, the Manager will consider, among other things, occupancy levels, direction of rental rates and management experience.

The Manager does not manage another investment fund that has the identical investment objectives and investment focus as the Trust. However, the Manager intends to use substantially the same investment methodology and strategy for the Trust as it does for other funds managed by it that have a similar investment focus. The following funds managed by the Manager have a similar investment focus: (i) Sentry Select Focused Growth & Income Trust which may invest up to 20% of its assets in the oil sands sector; (ii) Canadian Energy Growth Fund which focuses on the energy sector; and (iii) Strategic Energy Fund which focuses on the energy sector and may invest a portion of its assets in Private Issuers. Unlike the Trust, however these funds are not restricted to a particular set of projects and related businesses.

Historical Performance of Managed Funds with Similar Investment Methodology and Strategy

The following shows the historical annualized total returns for Sentry Select Focused Growth & Income Trust, Strategic Energy Fund and Sentry Select Canadian Energy Growth Fund as at December 31, 2005 net of fees (which includes the reinvestment of distributions). This information does not reflect the expected performance of the Trust and is provided only to illustrate the experience and historic investment results obtained by Sentry Select in funds with a similar investment focus. This information is not, and should not be construed as, indicative of the future performance of the Units or amounts which may be distributed by the Trust. This information is provided solely for illustrative purposes, and should not be construed as a forecast or projection. Past performance does not guarantee future investment results.

Annual Total Returns as at December 31, 2005

<u>Sentry Select Product</u>	<u>1 year</u>	<u>3 year</u>	<u>Since Inception⁽¹⁾</u>
Sentry Select Focused Growth & Income Trust ⁽²⁾	72.7%	51.2%	36.7%
Strategic Energy Fund ⁽²⁾⁽³⁾	44.6%	29.3%	15.7%
Sentry Select Canadian Energy Growth Fund (Class A) ⁽⁴⁾⁽⁵⁾	55.7%	34.0%	18.1%

(1) The inception date for Sentry Select Focused Growth & Income Trust was January 24, 2002, the inception date for Strategic Energy Fund was May 9, 2002 and the inception date for Sentry Select Canadian Energy Growth Fund was December 19, 1997.

(2) Source: Bloomberg.

(3) Not including the exercise of any outstanding rights.

(4) This fund is an open-end mutual fund and does not have a market price, unlike the prior two closed-end funds whose units are publicly listed on the TSX. In addition, this fund is subject to different expenses from the Trust, does not make monthly distributions and has not employed leverage as part of its investment strategy.

(5) Source: Sentry Select.

The Portfolio

The following table sets out the approximate allocation of investments within the Portfolio as if the Portfolio had been purchased on February 17, 2006.

Approximate Allocation of Investments Within the Portfolio

<u>Mega-Project Securities</u>	<u>Weighting</u>
Producers	42%
Services	20%
Pipeline and infrastructure	16%
Construction	12%
Real estate	10%
Total Portfolio	<u>100%</u>

Approximately 5% of the initial Portfolio would have been invested in Private Issuers.

THE ENERGY MEGA-PROJECTS

Oil Sands

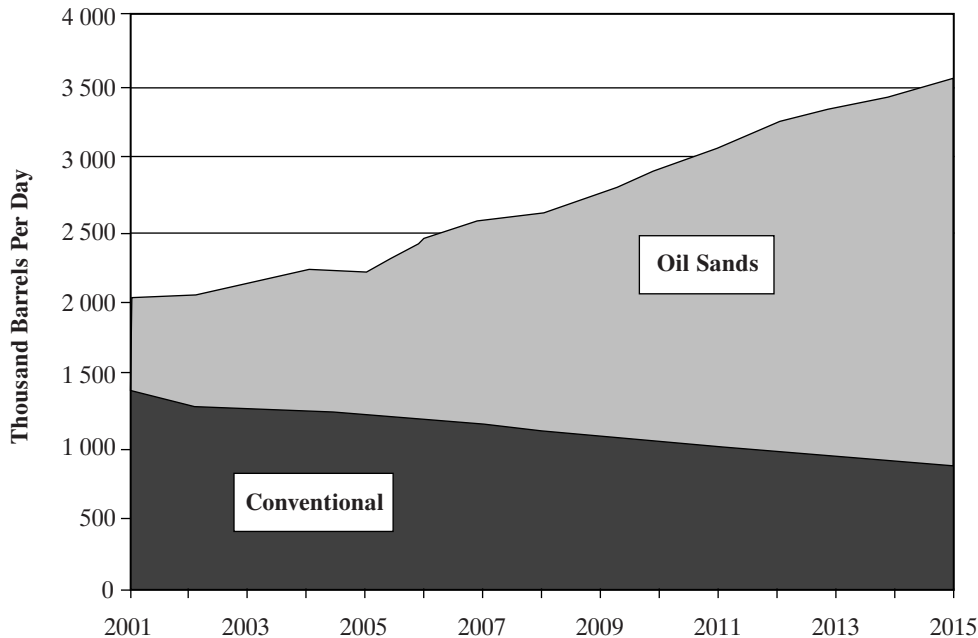
Oil sands are a mixture of sand, bitumen, clay and water. Bitumen is a heavy, viscous, tar-like form of oil which is solid or semi-solid. In order to transport bitumen in pipelines, it is primarily sold as a bitumen blend or as a synthetic crude oil. Synthetic crude oil has undergone upgrading such that it has similar characteristics to, and is generally priced similar to conventional medium to light oil. Bitumen blend is mixed with a diluent, either synthetic crude oil or pentanes plus. Bitumen blend has characteristics similar to, and is generally priced similar to conventional heavy oil. Bitumen can be commercially produced by surface mining and in-situ thermal recovery. Generally, physical surface mining is used in the production of Athabasca oil sands where the total

overburden is less than 75 metres. The in-situ techniques currently use steam to heat the bitumen, allowing it flow into a wellbore that can be produced at the surface.

The Canadian oil sands are unique because there is very little exploration risk and for the foreseeable future, there should be no production declines. Another benefit is that oil sands reserves are generally considered more accurate than conventional reserve estimates which can be susceptible to error. The oil sands have been clearly delineated by drilling programs. According to the Alberta Energy and Utilities Board, the total Alberta in-place bitumen volume is approximately 1.7 trillion barrels, of which approximately 315 billion barrels are potentially recoverable under anticipated technology and economic conditions. Of the approximately 315 billion barrels of potentially recoverable bitumen, the NEB estimates that approximately 20% are suitable for mining and 80% will require in-situ recovery techniques.

According to the Canadian Association of Petroleum Producers, Canada’s current oil sands production is just under 1 million boe/d and is forecasted to double to 2 to 2.2 million boe/d by 2010 and may potentially reach 5 million boe/d by 2030. The chart below shows the production growth of the oil sands forecasted by the Canadian Association of Petroleum Producers.

Oil Sands vs Conventional Production



Source: Canadian Association of Petroleum Producers

While most of the world’s proven reserves are in less politically stable countries than Canada, the Alberta Oil Sands represent a secure, stable source that is strategically located next to the world’s largest consumer, the United States. In 2004, the United States consumed approximately 25% of the world’s crude oil or approximately 20.7 million barrels per day.

Northern Gas Projects

According to the Energy Information Administration, U.S. natural gas supplies are expected to decline. Among the options to fill the demand-supply gap are liquefied natural gas and northern gas. Two major infrastructure projects are being proposed to bring northern gas to more southern markets: (i) the Mackenzie Gas Project and (ii) the Alaska Highway Pipeline Project. Development challenges have included land claim issues, increasing steel costs, and regulatory delays.

The Mackenzie Gas Project is a proposed 1220-kilometre pipeline system along the Mackenzie Valley with an estimated cost of over \$7 billion. It is designed to link northern producing natural gas wells to an existing

natural gas pipeline system in northwestern Alberta. The natural gas exploration and development companies involved in the Mackenzie Gas Project have interests in three discovered natural gas fields in the Mackenzie Delta-Taglu, Parsons Lake and Niglintgak regions. According to the Mackenzie Valley Pipeline application to the NEB, as much as 1.2 billion cubic feet per day of natural gas could be available initially to move through the Mackenzie Valley Pipeline. The earliest the pipeline could be operational is 2009.

In addition to building a pipeline, other major energy infrastructure projects would include building gathering pipelines and processing facilities to strip out the natural gas liquids. According to the Mackenzie Valley Pipeline application to the NEB, of the total cost of the project, approximately \$4.5 billion would be for the pipeline, and the balance would be spent on anchor field development, gathering systems and gas processing facilities.

