

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell these securities.

PROSPECTUS

Initial Public Offering

March 22, 2012



Bloom Select Income Fund

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

Bloom Select Income Fund (the “**Fund**”) is a closed-end investment fund established under the laws of the Province of Ontario which proposes to issue transferable units (“**Units**”) of the Fund at a price of \$10.00 per Unit (the “**Offering**”).

The Fund’s investment objectives are to provide holders of Units (“**Holders**”) with:

- (i) an investment in an actively managed portfolio comprised primarily of Canadian equity securities that exhibit low volatility at the time of investment;
- (ii) monthly cash distributions that have a large component of Canadian eligible dividends; and
- (iii) the opportunity for capital appreciation.

The Fund has been created to enable Holders to invest in an actively managed, diversified portfolio (the “**Portfolio**”) comprised primarily of publicly listed or traded Canadian securities. The Manager will build a portfolio comprised primarily of eligible high dividend paying Canadian common equity securities, income trusts and REITs that have a Beta of less than 1.0 at the time of investment.

Beta is a measure of volatility of a security in comparison to the market as a whole. It reflects the tendency of a security's returns to respond to changes in the market. A Beta of less than 1.0 means that the security has historically been less volatile than the market. See “Investment Strategy”.

Bloom Investment Counsel, Inc. (the “**Manager**”, “**Trustee**” or “**Bloom**”) will act as the manager, portfolio manager and trustee of the Fund. See “Organization and Management Details of the Fund”.

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

	<u>Price to the Public⁽¹⁾</u>	<u>Agents’ Fees</u>	<u>Net Proceeds to the Fund⁽²⁾</u>
Per Unit	\$10	\$0.525	\$9.475
Total Minimum Offering ⁽³⁾	\$20,000,000	\$1,050,000	\$18,950,000
Total Maximum Offering ⁽³⁾⁽⁴⁾	\$100,000,000	\$5,250,000	\$94,750,000

Notes:

- (1) The Offering price was established by negotiation between the Manager and the Agents (as defined herein).
- (2) Before deducting the expenses of the Offering, estimated to be \$600,000 (and subject to a maximum of 1.5% of the gross proceeds of the Offering), which together with the Agents’ fees, will be paid by the Fund from the proceeds of the Offering.

- (3) There will be no Closing unless a minimum of 2,000,000 Units are sold. The maximum Offering assumes 10,000,000 Units. If subscriptions for a minimum of 2,000,000 Units have not been received within 90 days following the date of issuance of a receipt for this prospectus, this Offering may not continue without the consent of the securities authorities and those who have subscribed on or before such date.
- (4) The Fund has granted the Agents (as defined below) an option (the “**Over-Allotment Option**”), exercisable for a period of 30 days following the closing of the Offering (the “**Closing**”), to purchase additional Units in an amount up to 15% of the aggregate number of Units issued at the Closing on the same terms as set forth above. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents’ fee and the net proceeds to the Fund before deducting the expenses of the Offering will be \$115,000,000, \$6,037,500, and \$108,962,500, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the over-allotment position acquires those Units under this prospectus, regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

Assuming the gross proceeds of the Offering are \$100 million and fees and expenses are as described herein, the Portfolio would be required to generate an average total return of approximately 7.54% in order for the Fund to achieve its initial targeted monthly distributions for the Units of 5.0% per annum. Based on the anticipated composition of the Portfolio as at February 8, 2012, the Portfolio would have a weighted average current cash yield of approximately 7.23% and accordingly, the Portfolio would be required to generate additional returns in excess of its current cash yield through the sale of securities or other returns in order for the Fund to achieve its initial targeted monthly distributions for the Units. See “Distribution Policy” and “Risk Factors”.

There is currently no market through which the Units may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the Units in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors” for a discussion of certain factors that should be considered by prospective investors in the Units. The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Units. Listing is subject to the Fund fulfilling all of the requirements of the TSX on or before June 5, 2012.

BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., GMP Securities L.P., National Bank Financial Inc., Scotia Capital Inc., Canaccord Genuity Corp., Raymond James Ltd., Desjardins Securities Inc., Macquarie Private Wealth Inc., Mackie Research Capital Corporation, Dundee Securities Ltd., and HSBC Securities (Canada) Inc. (collectively, the “**Agents**”) have agreed to conditionally offer the Units, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the agency agreement dated as of the Closing Date among the Fund, the Manager and the Agents (the “**Agency Agreement**”) referred to under “Plan of Distribution”, and subject to the approval of certain legal matters by Blake, Cassels & Graydon LLP on behalf of the Fund and Borden Ladner Gervais LLP on behalf of the Agents. The Agents may over-allot and effect transactions to cover their over-allotted position. Closing is expected to occur on or about April 20, 2012, or such later date as may be agreed upon by the Fund and the Agents, but in any event not later than 90 days after the issuance of a receipt for the final prospectus of the Fund. See “Plan of Distribution”.

TABLE OF CONTENTS

<p>GLOSSARY OF TERMS.....1</p> <p>PROSPECTUS SUMMARY4</p> <p>SUMMARY OF FEES AND EXPENSES8</p> <p>OVERVIEW OF THE LEGAL STRUCTURE OF THE FUND10</p> <p>INVESTMENT OBJECTIVES10</p> <p>INVESTMENT STRATEGY10</p> <p>Indicative Portfolio13</p> <p>Securities Lending14</p> <p>Leverage14</p> <p>OVERVIEW OF THE SECTOR THAT THE FUND INVESTS IN15</p> <p>INVESTMENT RESTRICTIONS.....15</p> <p>FEES AND EXPENSES17</p> <p>Expenses of the Offering17</p> <p>Management Fee.....17</p> <p>Trailer Fee17</p> <p>Operating Expenses of the Fund.....17</p> <p>Additional Services.....17</p> <p>RISK FACTORS18</p> <p>No Assurances on Achieving Objectives.....18</p> <p>Loss of Investment.....18</p> <p>No Guaranteed Return18</p> <p>Performance and Marketability of Portfolio Securities18</p> <p>Distributions18</p> <p>Sensitivity to Interest Rates19</p> <p>Investments in Equity Securities19</p> <p>Commodity Price Fluctuations19</p> <p>Oil and Gas Energy Investments19</p> <p>Real Estate Investments.....19</p> <p>Composition of Portfolio20</p> <p>Reliance on the Manager20</p> <p>Securities Lending20</p> <p>Trading at a Discount20</p> <p>Nature of the Units20</p> <p>Illiquid Securities.....20</p> <p>Taxation of the Fund.....20</p> <p>Status of the Fund21</p> <p>Conflict of Interest.....22</p> <p>Changes in Legislation22</p> <p>Recent Global Financial Developments22</p>	<p>Significant Redemptions.....22</p> <p>Operating History22</p> <p>General Risk of Investing in Debt Instruments.....22</p> <p>DISTRIBUTION POLICY23</p> <p>Distribution Reinvestment Plan23</p> <p>REDEMPTION OF SECURITIES24</p> <p>Annual Redemption.....24</p> <p>Exercise of Redemption Right.....24</p> <p>Suspension of Redemptions.....25</p> <p>INCOME TAX CONSIDERATIONS26</p> <p>Status of the Fund26</p> <p>Taxation of the Fund.....27</p> <p>Taxation of Holders28</p> <p>Taxation of Registered Plans29</p> <p>Tax Implications of the Fund’s Distribution Policy 30</p> <p>ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND30</p> <p>The Manager.....30</p> <p>Duties and Services to be Provided by the Manager of the Funds30</p> <p>Details of the Appointment of Bloom.....31</p> <p>Officers and Directors of the Manager of the Fund.32</p> <p>Conflicts of Interest33</p> <p>Independent Review Committee.....34</p> <p>The Trustee.....35</p> <p>The Custodian.....36</p> <p>Auditor.....36</p> <p>Registrar and Transfer Agent.....36</p> <p>Promoter36</p> <p>CALCULATION OF NET ASSET VALUE36</p> <p>Valuation Policies and Procedures of the Fund36</p> <p>Reporting of Net Asset Value.....38</p> <p>ATTRIBUTES OF THE SECURITIES38</p> <p>Description of the Securities Distributed.....38</p> <p>Registration and Redemption of Units.....39</p> <p>Purchase for Cancellation39</p> <p>UNITHOLDER MATTERS.....40</p> <p>Meetings of Unitholders40</p> <p>Matters Requiring Unitholder Approval.....40</p> <p>Amendments to the Declaration of Trust.....41</p> <p>Reporting to Unitholders42</p> <p>Accounting and Reporting42</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