The Alaska Highway Pipeline Project is a proposed 4.5 bcf/d pipeline running 5,600 km from the Alaska North Slope, through the Yukon and Alberta to midwest US markets. In 2001, the pipeline was estimated to cost U.S.\$19.4 billion to monetize over 35 tcf of proven gas reserves. In 2004, U.S. Congress passed the Alaska Natural Gas Pipeline Act to expedite the approval process for construction. This Act provides guaranteed loans for 80% of the capital cost of the pipeline up to U.S.\$18 billion. The Minerals Management Services has estimated that Alaska contains 218 tcf of natural gas resources. The earliest the pipeline could be operational is 2014.

Enhanced Oil Recovery

According to the U.S. Department of Energy, enhanced oil recovery (“EOR”) techniques offer the prospect for producing an incremental 30 to 60 percent of a reservoir’s original oil in place. The major categories of EOR are thermal recovery, chemical injection, or gas injection. Thermal recovery introduces heat to lower the viscosity of heavy oil and improve its ability to flow through a reservoir. Chemical injection involves using chemicals to increase the effectiveness of waterfloods or using detergent-like surfactants to help lower the surface tension that often prevents oil droplets from moving through a reservoir. Gas injection uses gases such as natural gas, nitrogen, or carbon dioxide that expand in a reservoir to push additional oil out of a reservoir.

In the United States, carbon dioxide recovery accounts for 4% of the oil production. The U.S. Department of Energy’s Office of Fossil Energy believes that carbon dioxide floods could increase existing reserves in the United States by 43 billion barrels using current technology. There are currently 40 carbon dioxide floods around the world and the largest commercial flood is in Canada at Weyburn, Saskatchewan. Weyburn is estimated to have 1.4 billion barrels of original-oil-in-place. The carbon dioxide flood is estimated to add 130 million barrels of incremental reserves. One of the next targets for a carbon dioxide flood is the Pembina Cardium field. The Alberta Energy and Utilities Board estimates that the field has 7.8 billion barrels of original-oil-in-place which makes it the largest oilfield in Canada. Penn West Energy Trust, which owns approximately 40% of the field, estimates that its portion of incremental reserves could range from 150 to 400 million barrels. These projects are capital intensive and provide increased reserves with reasonable reliability.

Liquefied Natural Gas

Until recently, natural gas has been a regional commodity, owing to the difficulties and high cost involved in transporting it. Many exploration firms have discovered large pockets of gas that were deemed “stranded”. That is, the remoteness of the discovered reserves (far from existing gathering and transportation networks) and low natural gas prices combined to make the exploitation of these reserves economically unattractive. Of the approximately 6,200 tcf of total global natural gas reserves, approximately 4,700 tcf or 75% is classified as stranded by the Oil and Gas Journal and Energy and Environmental Analysis.

Recently, rising demand and flat to declining North American production have combined to drive natural gas prices to historically high levels. In fact, high natural gas prices have now made the transport of natural gas in liquefied form to certain supply-constrained markets economically feasible. The Manager believes that the ability to convert gas into a liquid and transport it via tanker ship to distant markets, has created a global natural gas market and that North America is poised to benefit from increased natural gas supply in the form of LNG.

Currently, North America has 5 existing LNG ports constructed, all located along the US eastern coast and Gulf of Mexico. Regulatory approval has been granted for 16 new North American LNG ports, including 2 in Canada (New Brunswick and Nova Scotia). Additionally, approvals for 5 more Canadian LNG ports are under consideration (2 each in BC and Quebec and 1 more in Nova Scotia).

According to Energy and Environmental Analysis over 20 bcf/d of North American LNG import capacity is needed to support the anticipated demand for LNG in North America. The Manager believes that including ships, liquefaction plants, upstream infrastructure and terminals and storage this will require a \$100 billion investment to bring to fruition.

Mega-Project Sectors

The Canadian Energy Research Institute estimates approximately \$100 billion will be invested in the oil sands over the 2000-2020 period. Developing and operating the mega-projects are expected to have an economic multiplier effect that will allow businesses with direct or indirect exposure to enjoy significant economic benefits. These include companies that construct the projects, provide oilfield services, transport the oil to markets via pipelines, companies that house workers and general local businesses. Therefore, the Manager intends to allocate a portion of the portfolio amongst certain non-producers that include construction, services, pipeline and infrastructure and real estate sectors.

INVESTMENT RESTRICTIONS

The Declaration of Trust contains investment restrictions to the effect that the Trust 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 Trust's total assets would consist of securities issued by such issuer;
- (b) borrow money in excess of 15% of the Trust's total assets after giving effect to the borrowing;
- (c) purchase or sell commodities or commodity contracts except as permitted by NI 81-102 (as if the Trust were subject to NI 81-102);
- (d) make loans or guarantee obligations, except that the Trust 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;
- (e) purchase securities on margin or sell securities short;
- (f) invest for the purpose of exercising control over management of any issuer;
- (g) purchase or sell derivatives;
- (h) invest more than 10% of its total assets in securities of Private Issuers;
- (i) invest in mutual funds (within the meaning of NI 81-102) (as if the Trust were subject to NI 81-102);
- (j) make any investment or conduct any activity that would result in the Trust failing to qualify as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act under the then current definition of "Unit trust" or "mutual fund trust"; in order for the Trust to qualify under the current definition of "unit trust", among other requirements:
 - (i) at least 80% of the property of the Trust at all times must consist of any combination of (a) shares, (b) any property that, under the terms or conditions of which or under an agreement, is convertible into, is exchangeable for or confers a right to acquire shares, (c) cash, (d) bonds, debentures, mortgages, hypothecary claims, notes and other similar obligations, (e) marketable securities, (f) real property situated in Canada and interests in such property and (g) rights to and interests in any rental or royalty computed by reference to the amount or value of production from a natural accumulation of petroleum or natural gas in Canada, from an oil or gas well in Canada or from a mineral resource in Canada;

- (ii) not less than 95% of the income from the Trust (determined without reference to subsections 49(2.1) and 104(6) of the Tax Act) for each year must be derived from, or from the disposition of, investments described in (i) above; and
- (iii) not more than 10% of the Trust's property may consist of bonds, securities or shares in the capital stock of any one corporation or debtor other than Her Majesty in Right of Canada or a province or a Canadian municipality;
- (k) invest in any securities of an entity that would be a controlled foreign affiliate of the Trust for purposes of the Tax Act;
- (l) invest in any security that is a tax shelter investment within the meaning of the Tax Act;
- (m) hold securities of any non-resident corporation or trust or other entity if the Trust 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 significant amounts in income pursuant to proposed section 94.1 or 94.3 of the Tax Act, or invest in any interest in a non-resident trust other than an "exempt 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 July 18, 2005 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);
- (n) lend Portfolio assets except as permitted by NI 81-102 (as if the Trust were subject to NI 81-102);
- (o) purchase real estate or real estate mortgage loans (other than securities issued by issuers that invest in real estate); or
- (p) act as an underwriter except to the extent that the Trust may be deemed to be an underwriter in connection with the sale of securities in its Portfolio.

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 Trust will not be considered a violation of the restriction (except for the restrictions in paragraph (j) which must be complied with at all times and which may necessitate the selling of securities from time to time). If the Trust receives from an issuer subscription rights to purchase securities of that issuer, and if the Trust exercises such subscription rights at a time when the Trust'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 Trust 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".

Borrowing

The Declaration of Trust authorizes the Trust to borrow from an arm's length financial institution an amount not exceeding 15% of the value of the total assets of the Trust for the purpose of making investments in accordance with its investment objectives and restrictions, for working capital purposes and to pledge its assets to secure the borrowings. Initially, the Trust does not intend to borrow.

MANAGEMENT OF THE TRUST

The Manager

Sentry Select is a mutual fund manager and dealer that is engaged in the business of sponsoring and managing investment funds in Canada. Sentry Select provides investment, administrative and marketing services to Sentry Select mutual funds. In its capacity as manager, Sentry Select is responsible for the investment policies of Sentry Select mutual funds and providing administrative services to such funds. Sentry Select has been investing in oil sands and other energy mega-projects since 1997. In addition, Sentry Select provides investment

services to the Sentry Select Diversified Income Trust, Sentry Select Blue-Chip Income Trust, Sentry Select Global Index Income Trust, Sentry Select Focused Growth & Income Trust, Commercial and Industrial Securities Income Trust, Diversified Income Trust II, Mortgage Backed Securities Trust, Select 50 S-1 Income Trust, Select 50 S-1 Income Trust II, Pro-Vest Growth & Income Fund, Alliance Split Income Trust, Multi Select Income Trust, MBS Adjustable Rate Income Fund, Premier Value Income Trust, Sentry Select MBS Adjustable Rate Income Fund II, Sentry Select Commodities Income Trust, Sentry Select FIDAC U.S. Mortgage Trust, Strategic Energy Fund and the NCE Flow-Through Limited Partnerships. As at January 31, 2006, Sentry Select had approximately \$8.5 billion in gross assets under management.

Pursuant to the Declaration of Trust, Sentry Select is the manager of the Trust and, as such, is responsible for making all investment decisions of the Trust in accordance with the investment objectives, strategy and criteria and for arranging for the execution of all Portfolio transactions. The Manager is also responsible for providing or arranging for required administrative services to the Trust including, without limitation: authorizing the payment of operating expenses incurred on behalf of the Trust; preparing financial statements and financial and accounting information as required by the Trust; ensuring that Unitholders are provided with financial statements (including semi-annual and annual financial statements) and other reports as are required by applicable law from time to time; ensuring that the Trust complies with regulatory requirements and applicable stock exchange listing requirements; preparing the Trust's reports to Unitholders and the Canadian securities regulatory authorities; determining the amount of distributions to be made by the Trust; and negotiating contractual agreements with third party providers of services, including registrars, transfer agents, auditors and printers.

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

Sentry Select may resign as manager of the Trust upon 60 days' notice to the Unitholders. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of Sentry Select, its successor must be approved by the Unitholders. If the Manager is in material default of its obligations under the Declaration of Trust and such default has not been cured within 30 days after notice of same has been given to the Manager, the Unitholders may remove the Manager and appoint a successor manager.

Sentry Select is entitled to fees for its services under the Declaration of Trust as described under "Fees and Expenses" and will be reimbursed for all reasonable costs and expenses incurred by Sentry Select on behalf of the Trust. In addition, Sentry Select and each of its directors, officers, employees and agents will be indemnified by the Trust for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against Sentry Select or any of its officers, directors, employees or agents in the exercise of its duties as Manager, if they do not result from Sentry Select's wilful misconduct, bad faith, negligence or breach of its obligations under the Declaration of Trust and the Trust has reasonable grounds to believe that the action or inaction that gave rise to the claim was in the best interests of the Trust.

The management services of Sentry Select under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust 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 Trust) or from engaging in other activities. See "Conflicts of Interest".

The name and municipality of residence of each of the directors, applicable officers of Sentry Select 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)
DAVID M. SCHWARTZ Toronto, Ontario	Senior Vice-President and Chief Operating Officer	Senior Vice-President and Chief Operating Officer, Sentry Select
JOHN VOOGLAID King City, Ontario	Senior Vice-President, Chief Financial Officer and Treasurer	Senior Vice-President, Chief Financial Officer and Treasurer, Sentry Select
GLENN G. MACNEILL Toronto, Ontario	Vice-President, Investments	Vice-President, Investments, Sentry Select
J.A. (SANDY) MCINTYRE Toronto, Ontario	Senior Vice-President and Senior Portfolio Manager	Senior Vice-President and Senior Portfolio Manager, Sentry Select
GORDON R. HIGGINS Toronto, Ontario	Vice-President, Equities	Vice-President, Equities, Sentry Select
MICHAEL SIMPSON Markham, Ontario	Senior Portfolio Manager	Senior Portfolio Manager
LAURA LAU Toronto, Ontario	Portfolio Manager	Portfolio Manager, 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 Chairman, President 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 has been Chairman of Inter Pipeline Fund and Strategic Energy Fund since October 2002 and May 2002 respectively. Mr. Driscoll has been the Chairman of Endev Energy Inc., a junior oil and gas exploration and production company, since founding Endev Energy in 2002. Mr. Driscoll has been President, since 1981, of J.F. Driscoll Investment Corp., a company specializing in the 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 35 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 21 years, issuers of which Mr. Driscoll was chairman or CEO have invested or managed the investment of more than \$8 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 acquisition 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

Frank 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 and the Ontario Financing Authority.

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 38 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.

Glenn G. MacNeill, Vice-President, Investments

Mr. MacNeill is Vice-President, Investments of Sentry Select, having responsibility for Sentry Select's investment activities. Mr. MacNeill has more than 30 years of financial and petroleum-related experience, including portfolio management, corporate finance and equity/debt analysis. Prior to joining Sentry Select in April 1999, Mr. MacNeill served as an oil and gas research analyst at HSBC Securities and an energy equity analyst with Scotia Capital Markets, where he covered integrated oil companies and a selection of petroleum companies. Mr. MacNeill also served as a portfolio manager with Imperial Life/Laurentian Financial Inc. for six years. Mr. MacNeill is currently the portfolio manager of Strategic Energy Fund, Sentry Select Energy Growth Fund, the Sentry Select Canadian Resource Fund and all NCE Flow-Through Investment Products. He is supported by a team of analysts and traders in Toronto and two consultants in Calgary. He and his investment team have extensive experience in oil and gas royalty trusts, energy companies and private investment opportunities. Total assets under Mr. MacNeill and his team's direct management total over \$900 million, with another \$1.0 billion in energy assets in other Sentry Select managed products. Mr. MacNeill is a Professional Engineer and received a Bachelor of Science Degree in Mechanical Engineering from Queen's University in Kingston, Ontario.

J.A. (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.

Gordon R. Higgins, Vice-President, Equities

Mr. Higgins is Vice President, Equities of Sentry Select. Prior to joining Sentry Select in May 2004, Mr. Higgins was Vice President, North American Equities at Howson Tattersall/Lancet Asset Management and, prior to that, was Vice-President, Canadian Equities of Elliott & Page/Manulife Insurance. He graduated from the University of Toronto in 1983 with a Bachelor of Commerce degree and received his Masters in Business Administration from York University in 1987. Mr. Higgins also holds both the Chartered Accountant and Chartered Financial Analyst designations.

Michael Simpson, Senior Portfolio Manager

Mr. Simpson is a senior portfolio manager for Sentry Select, where he provides investment analysis and portfolio management for several of Sentry Select's investment funds, including Sentry Select Diversified Income Trust, Commercial and Industrial Securities Trust and the Sentry Select Canadian Income Fund and Sentry Select Small Cap Income Fund. He has more than 11 years of experience in the financial industry. Prior to joining Sentry Select in 2002, he worked for an investment firm providing analytical expertise and specializing in building material stocks and REITs. Mr. Simpson earned a Bachelor of Arts from York University and he holds the Chartered Financial Analyst designation. He specializes in commercial and industrial income trusts as well as resource-based income trusts other than oil and gas trusts.

Laura Lau, Portfolio Manager

Ms. Lau is a Portfolio Manager with Sentry Select. Ms. Lau has over 13 years of experience in the financial services industry. Prior to joining Sentry Select in May 2004, Ms. Lau worked as an Investment Analyst for three major mutual fund companies. Ms. Lau received her Chartered Financial Analyst designation in 2003. She graduated from the University of Toronto with a Bachelor of Applied Science Degree in Industrial Engineering in 1992. She has completed the Canadian Securities, Derivatives Fundamentals, Options Licensing, Futures Licensing, and Risk Management courses.

The Trustee

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

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 Trust 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 Trust.

The Custodian

State Street Trust Company Canada will act as custodian of the assets of the Trust 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 Trust, including calculating net income and net realized capital gains of the Trust and maintaining the books and records of the Trust concerning the assets of the Trust 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 Declaration of Trust are not exclusive and nothing in the Declaration of Trust 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 Trust) or from engaging in other activities. Investments in securities purchased by the Manager on behalf of the Trust and other investment funds or trusts managed by the Manager will be allocated to the Trust 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 Trust and the other investment funds or trusts.

The Declaration of Trust acknowledges that the Trustee may provide services to the Trust in other capacities, provided that the terms of any such arrangements are no less favourable to the Trust 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 other income funds.

Certain directors of the Manager are insiders of certain issuers of Mega-Project Securities and, as such, may from time to time have knowledge of undisclosed material information with respect to such issuers. If required by applicable legislation, the Trustee will consent to investments in such issuers. The Manager has implemented and maintains policies and procedures to prevent any such director from making or influencing investment decisions made by the Manager and to prevent the transmission of such information to those officers and

employees of the Manager who make or participate in making such investment decisions including those made on behalf of the Trust.