TABLE OF CONTENTS
(continued)

Non-Resident Unitholders	42
TERMINATION OF THE FUND.....	43
USE OF PROCEEDS	43
PLAN OF DISTRIBUTION.....	44
INTEREST OF MANAGER AND OTHERS IN MATERIAL TRANSACTIONS.....	45
PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD	45
MATERIAL CONTRACTS.....	45
EXPERTS.....	46
PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION.....	46
AUDITOR'S CONSENT	F-1
INDEPENDENT AUDITOR'S REPORT.....	F-2
BLOOM SELECT INCOME FUND STATEMENT OF FINANCIAL POSITION.....	F-3
BLOOM SELECT INCOME FUND NOTES TO STATEMENT OF FINANCIAL POSITION	F-4
CERTIFICATE OF THE ISSUER, THE MANAGER AND THE PROMOTER.....	C-1
CERTIFICATE OF THE AGENTS	C-2

GLOSSARY OF TERMS

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

“**affiliate**” means a person who is an “associate” or an “insider” of another person, or an “affiliated company”, “controlled company” or “subsidiary company”, all within the meaning of the *Securities Act* (Ontario).

“**Agency Agreement**” means the agency agreement dated as of March 22, 2012 among the Fund, the Manager and the Agents.

“**Agents**” means, collectively, BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., GMP Securities L.P., National Bank Financial Inc., Scotia Capital Inc., Canaccord Genuity Corp., Raymond James Ltd., Desjardins Securities Inc., Macquarie Private Wealth Inc., Mackie Research Capital Corporation, Dundee Securities Ltd., and HSBC Securities (Canada) Inc.

“**Annual Redemption Date**” means the second last Business Day of October for each year commencing in October, 2013.

“**Beta**” is a measure of volatility of a security or a portfolio in comparison to the market as a whole. It reflects the tendency of a security's returns to respond to changes in the market. A Beta of 1.0 indicates that the security's price has historically moved with the market. A Beta of less than 1.0 means that the security has historically been less volatile than the market. A Beta of greater than 1.0 indicates that the security's price has historically been more volatile than the market. Beta information will be obtained from a nationally recognized data service provider selected by the Manager.

“**Bloom**” means Bloom Investment Counsel, Inc.

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

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

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

“**CDS Participant**” means a participant 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 20, 2012, or such later date as the Fund and the Agents may agree, but in any event not later than 90 days after the issuance of a receipt for the final prospectus of the Fund.

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

“**Custodian**” means CIBC Mellon Trust Company, the custodian of the assets of the Fund, and its successors or assigns.

“**Custodian Agreement**” means the master custodian agreement dated as of the Closing Date between the Fund and the Custodian as it may be amended from time to time.

“**Declaration of Trust**” means the declaration of trust of the Fund dated as of March 22, 2012.

“**Extraordinary Resolution**” means a resolution passed by the affirmative vote of at least 66²/₃% of the votes cast either in person or by proxy, at a meeting of unitholders called for the purpose of considering such resolution.

“**Fund**” means Bloom Select Income Fund, a trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust of the Fund.

“**Holder**” means, unless the context requires otherwise, a holder of a Unit.

“**Indicative Portfolio**” has the meaning ascribed thereto under “Investment Strategy – Indicative Portfolio”.

“**IRC**” means the independent review committee of the Fund.

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

“**Manager**” means Bloom in its capacity as manager of the Fund, as the context may require.

“**minimum distribution requirements**” has the meaning ascribed thereto under “Income Tax Considerations – Status of the Fund”.

“**Net Asset Value of the Fund**” or “**NAV of the Fund**” on a particular date will be equal to (i) the aggregate fair value of the assets of the Fund, less (ii) the aggregate fair value of the liabilities of the Fund.

“**Net Asset Value per Unit**” or “**NAV per Unit**” means the Net Asset Value of the Fund divided by the number of Units then outstanding.

“**NI 41-101**” means National Instrument 41-101 *General Prospectus Requirements* of the Canadian Securities Administrators, as it may be amended from time to time.

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

“**NI 81-106**” means National Instrument 81-106 *Investment Fund Continuous Disclosure* of the Canadian Securities Administrators, as it may be amended from time to time.

“**NI 81-107**” means National Instrument 81-107 *Independent Review Committee for Investment Funds* of the Canadian Securities Administrators, as it may be amended from time to time.

“**non-residents**” has the meaning ascribed thereto under “Unitholder Matters – Non-Resident Unitholders”.

“**Offering**” means the offering of a minimum of 2,000,000 Units and a maximum of 10,000,000 Units at a price of \$10.00 per Unit, as contemplated in this prospectus.

“**Over-Allotment Option**” has the meaning ascribed thereto under “Use of Proceeds”.

“**Plan Agent**” has the meaning ascribed thereto under “Distribution Policy - Distribution Reinvestment Plan”.

“**plan trust**” has the meaning ascribed thereto under “Income Tax Considerations – Status of the Fund”.

“**Portfolio**” has the meaning ascribed thereto under “Investment Objectives”.

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

“**Redemption Notice**” has the meaning ascribed thereto under “Redemption of Securities – Exercise of Redemption Right”.

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

“**REITs**” means real estate investment trusts.

“**September 16th Tax Proposals**” has the meaning ascribed thereto under “Risk Factors – Taxation of the Fund”.

“**SIFT Rules**” means the provisions of the Tax Act providing for a tax on certain income earned by a “SIFT trust” or “SIFT partnership” as those terms are defined in the Tax Act.

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

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as they may be amended from time to time.

“**Tax Proposals**” means all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

“**Total Assets**” has the meaning ascribed thereto under “Investment Restrictions”.

“**Trailer Fee**” has the meaning ascribed thereto under “Fees and Expenses – Trailer Fee”.

“**Trustee**” means Bloom, in its capacity as trustee of the Fund, as the context may require.

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

“**Unit**” means a transferrable trust unit of the Fund.

“U.S.” means the United States of America.

“**Valuation Date**” has the meaning ascribed thereto under “Calculation of Net Asset Value”.

“**volatility**” is a measure of the historical variation in the return of a financial instrument observed over a specific period of time or the relative rate at which the price of a security moves up and down and is generally used to assess the risk of an investment for variation of price of a security over time. Generally, if the price of a stock moves up and down rapidly over short time periods, it has high volatility; whereas if the price almost never changes, it has low volatility.

“\$” means Canadian dollars unless otherwise indicated.