MONTHLY DISTRIBUTIONS

The Trust intends to pay monthly distributions. The Indicative Distribution for the first 12 months of the Trust is \$0.50 per Unit representing a yield of 5.0% per annum based on the \$10.00 per Unit issue price. Commencing in 2007, the Trust will annually determine and announce each April an Indicative Distribution amount for the following 12 months based upon the prevailing market conditions and the Manager's estimate of distributable cash flow for the year. The initial cash distribution of \$0.0417 per Unit is anticipated to be payable on June 15, 2006 to Unitholders of record on May 31, 2006. The Trust may make additional distributions provided certain conditions are met and the Manager considers it appropriate in the circumstances at such time.

The distributions received by the Trust from issuers whose securities are held in the Portfolio may vary from month to month and there can be no assurance that the Trust will make any distributions in any particular month or months. No assurance can be given as to the amount of the Indicative Distribution in future years. The Manager, on behalf of the Trust, may at any time re-evaluate the Indicative Distribution. If the cash available for distribution to Unitholders is consistently higher or lower than the Indicative Distribution, then the Manager on behalf of the Trust may announce a new Indicative Distribution.

Based on its initial anticipated composition, the Portfolio is expected to generate approximately 5.0% of distribution and dividend income per Unit per annum, which, after deduction of expenses, will be distributed by the Trust to Unitholders. The balance of the monthly 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 2.0% per annum in order for the Trust to maintain a stable NAV while making monthly cash distributions. If the return on the Portfolio is less than the amount necessary to fund the monthly distributions, the Manager may return a portion of the capital of the Trust to Unitholders to ensure that the distribution is paid and, accordingly, NAV per Unit will be reduced.

If, in any year after such distributions, there would otherwise remain in the Trust 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 Trust will not be liable for income tax under the Tax Act will be automatically payable on December 31 of that year to Unitholders of record on that date. 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 month. 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, no later than March 31, information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the Trust in respect of the preceding taxation year of the Trust. See "Canadian Federal Income Tax Considerations".

DESCRIPTION OF THE UNITS

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

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

The Declaration of Trust will provide that the Trust will not issue additional Units following completion of the Offering, except: (i) where the net proceeds per Unit is not less than the NAV per Unit calculated on the date immediately prior to the pricing of the offering; (ii) by way of Unit distributions; or (iii) by way of payment to the Manager for the Manager's fees subject to a maximum of 1,000,000 Units. Immediately after a pro-rata

distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution. Subject to the foregoing, the Trust 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.

Book-Based System

Registration of interests in and transfers of the Units will be made only through the book-entry only system of CDS. On the date of Closing, the Trust will deliver to CDS a certificate evidencing the aggregate number of Units 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 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. Upon purchase of any Units, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the Trust, the 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 to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Trust has the option to terminate registration of the Units through the book-entry 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.

Market Purchases

During any twelve month period, the Trust has the right (but not the obligation), exercisable in its sole discretion, to purchase in the market for cancellation up to 10% of the Units outstanding at the beginning of such period at prices not exceeding the NAV per Unit. The Trust will offer to purchase Units offered on the TSX at prices that are less than 95% of the latest determined NAV per Unit where the Manager determines that such purchases are in the best interest of Unitholders, up to a maximum amount in any three month period of 1.25% of the number of Units outstanding at the beginning of such period subject to "Redemption of Units — Suspension of Redemptions and Purchases" and the rules of the TSX. Purchases of Units by the Trust will be subject to compliance with any applicable regulatory requirements and limitations.

REDEMPTION OF UNITS

Redemptions

Starting in October 2007, Units may be surrendered during the Notice Period for redemption by the registered Unitholder to the Registrar and Transfer Agent subject to the Trust's right to suspend redemptions (described below). Units surrendered for redemption by a Unitholder during the Notice Period will be redeemed on the Valuation Date and the Unitholder will receive payment on the Redemption Payment Date.

Redeeming Unitholders will be entitled to receive a redemption price per Unit equal to the Net Realized Proceeds Per Unit determined as at such Valuation Date.

Exercise of Redemption Right

The redemption right must be exercised by causing written notice to be given within the Notice Period and in the manner described below. Such surrender will be irrevocable upon the delivery of notice to CDS through a

CDS Participant, except with respect to those Units which are not paid for by the Trust on the relevant Redemption Payment Date.

An owner of Units who desires to exercise redemption privileges must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto), on behalf of the owner, a written notice of the owner's intention to redeem Units. An owner who desires to redeem Units should ensure that the CDS Participant is provided with notice (the "Redemption Notice") of his 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.

Except as provided under "Suspension of Redemptions and Purchases" below, by causing a CDS Participant to deliver to CDS a notice of the owner's intention to redeem Units, an owner shall be deemed to have irrevocably surrendered his or her 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 Trust to the CDS Participant or to the owner.

Suspension of Redemptions and Purchases

The Manager may direct the Trustee to suspend the redemption of Units and market purchases of Units by the Trust or payment of redemption proceeds for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Trust. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Business Day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption, as applicable. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Trust, any declaration of suspension made by the Manager shall be conclusive.

CALCULATION OF NET ASSET VALUE

The NAV on a particular date will be equal to the aggregate value of the assets of the Trust less the aggregate value of the liabilities of the Trust, including any income, net realized capital gains or other amounts payable to Unitholders on or before such date, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV per Unit on any day will be obtained by dividing the NAV of the Trust on such day by the number of Units then outstanding prior to any redemptions effected on that date.

The NAV per Unit will be calculated as of each Valuation Time. If the Trust elects to have a December 15 year end for tax purposes as permitted by the Tax Act, the NAV per Unit will also be calculated on December 15. 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.

In determining the NAV of the Trust, the Trustee will take into account:

- (a) the value of any cash on hand or on deposit, prepaid expenses, cash distributions declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Trustee

- determines that any such asset is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Trustee determines to be the fair value thereof;
- (b) bonds, debentures, notes, money market instruments and other debt securities shall be valued by taking the bid price at the Valuation Time;
 - (c) any security that is listed or dealt in on a stock exchange shall be valued at the sale price applicable to a board lot last reported at the Valuation Time on the principal stock exchange on which such security is traded, or if no sale price is available at that time, the last closing price quoted for the security, but if bid and ask quotes are available, at the average of the latest bid and ask price rather than the last quoted closing price;
 - (d) the value of any security of Private Issuers, will be determined by the Manager in accordance with the following:
 - (i) such securities or other assets will normally be carried at cost unless:
 - (a) there is an arm's length transaction which in the Manager's reasonable opinion establishes a different value, or
 - (b) a material change in the value of an issuer occurs, including as a result of a write-down of its assets on its audited balance sheet or the preparation of a valuation of the issuer or of a substantial portion of its assets by a qualified independent person,in which event the value will be increased or decreased, as appropriate, to the resulting fair value; and
 - (ii) if there is an arm's length bona fide enforceable offer to purchase all or a substantial portion of an issuer's outstanding securities or its assets, the Trust's securities will be valued based upon the proposed transaction price;
 - (e) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, shall be treated as a liability of the Trust;
 - (f) any security sold but not delivered, pending receipt of the proceeds, shall be valued at the net sale price;
 - (g) Restricted Securities (as that term is defined in NI 81-102) shall be valued at the lesser of:
 - (i) the value thereof based on reported quotations of such Restricted Securities in common use; and
 - (ii) that percentage of the market value of securities of the class or series of a class of which the Restricted Securities form part that are not Restricted Securities equal to the percentage that the Trust's acquisition cost was of the market value of such securities at the time of acquisition, but taking into account, if appropriate, the amount of time remaining until the Restricted Securities will cease to be Restricted Securities;
 - (h) if any date on which NAV is determined is not a Business Day, then the securities comprising the Portfolio and other property of the Trust will be valued as if such date were the preceding Business Day;
 - (i) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Trustee to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Trustee shall make such valuation as it considers fair and reasonable;
 - (j) the value of all assets of the Trust quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable to the Trust in foreign currency and the value of all liabilities and contractual obligations payable by the Trust in foreign currency shall be determined using the applicable rate of exchange current at, or as nearly as practicable to, the applicable date on which NAV is determined; and

- (k) estimated operating expenses of the Trust shall be accrued to the date as of which NAV is being determined.

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 10% of the Units then outstanding by a written requisition specifying the purpose of the meeting. 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 15% of the outstanding Units. If no quorum is present at such meeting when called, the meeting, if called on the requisition of Unitholders or for the purpose of item (d), 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 Trust does not intend to hold annual meetings of Unitholders.

Acts Requiring Unitholder Approval

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 items (e), (h) and (j) 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 Trust as described under "Investments of the Trust — Investment Objectives";
- (b) a change in the investment restrictions of the Trust as described under "Investment Restrictions";
- (c) any change in the basis of calculating fees or other expenses that are charged to the Trust which could result in an increase in charges to the Trust other than a fee or expense charged by a person or company that is at arm's length to the Trust 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 Trust, 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 Trust, other than a change resulting in an affiliate of such person assuming such position;
- (e) a change of the auditors of the Trust;
- (f) a reorganization (other than a Permitted Merger) with, or transfer of assets to, a mutual fund trust, if
 - (i) the Trust ceases to continue after the reorganization or transfer of assets; and
 - (ii) the transaction results in Unitholders becoming securityholders in the mutual fund trust;
- (g) a reorganization (other than a Permitted Merger) with, or acquisition of assets of, a mutual fund trust, if
 - (i) the Trust continues after the reorganization or acquisition of assets;
 - (ii) the transaction results in the securityholders of the mutual fund trust becoming Unitholders of the Trust; and
 - (iii) the transaction would be a material change to the Trust;
- (h) except in certain circumstances as set forth under the heading "Termination of the Trust", the termination of the Trust;
- (i) an amendment, modification or variation in the provisions or rights attaching to the Units; and

- (j) a reduction in the frequency of calculating the NAV per Unit.

Sentry Select 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 Trust;
- (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) reflect changes to the Tax Act or 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, in each case provided that any such amendment does not adversely affect the rights, privileges or interests of the Unitholders;
- (d) maintain, or permit the Trustee to take such steps as may be desirable or necessary to maintain, the status of the Trust as a “mutual fund trust” and a “registered investment” for the purposes of the Tax Act;
- (e) provide added protection to Unitholders; or
- (f) effect a Permitted Merger.

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 Trust will deliver to Unitholders unaudited semi-annual and audited annual financial statements of the Trust.

Proxy Voting Guidelines

The Sentry Select proxy voting guidelines are as follows:

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

Sentry Select has developed guidelines to illustrate how we intend to vote on both routine issues and on issues that are not routine and, in fact, may be potentially contentious. Generally, we attempt to vote all proxies.

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

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

Lastly in order to ensure that our guidelines are adhered to, on a quarterly basis, our Compliance Manager, reviews the proxy voting record."

Non-Resident Unitholders

The Trust 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 40% 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.

TERMINATION OF THE TRUST

The Trust does not have a fixed termination date but may be terminated at any time upon not less than 90 days' written notice to the Trustee from the Manager with the prior approval of Unitholders by a resolution passed by holders of more than 50% of the Units voting thereon at a meeting duly convened for the consideration of such termination, provided that Unitholders holding at least 10% of the Units outstanding on the record date for voting for the meeting vote in favour of such resolution. In addition, as set out below, the Manager may, in its discretion, terminate the Trust without the approval of Unitholders if, in its opinion, it is no longer economically practical to continue the Trust or the Manager determines that it would be in the best interest of Unitholders to terminate the Trust, or to terminate the Trust in connection with a Permitted Merger. If the Trust is terminated, the Manager will, to the extent possible, convert the assets of the Trust to cash and the Trustee shall, after paying or making adequate provision for all of the Trust's liabilities, distribute the net assets of the Trust to Unitholders either as soon as practicable after the Termination Date or, should the termination occur in connection with a merger as contemplated in the preceding sentence, such unliquidated assets in specie rather than in cash, subject to compliance with any securities or other laws applicable to such distributions. The Manager may, in its discretion and upon not less than 30 days prior written notice to Unitholders, extend the Termination Date by a maximum of 180 days if the Manager would be unable to convert all the assets of the Trust to cash and the Manager determines that it would be in the best interests of the Unitholders to do so.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, counsel to the Trust, 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 a person who is an individual (other than a trust), who acquires Units pursuant to the Offering and who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length with the Trust and the Agents and holds the Units as capital property. Generally, the Units will be considered to be capital property to a purchaser provided that the purchaser does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain purchasers who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" owned or subsequently acquired by such Unitholder treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based upon the current provisions of the Tax Act, all specific proposals to amend the Tax Act 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 practices of the CRA. On October 31, 2003, the Department of Finance released, for public consultation, draft proposed amendments (the "October 31 Proposals") to the Tax Act 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, and that makes it clear that profit in this sense does not include capital gains. In response to concerns raised during the consultation period for the October 31 Proposals, the Minister of Finance (Canada), in the February 23, 2005 Budget, announced that the Department of Finance was developing a more modest legislative initiative and that an alternative proposal would be released for comment at an early opportunity. No such alternative proposal has been released to date. The October 31 Proposals could, among other things, adversely affect a Unitholder who has borrowed funds in connection with the acquisition of Units. This summary does not address any special considerations for such Unitholders and any such Unitholders should consult their own tax advisors. This summary assumes that the Proposed Amendments will be enacted as currently proposed although no assurance can be given in that regard. 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.

This summary assumes that the Trust will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act. In order to so qualify, the Trust must comply on a continuous basis with certain investment criteria referred to under "Investment Restrictions" and certain minimum distribution requirements relating to the Units. In addition, the Trust may not reasonably at any time be considered to be established or maintained primarily for the benefit of non-resident persons, unless, at all times, all or substantially all of its property is property other than taxable Canadian property as defined in the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released Proposed Amendments that propose that a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships, or any combination thereof, is more than 50% of the aggregate fair market value of all units issued by the trust where, at that time or any previous time, more than 10% (based on fair market value) of the trust's property is taxable Canadian property or certain other specified property. The Manager has informed counsel that, taking into consideration the anticipated investors in the Trust and the restrictions on ownership of Units by non-residents, the Manager does not believe that the Trust will be adversely affected by this proposal. On December 6, 2004, the Minister of Finance (Canada) suspended implementation of this proposal pending further discussions with the private sector concerning the appropriate Canadian tax treatment of non-residents investing in certain property through Canadian mutual funds. The Manager has advised counsel that the Trust 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 Trust were not to qualify as a mutual fund trust at all times, the income tax consequences described below would in some respects be materially different.

This summary also assumes that none of the securities in the Portfolio will be a restricted investment as described under the heading "Investment Restrictions".

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units 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, based upon the investor's particular circumstances.**

Taxation of the Trust

The Trust 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 the amounts paid or payable to Unitholders in the year. Provided the net income and net realized capital gains of the Trust are paid or payable to the Unitholders in each year, and provided the Trust deducts in computing its income the full amount available for deduction in each year, the Trust will not generally be liable for income tax under Part I of the Tax Act.

With respect to an income trust resident in Canada whose securities are included in the Portfolio, the Trust will be required to include in the calculation of its income such portion of the net income and the taxable portion of net realized capital gains of such income trust as is paid or becomes payable to the Trust in the year, notwithstanding that certain of such amounts may be reinvested in additional securities of the income trust. Provided appropriate designations are made by the income trust, any net taxable capital gains realized by the income trust and taxable dividends received by the income trust from taxable Canadian corporations that are paid or become payable to the Trust and are designated by the income trust will effectively retain their character as such in the hands of the Trust.

The Trust will generally be required to reduce the adjusted cost base of the securities of such income trust to the extent that all amounts paid or payable in a year by the income trust to the Trust exceed the amounts included in the income of the Trust for the year plus the Trust's share of the non-taxable portion of capital gains of such income trust for the year, the taxable portion of which was designated in respect of the Trust. To the extent that the adjusted cost base of those securities would otherwise become negative, the amount by which such adjusted cost base would otherwise become negative will be deemed to be a capital gain realized by the Trust and the Trust's adjusted cost base of such securities will be increased by the same amount.

For taxation years beginning before 2007, the Trust will be required to include in the calculation of its income any amount designated under subsection 104(29) of the Tax Act by such income trust in respect of certain Crown royalties and charges in excess of the resource allowance deductible in computing the income trust's income. The Manager has advised counsel that any such deemed income will be made payable by the Trust to Unitholders. The Trust may deduct the amount it designates as payable to the Unitholders, who will be required to include their share of such amount in their income.