INFORMATION REGARDING PUBLIC ISSUERS

Certain information contained in this prospectus relating to publicly traded securities, the issuers of those securities and the markets in which the Fund will invest is taken from and based solely upon publicly available information. None of the Manager, the Fund or 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. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “expects”, “anticipates”, “plans”, “believes”, “estimates”, “intends”, “targets”, “projects”, “forecasts” or negative versions thereof and other similar expressions, or future or conditional verbs such as “may”, “will”, “should”, “would” and “could”, and similar expressions to the extent they relate to the Manager or the Fund. The forward looking statements are not historical facts but reflect the current expectations regarding future results or events including results of the Fund. 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 but not limited to, the matters discussed under “Risk Factors” and in other sections of this prospectus.

These and other factors should be considered carefully and readers should not place undue reliance on the Fund’s forward-looking statements. None of the Fund, the Manager or the Agents undertake to update any forward-looking statement that is contained in this prospectus except as may be required by law.

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. Certain capitalized terms used, but not defined in, this summary are defined in the “Glossary of Terms”. Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars.

THE OFFERING

Issuer: Bloom Select Income Fund (the “**Fund**”) is a closed-end investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust (the “**Declaration of Trust**”) by Bloom Investment Counsel, Inc. as trustee of the Fund.

Offering: The offering (the “**Offering**”) consists of transferable units (“**Units**”) of the Fund.

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

Minimum Issue: \$20,000,000 (2,000,000 Units)

Subscription Price: \$10.00 per Unit

Minimum Subscription: \$2,000 (200 Units)

Investment Objectives: The Fund’s investment objectives are to provide holders of Units (“**Holder**s”) with:

- (i) an investment in an actively managed portfolio comprised primarily of Canadian equity securities that exhibit low volatility at the time of investment;
- (ii) monthly cash distributions that have a large component of Canadian eligible dividends; and
- (iii) the opportunity for capital appreciation.

The Fund has been created to enable Holders to invest in an actively managed, diversified portfolio (the “**Portfolio**”) comprised primarily of publicly listed or traded Canadian securities. The Manager will build a portfolio comprised primarily of eligible high dividend paying Canadian common equity securities, income trusts and REITs that have a Beta of less than 1.0 at the time of investment.

Investment Strategy: The Manager will build a portfolio comprised primarily of high distribution securities such as TSX-listed eligible high dividend paying common equity securities, income trusts and REITs focusing on undervalued investments that are less volatile (with a lower Beta) than the TSX as a whole, that is, they will possess a Beta of less than 1, at the time of investment. However, the Manager may continue to hold securities that do not maintain a Beta of less than 1. Beta information will be obtained from a nationally recognized data service provider selected by the Manager.

Leverage: The Fund does not intend to borrow money or employ other forms of leverage to acquire Portfolio Securities. However, the Fund may employ leverage for a limited time in an amount up to 20% of the net assets of the Fund determined at the time of borrowing in connection with funding redemptions. See “Investment Strategy – Leverage”.

Distributions: The Fund intends to make monthly cash distributions to Holders of record on the last Business Day of each month, commencing in May, 2012. Distributions will be paid no later than the 15th Business Day following the end of the month for which the distribution is payable. Based on the Manager’s current estimates, the initial distribution target for the Fund until the period ending December 2013 is expected to be \$0.041666 per Unit per month (\$0.50 per annum to yield 5.0% on the subscription price of \$10.00 per Unit). Although

distributions are not expected to change, the Fund intends to annually set distribution targets based on the Manager’s assessment of the actual and expected cash flow of the Fund for the period. The initial cash distribution is anticipated to be payable on June 15, 2012, to Holders of record on May 31, 2012, based on an anticipated closing of April 20, 2012. The distribution is expected to consist primarily of dividends designated as eligible dividends and, to a lesser extent, ordinary income and a return of capital (which is not immediately taxable but which reduces the adjusted cost base of a Holder’s Units). See “Distribution Policy”.