With respect to a limited partnership whose securities are included in the Portfolio, the Trust will be required to include or, subject to certain restrictions, will be entitled to deduct, in computing its income, its share of the net income or loss for tax purposes of the limited partnership allocated to the Trust for the fiscal period of the limited partnership ending in the Trust's taxation year, whether or not a distribution is received. In general, the adjusted cost base to the Trust of the securities of limited partnership at a particular time will be equal to the actual cost of such securities plus the share of the income of the limited partnership allocated to the Trust for fiscal years of the limited partnership ending before the particular time less the share of losses of the limited partnership allocated to the Trust for fiscal years of the limited partnership ending before the particular time, and less the Trust's share of any distributions received from the limited partnership before the particular time. If the adjusted cost base to the Trust of the securities of such limited partnership is negative, the amount by which it is negative will be deemed to be a capital gain realized by the Trust and the Trust's adjusted cost base of such securities will be increased by the amount of such deemed capital gain.

The Trust will also be required to include in its income for each taxation year, 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, together with any dividends received by it in such year.

In computing its income for tax purposes, the Trust 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 Trust and not reimbursed. The Manager has advised counsel that it does not believe that the October 31 Proposals will have a material impact on its tax position.

CRA has expressed a view that the amount of interest on money borrowed and used to invest in units of an income trust may not be fully deductible in certain circumstances. Counsel is of the view that, based on the jurisprudence, CRA's published administrative positions and the anticipated Portfolio, and a certificate from the Manager regarding the nature of expected distributions from the income trusts included in the Portfolio, the situation described in this view will not have an impact on the ability of the Trust to fully deduct the amount of any interest expenses incurred in connection with the acquisition and holding of the Portfolio for the foreseeable future. If the CRA's view were to apply to the Trust, part of the interest payable by the Trust in connection with money borrowed to acquire securities of certain income trusts held in the Portfolio could be non-deductible, increasing the net income of the Trust for tax purposes and the taxable component of distributions to Unitholders.

Upon the actual or deemed disposition of a Portfolio Security held by the Trust as capital property, the Trust 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 Trust intends to make an election under subsection 39(4) of the Tax Act so that all Portfolio Securities that are "Canadian securities" for the purposes of the Tax Act will be deemed to be capital property.

The Portfolio may include securities that are not denominated in Canadian dollars. Proceeds of disposition of securities, distributions, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction. The Trust may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

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

Taxation of Unitholders

A Unitholder will generally be required to include in computing income for a particular taxation year of the Unitholder such portion of the net income, and the taxable portion of the net realized capital gains, of the Trust for a taxation year as is paid or becomes payable to the Unitholder in that particular taxation year whether in cash or in additional Units. Provided that appropriate designations are made by the Trust, such portion of (a) the net realized taxable capital gains of the Trust, (b) the foreign source income of the Trust, and (c) the taxable dividends received by the Trust on shares of taxable Canadian corporations as is paid or becomes payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder. To the extent that the Trust so designates in accordance with the Tax Act, Unitholders will, for the purpose of computing their foreign tax credits, be entitled to treat their proportionate share of foreign taxes paid by the Trust as foreign taxes paid by the Unitholders. 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. On November 23, 2005 the Ministry of Finance (Canada) released a proposal for enhanced dividend gross up and tax credit for eligible dividends paid by a Canadian resident public corporation after 2005. Any loss or the Trust for the purpose of the Tax Act cannot be allocated to, and cannot be claimed as a loss by, a Unitholder.

The non-taxable portion of net realized capital gains of the Trust that are paid or become payable to a Unitholder in a year will not be included in computing the Unitholder's income for the year. Any amount in excess of a Unitholder's share of the net income and the net realized capital gains of the Trust for a taxation year that is paid or becomes payable to the Unitholder in such year will not generally be included in computing the Unitholder's income for the year. However, the payment by the Trust of such excess amount will reduce the adjusted cost base of Units to the Unitholder. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain.

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

Generally, one-half of any capital gain (a "taxable capital gain") realized by a Unitholder in a taxation year must be included in computing the income of the Unitholder for that year and one-half of any capital loss (an "allowable capital loss") realized by a Unitholder in a taxation year may be deducted from taxable capital gains realized by the Unitholder 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 amounts designated by the Trust to a Unitholder as taxable capital gains.

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

ELIGIBILITY FOR INVESTMENT

Provided that the Trust qualifies as a mutual fund trust within the meaning of the Tax Act, the Units 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.

USE OF PROCEEDS

The Trust will use the proceeds from the sale of Units as follows (excluding the Units sold pursuant to the exercise of the Over-Allotment Option):

	Minimum Offering	Maximum Offering
Gross proceeds to the Trust	\$35,000,000	\$140,000,000
Agents' fees	\$ 1,750,000	\$ 7,000,000
Expenses of issue	\$ 525,000	\$ 750,000
Net proceeds to the Trust	<u>\$32,725,000</u>	<u>\$132,250,000</u>

The Trust 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 Trust". The Manager anticipates that the net proceeds

of the Offering will be substantially invested within 60 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 Trust, the Agents have agreed to offer the Units for sale, as agents of the Trust, on a best efforts basis, if, as and when issued by the Trust. The Agents will receive a fee equal to \$0.50 for each 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 Trust 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 up to 15% of the aggregate number of Units issued at the Closing on the same terms set forth above, which additional Units are qualified for sale hereunder. To the extent that the Over-Allotment Option is exercised, the additional Units will be purchased at the Offering Price and the Agents will be entitled to a fee of \$0.50 per Unit in respect of each Unit purchased.

If subscriptions for a minimum of 3,500,000 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 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 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 April 18, 2006, or such later date that is on or before May 17, 2006, as may be agreed upon by the Trust 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. 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. 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 Trust, the costs of printing and preparing this prospectus, legal expenses of the Trust, 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 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 plus

applicable taxes. Fees payable to Sentry Select will be calculated and payable monthly based on the average NAV 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 Unit for each Unit held by clients of the dealers.

The management fee will be paid in cash, although the Trust has granted to the Manager, for so long as the Manager acts as manager of the Trust, 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 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 NAV per Unit 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 Units once any such distribution is made. This prospectus also qualifies the distribution of the right granted by the Trust to the Manager to receive payment of the management fee in Units.

The Trust will pay for all expenses incurred in connection with the operation and administration of the Trust. All fees and expenses of the Trust 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; (d) fees payable to the Custodian for acting as custodian of the assets of the Trust; (e) banking fees and interest with respect to any borrowing; (f) fees payable to the auditors and legal advisors of the Trust; (g) regulatory filing, stock exchange and licensing fees; and (h) expenditures incurred upon the termination of the Trust. 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 Trust. See "Management of the Trust". The aggregate annual amount of these fees and expenses is estimated to be \$285,000, excluding any banking fees and interest which will increase with the Trust's utilization of any borrowing. The Trust will also be responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of the Trust which may be incurred from time to time.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

MATERIAL CONTRACTS

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

- (a) the Declaration of Trust described under "The Trust";
- (b) the Agency Agreement described under "Plan of Distribution"; and
- (c) the Custodian Agreement described under "Management of the Trust — The Custodian".

Copies of the foregoing agreements, after the execution thereof, may be inspected during business hours at the principal office of the Trust 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

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

Performance of Issuers

The NAV per Unit will vary according to the value of the securities in which the Trust invests, which will depend, in part, upon the performance of the issuers of such securities. Additionally, external economic forces

can affect the competitive strength and profitability of the businesses represented by these securities which would significantly affect the value of such securities. The amount of distributions available for payment to Unitholders will depend in part on the amount of distributions paid by the issuers of the securities held by the Trust in the Portfolio. The Trust cannot predict whether the securities of issuers held by it will trade at a discount from, a premium to, or at the net asset values of the issuers of such securities or when or if distributions on such securities will be made.

The Trust may make investments in securities that have low trading volumes. Accordingly, it may be difficult for the Trust to make trades in these securities without adversely affecting the price of such securities and consequently the NAV of the Trust.

The market value of income funds in which the Trust invests may deteriorate materially if such income funds are unable to meet their cash distribution targets in the future.

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

The value attributed to securities of Private Issuers for the purposes of the calculation of the Net Asset Value will be the cost thereof, subject to adjustment in limited circumstances, and therefore may not reflect the amount for which they can actually be sold. The process of valuing investments in Private Issuers will inevitably be based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments. The valuation process is subjective to a degree and, to the extent that these valuations are too high, Unitholders who elect to redeem their Units will obtain a benefit to the detriment of Unitholders who do not redeem their Units at the same time. Similarly, to the extent these valuations are too low, Unitholders that elect to redeem their Units at such time will receive a lesser amount than they would have received had the valuation been higher.

No Guaranteed Return

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

Commodity Price and Currency Fluctuations

The operations and financial condition of the majority of issuers in which the Trust will invest and, accordingly, the amount of distributions paid on such securities, will be dependent on commodity prices applicable to such issuers. Prices for commodities may vary and are determined by supply and demand factors including weather and general economic and political conditions. A decline in commodity prices could have an adverse effect on the operations and financial condition of the issuers of such securities and the amount of distributions paid on such securities.

In particular, the operational results and financial condition of issuers included in the Portfolio are especially sensitive to oil and natural gas prices. Oil and natural gas prices have fluctuated widely during recent years and are affected by supply and demand factors, political events, weather and general economic conditions, among other things. Any decline in oil or increase in natural gas prices could have an adverse effect on the distributions received from the issuers included in the Trust's Portfolio and the value of such issuers' securities.

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

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

Performance of Portfolio Securities

The NAV per Unit will vary in accordance with the value of the securities acquired by the Trust. The value of the securities acquired by the Trust will be affected by business factors and risks that are beyond the control of the Manager or the Trust. In addition, the performance of certain of the Mega-Project Securities may be affected by business factors and risks other than their exposure to the oil sands sector and Mackenzie Gas Project, which may be more determinative of such Mega-Project Securities' performance. Some of these factors and risks are: (i) some of the issuers in which the Trust invests may have limited operating histories; (ii) operational risks related to specific business activities of the respective issuers; (iii) quality of underlying assets; (iv) financial performance of the respective issuers and their competitors; (v) volatility in the price of oil, natural gas and other commodity prices; (vi) environmental risks; (vii) political risks; (viii) fluctuations in exchange rates; (ix) fluctuations in interest rates; and (x) changes in government regulations.

Nature of Oil Sands Exploration and Development

Oil sands exploration and development is very competitive and involves many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. As with any petroleum property, there can be no assurance that bitumen will be produced from related projects. Furthermore, the marketability of the synthetic crude oil produced in the oil sands may be affected by numerous factors beyond the issuers' control. These factors include, but are not limited to, market fluctuations of prices, proximity and capacity of pipelines and processing equipment, equipment availability and government regulations (including, without limitation, regulations relating to prices, taxes, royalties, land tenure, allowable production, importing and exporting of oil and gas and environmental protection). The extent of these factors cannot be accurately predicted and will change from time to time, but the combination of these factors may result in issuers not receiving an adequate return on invested capital. Because operating costs to produce synthetic crude oil from oil sands may be substantially higher than operating costs to produce conventional crude oil, an increase in such costs or a reduction in the price of synthetic crude oil or other competing products may render mining of bitumen resources from the oil sands uneconomical. A significant decrease in the price of oil may have a negative impact on the economic viability of oil sands projects.

There is no assurance that the companies operating in the oil sands sector will produce synthetic crude oil in quantities or at costs anticipated, or that they will not cease producing entirely in certain circumstances. Actual operating costs may differ materially from such current estimates. Moreover, it is possible that other developments, such as increasingly strict environmental and safety laws and regulations and enforcement policies thereunder and claims for damages to property or persons resulting from the operations in the oil sands sector, could result in substantial costs and liabilities, delays or an inability to complete projects or the abandonment of projects.

Development Schedule and Cost Overruns

Historically oil sands projects and other major undertakings have experienced capital cost overruns due to a variety of factors. There is no assurance that the current construction and operations schedules of the Energy Mega-Projects will proceed as planned without any delays or cost overruns. Any delays may increase the costs of development or production, requiring additional capital, and there can be no assurance that such capital will be available in a timely and cost-effective fashion.

Development of the Energy Mega-Projects may be adversely affected by one or more factors commonly associated with large industrial projects such as shortages of equipment, materials and labour, fluctuations in the prices of building materials, particularly steel, delays in delivery of equipment and materials, labour disputes, political events, local, native and political opposition, blockades or embargoes, litigation, adverse weather conditions, unanticipated increases in costs, natural disasters, accidents, unforeseen engineering, design,

environmental or geological problems and other unforeseen circumstances. Any of these events or other unanticipated events could give rise to delays in development and production and cost overruns.

Royalty Regime

Issuers in the oil sands sector may have revenue and expenses that are affected by the applicable royalty regime. There can be no assurance that the federal government and the Province of Alberta will not adopt a new royalty regime that will make capital expenditures uneconomic or that the regime currently in place will remain unchanged.

Environmental Regulations

Oil sands extraction operations, pipelines and upgraders are subject to environmental regulation pursuant to federal and provincial legislation and regulations. These laws require various approvals and provide for restrictions and prohibitions on releases or emissions of various substances produced or used in association with such operations. Risks of substantial costs and liabilities are inherent in oil sands operations and a violation of any such law may result in the issuance of remedial orders, the suspension of approvals or the imposition of significant fines or penalties.

In late 2002 the Government of Canada ratified the Kyoto Protocol, an international agreement designed to manage greenhouse gas emissions and on February 16, 2005 it became effective. Other than as described in the 2005 Kyoto Plan, relatively few details regarding its implementation in Canada have been made public by the federal government. Numerous uncertainties regarding details of the Kyoto Protocol's implementation remain and there can be no assurance that future rules and regulations will not affect the profitability or continued operation of participants in the oil sands sector.

Pipeline Companies

The amount of the distributions paid by pipeline/energy distribution issuers varies with the market demand for transportation of product on the distribution systems. While they are generally not as commodity price sensitive as oil and gas issuers, they may be affected by fluctuations in commodity prices in the longer term.

Reserve Estimates

The reserve and recovery estimates for certain issuers included in the Portfolio are only estimates and the actual production and ultimate reserves may be greater or less than the estimates provided. Any decline in these estimates could have an adverse effect on the value of such issuers.

Northern Gas Projects

There can be no assurance that the Northern Gas Projects will be approved and completed. Unsettled land claims are barriers to development. The regulatory process is not clear or predictable and may cause delays in the projects. Costs may be greater than originally expected. Because the projects are in the Arctic, the weather can cause delays and can increase construction costs. All of these factors will negatively impact issuers that are directly and indirectly involved in the project.

Private Issuers

Investments in Private Issuers cannot be resold without a prospectus, an available exemption or an appropriate ruling under relevant securities legislation and there may not be any market for such securities. This may impair the Trust's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in Private Issuers may offer relatively high potential returns, but will also be subject to a relatively high degree of risk.

Real Estate Investments

Investments in REITs are subject to the general risks associated with real property investments. Real property investments are affected by various factors including changes in general economic conditions (such as

the availability of long term mortgage funds) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space and various other factors.

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

Interest Rate Fluctuations

It is anticipated that the market price for the Units at any given time will be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the market price of the Units.

Trading Price of the 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 Trust's NAV may decrease. The Trust cannot predict whether the Units will trade at a discount from, a premium to, or at the Trust's NAV.

Borrowing

The Trust may borrow to invest in securities. The risk to Unitholders may increase if securities purchased with borrowed funds decline in value. The use of leverage may result in capital losses or a decrease in distributions to Unitholders. If the value of the Portfolio decreases such that the amount borrowed exceeds 15% of the value of the assets within the Portfolio, the Trust may be required to sell investments in order to comply with the terms of such borrowing. Such sales may be required to be done at prices which may adversely affect the value of the Portfolio and the return to the Trust. The interest expense and banking fees incurred in respect of any borrowing may exceed the incremental capital gains/losses and income generated by the incremental investment of Portfolio Securities. In addition, the Trust may not be able to establish any borrowing facility on acceptable terms. There can be no assurance that the borrowing strategy employed by the Trust will enhance returns.

There is a possibility that some of the interest paid on any borrowing may not be deductible by the Trust for tax purposes.

No Assurances on Achieving Objectives

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

There is no assurance that the Trust will be able to pay monthly distributions. The funds available for distribution to Unitholders will vary according to, among other things, the levels of distributions and interest paid on the securities held in the Portfolio and the value of those securities.