Assuming the gross proceeds of the Offering are \$100 million and fees and expenses are as described herein, the Portfolio would be required to generate an average total return of approximately 7.54% in order for the Fund to achieve its initial targeted monthly distributions for the Units. Based on the anticipated composition of the Portfolio as at February 8, 2012, the Portfolio would have a weighted average current cash yield of approximately 7.23% and, accordingly, the Portfolio would be required to generate additional returns in excess of its current cash yield through the sale of securities or other returns in order for the Fund to achieve its initial targeted monthly distributions for the Units. If the return on the Portfolio (including capital gains from the sale of securities in the Portfolio) is less than the amount necessary to fund monthly distributions, the Manager may return a portion of the capital of the Fund to ensure the distributions are paid and accordingly, NAV per Unit would be reduced. See “Risk Factors”.

Distribution Reinvestment:

The Fund intends to provide Holders with the opportunity to elect to reinvest monthly cash distributions made by the Fund in additional Units through participation in the distribution reinvestment plan of the Fund described under “Distribution Policy – Distribution Reinvestment Plan”.

Redemption:

Commencing in 2013, Units may be surrendered annually for redemption during the period from September 15 until 5:00 p.m. (Toronto time) on the last Business Day in September of each year (the “**Notice Period**”) subject to the Fund’s right to suspend redemptions in certain circumstances. Units properly surrendered for redemption during the Notice Period will be redeemed on the second last Business Day in October of each year (the “**Annual Redemption Date**”) and the Holder will receive a redemption price per Unit equal to 100% of the NAV per Unit as determined on the Annual Redemption Date, less any costs and expenses incurred by the Fund in order to fund such redemption. Redemption proceeds will be paid no later than the 15th Business Day immediately following an Annual Redemption Date. For the purpose of calculating NAV used in connection with a redemption of Units, the value of the securities held by the Fund will be equal to the weighted average trading price of such securities over the last three Business Days preceding the Annual Redemption Date. See “Redemption of Securities” and “Calculation of Net Asset Value”.

Use of Proceeds:

	Maximum Offering⁽¹⁾⁽²⁾	Minimum Offering⁽¹⁾
Gross Proceeds to the Fund	\$100,000,000	\$20,000,000
Agents’ fees	\$5,250,000	\$1,050,000
Expenses of the Offering ⁽³⁾	\$600,000	\$300,000
Net proceeds to the Fund	\$94,150,000	\$18,650,000

⁽¹⁾ There will be no Closing unless a minimum of 2,000,000 Units are sold. The maximum Offering assumes 10,000,000 Units. If subscriptions for a minimum of 2,000,000 Units have not been received within 90 days following the date of issuance of a receipt for this prospectus, this Offering may not continue without the consent of the securities authorities and those who have subscribed on or before such date.

⁽²⁾ The Fund has granted the Agents an option (the “**Over-Allotment Option**”), exercisable for a period of 30 days following the Closing, to purchase additional Units in an amount up to 15% of the aggregate number of Units issued at the Closing on the same terms as set forth above. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents’ fee and the net proceeds to the Fund before deducting the expenses of the Offering will be \$115,000,000, \$6,037,500 and \$108,962,500, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the

distribution of the Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the over-allotment position acquires those Units under this prospectus, regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

⁽³⁾ Subject to a maximum of 1.5% of the gross proceeds of the Offering.

See “Use of Proceeds”.

Risk Factors:

An investment in Units is subject to certain risk factors, including:

- (a) no assurances that the Fund will be able to achieve its stated investment objectives;
- (b) loss of investment;
- (c) no guaranteed return;
- (d) performance of the Portfolio;
- (e) risks associated with distributions;
- (f) sensitivity to interest rates;
- (g) risks associated with investments in equity securities;
- (h) risks associated with commodity price fluctuations;
- (i) risks associated with oil and gas energy investments;
- (j) risks relating to investments in REITs;
- (k) composition of the Portfolio;
- (l) reliance on the Manager;
- (m) securities lending;
- (n) Units may trade in the market at a discount to the NAV per Unit;
- (o) nature of the Units;
- (p) illiquid securities;
- (q) taxation of the Fund;
- (r) status of the Fund;
- (s) potential conflicts of interest;
- (t) changes in legislation;
- (u) recent global financial developments;
- (v) significant redemptions;
- (w) lack of operating history; and
- (x) general risk of investing in debt instruments.