Composition of Portfolio

The composition of the Portfolio taken as a whole may vary widely from time to time but will be concentrated by type of security, commodity, industry or geography, resulting in the Portfolio being less diversified than other closed-end funds.

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.

Operating History

The Trust is a newly organized investment trust with no previous operating history. There is currently no public market for the Units, and there can be no assurance that an active public market will develop or be sustained after completion of the Offering.

Illiquid Securities

If the Manager is unable or determines that it is inappropriate to dispose of some or all of the Portfolio Securities prior to the Termination Date, Unitholders may, subject to applicable laws, receive distributions of securities in specie upon the termination of the Trust, for which there may be an illiquid market or which may be subject to resale restrictions. In addition, if the Manager determines that it is appropriate to acquire certain securities for the Portfolio, the Manager may be unable to acquire such securities in quantities or at prices which are acceptable to the Manager, if the market for such securities is particularly illiquid. Also, there is no assurance that the Manager will be able to invest the net proceeds of the Offering to reach the proposed initial weightings in a timely manner, which may negatively affect the Trust's investment objectives.

Marketability of Units

There is currently no market through which the Units may be sold and no assurance can be given that such a market will develop.

Status of the Trust

As the Trust is not a mutual fund as defined under Canadian securities laws, the Trust is not subject to the Canadian policies and regulations that apply to open-end mutual funds.

The Trust 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.

Conflict of Interest

The directors and officers of the Manager and its affiliates and associates may engage in the promotion, management or investment management of any other fund or trust which invests primarily in royalty trusts, income funds, REITs, limited partnerships, debt instruments and equity instruments.

Taxation of the Trust

CRA has expressed a view that the amount of interest on money borrowed and used to invest in units of an income trust may not be fully deductible in certain circumstances. Counsel is of the view that, based on the jurisprudence and CRA's published administrative positions and the anticipated Portfolio, and a certificate from the Manager regarding the nature of the expected distributions from income trusts included in the Portfolio, the situation described in this view will not have an impact on the ability of the Trust to fully deduct the amount of any interest expenses incurred in connection with the acquisition and holding of the Portfolio Securities for the foreseeable future. If the CRA's view were to apply to the Trust, part of the interest payable by the Trust in connection with money borrowed to acquire securities of certain income trusts held in the Portfolio could be non deductible, increasing the net income of the Trust for tax purposes and the taxable component of distributions to Unitholders.

If the Trust 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" would be materially and adversely different in certain respects.

Changes in Legislation

There can be no assurance that income tax laws and government incentive programs relating to the businesses of issuers of Mega-Project 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 Trust and the Unitholders and/or the value of the Units or the securities in which the Trust invests.

Annual Redemptions

The purpose of the redemption right is to prevent the Units from trading at a substantial discount to the Net Asset Value per Unit and to provide investors with the right to eliminate entirely any trading discount to the Trust's Net Asset Value per Unit once per year. While the redemption right provides investors with the option of annual liquidity at Net Asset Value per Unit, there can be no assurance that it will reduce trading discounts. Furthermore, if holders of a substantial number of Units exercise their redemption right, the number of Units outstanding and the Net Asset Value of the Trust could be significantly reduced with the effect of decreasing the liquidity of the Units in the market and increasing the management expense ratio of the Trust.

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 Trust. 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 Trust, and Blake, Cassels & Graydon LLP on behalf of the Agents.

PROMOTER

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

AUDITORS

The auditors of the Trust are Deloitte & Touche LLP, Suite 1400, BCE Place, 181 Bay Street, Toronto, Ontario.

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc. will be appointed the registrar and transfer agent for the Units.

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 (the "Prospectus") of Oil Sands and Energy Mega-Projects Trust (the "Trust") dated March 29, 2006 relating to the issue and sale of units of the Trust. We have complied with Canadian generally accepted standards for an auditor's involvement with an offering document.

We consent to the use in the above mentioned Prospectus of our report to the Trustee of the Trust on the statement of financial position of the Trust as at March 29, 2006. Our report is dated March 29, 2006.

Toronto, Canada
March 29, 2006

(Signed) DELOITTE & TOUCHE LLP
Chartered Accountants

AUDITORS' REPORT

To the Trustee of
Oil Sands and Energy Mega-Projects Trust

We have audited the statement of financial position of Oil Sands and Energy Mega-Projects Trust (the "Trust") as at March 29, 2006. This financial statement is the responsibility of the Trust's management. Our responsibility is to express an opinion on this statement of financial position 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 Trust as at March 29, 2006 in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
March 29, 2006

(Signed) DELOITTE & TOUCHE LLP
Chartered Accountants

OIL SANDS AND ENERGY MEGA-PROJECTS TRUST
STATEMENT OF FINANCIAL POSITION
March 29, 2006

	<u>Actual</u>
ASSETS	
Cash	\$ 10
Investment in portfolio securities	<u>\$ —</u>
Total	<u>\$ 10</u>
UNITHOLDER'S EQUITY	
Unitholder's Equity (Notes 1 and 2): 1 Unit	<u>\$ 10</u>

Approved by the Manager:

(Signed) JOHN F. DRISCOLL
 Director

(Signed) FRANK POTTER
 Director

The accompanying notes are an integral part of these financial statements.

OIL SANDS AND ENERGY MEGA-PROJECTS TRUST

NOTES TO STATEMENT OF FINANCIAL POSITION

March 29, 2006

1. NATURE OF OPERATIONS

Oil Sands and Energy Mega-Projects Trust (the "Trust") is an investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust (the "Declaration of Trust") dated March 29, 2006, by Sentry Select Capital Corp. ("Sentry Select" or the "Manager"), as manager and trustee of the Trust. The Trust is authorized to issue an unlimited number of transferable, redeemable trust units of one class (the "Units"), each of which represents an equal, undivided interest in the net assets of the Trust.

The net asset value (the "NAV") per 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, October and December (the "Valuation Time"). The NAV on a particular date will be equal to the aggregate value of the assets of the Trust less the aggregate value of the liabilities of the Trust, including any income, net realized capital gains or other amounts payable to Unitholders on or before such date expressed in Canadian dollars at the applicable exchange rate on such date. The NAV per Unit on any day will be obtained by dividing the NAV of the Trust on such day by the number of Units then outstanding.

The Trust's investment objectives are to: (i) provide the holders of Units (the "Unitholders") with long-term capital appreciation above the original issue price of \$10.00 per Unit; and (ii) provide Unitholders with monthly cash distributions.

The NAV per Unit will vary depending on a number of market factors, including interest rates, volatility in the equity markets and changes in the market price of the portfolio securities.

2. MANAGEMENT FEES AND OTHER EXPENSES

Pursuant to the Declaration of Trust, Sentry Select is the manager of the Trust and, as such, is responsible for providing or arranging for required general and administrative services to the Trust including the management of its portfolio investments.

Pursuant to the Declaration of Trust, 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 plus applicable taxes. Fees payable to Sentry Select will be calculated and payable monthly based on the average NAV calculated at each Valuation Time during that month. The management fee will be paid in cash, although the Trust 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 Unit for each Unit held by clients of the registered dealers.

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

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

CERTIFICATE OF THE ISSUER, THE MANAGER AND THE PROMOTER

Dated: March 29, 2006

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 8 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 Trust)

(Signed) JOHN F. 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: March 29, 2006

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 8 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* (Quebec) 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.

SCOTIA CAPITAL INC.

TD SECURITIES INC.

(Signed) DAVID R.
THOMAS

(Signed) MICHAEL D.
SHUH

(Signed) BRIAN D.
MCCHESNEY

(Signed) J. DAVID
BEATTIE

CANACCORD CAPITAL
CORPORATION

HSBC SECURITIES (CANADA) INC.

RAYMOND JAMES LTD.

(Signed) JENS MAYER

(Signed) ANDREW BISHOP

(Signed) SARA MINATEL

BERKSHIRE
SECURITIES INC.

BLACKMONT
CAPITAL INC.

DESJARDINS
SECURITIES INC.

DUNDEE SECURITIES
CORPORATION

WELLINGTON WEST
CAPITAL INC.

(Signed) L. WARREN
PIMM

(Signed) CHARLES
A.V. PENNOCK

(Signed) BETH SHAW

(Signed) DAVID G.
ANDERSON

(Signed) CHARLIE
SPIRING

IPC SECURITIES CORPORATION

RESEARCH CAPITAL CORPORATION

(Signed) KELLY KLATIK

(Signed) DAVID J. KEATING

Sentry Select

Capital Corp.