See “Risk Factors”.

Termination:

The Fund does not have a fixed termination date. Pursuant to the Declaration of Trust of the Fund, the Fund may be terminated at any time by the Manager provided that the prior approval of Holders has been obtained by a majority vote at a meeting of Holders called for that purpose; provided, however, that the Manager may, in its discretion, terminate the Fund without the approval of Holders (a) if, in the opinion of the Manager, it is no longer economically practical to continue the Fund or it would be in the best interests of the Fund, and (b) in connection with a Permitted Merger. Upon termination, the net assets of the Fund will be distributed to Holders on a *pro rata* basis. See “Termination of the Fund” and

“Unitholder Matters - Matters Requiring Unitholder Approval”.

Permitted Merger: The Manager may, without obtaining Holder approval, merge the Fund (a “**Permitted Merger**”) with another fund or funds, in certain circumstances. If the Manager determines that a merger is appropriate and desirable, the Manager can effect the merger, including any required changes to the Declaration of Trust, without seeking Holder approval for the merger or such amendments. If a decision is made to merge, the Manager will issue a press release at least 30 Business Days prior to the proposed effective date thereof disclosing details of the proposed merger and will comply with all applicable laws including the requirements of the TSX concerning mergers involving listed investment funds. See “Matters Requiring Unitholder Approval”.

Income Tax Considerations: A Holder who is resident in Canada will generally be required to include in computing income for a taxation year that part of the net income of the Fund, including net taxable capital gains, if any, that is paid or becomes payable to the Holder by the Fund in the year (whether in cash or in Units). To the extent that amounts payable to a Holder are designated by the Fund as taxable dividends from taxable Canadian corporations, the taxable portion of net realized capital gains or foreign source income, those amounts will retain their character and be treated as such in the hands of the Holder.

Distributions by the Fund to a Holder in excess of the Holder’s share of the Fund’s net income and net realized capital gains will generally not result in an income inclusion, but will reduce the adjusted cost base of the Holder’s Units. To the extent that the adjusted cost base of a Unit held as capital property would otherwise be less than zero, the Holder will be deemed to have realized a capital gain equal to such negative amount. A Holder who disposes of Units held as capital property (on a redemption or otherwise) will realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount of capital gains made payable by the Fund to the Holder which represent capital gains realized by the Fund in connection with its disposition of securities in order to fund the redemption) exceed (or are less than) the aggregate adjusted cost base of the Units disposed of and any reasonable costs of disposition.

A purchaser who realizes a capital gain or capital loss upon the disposition of Units will be required to include in computing the purchaser’s income one-half of any such capital gain (a “**taxable capital gain**”) and generally will be entitled to deduct one-half of any such capital loss (an “**allowable capital loss**”) against taxable capital gains realized in the year of disposition. Subject to detailed rules in the Tax Act, allowable capital losses in excess of taxable capital gains in the year of disposition may be applied to reduce net taxable capital gains of the purchaser in any of the three years preceding the year of disposition or in any year following the year of disposition.

Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units by obtaining advice from his or her tax advisor. See “Income Tax Considerations – Taxation of Holders”.

Eligibility for Investment: In the opinion of Blake, Cassels & Graydon LLP, counsel to the Fund, and Borden Ladner Gervais LLP, counsel to the Agents, provided that, at all relevant times, the Fund qualifies as a mutual fund trust within the meaning of the Tax Act or the Units are listed on a “designated stock exchange” within the meaning of the Tax Act (which includes the TSX), Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, registered education savings plans, deferred profit sharing plans and tax-free savings accounts. See “Income Tax Considerations – Status of the Fund”.

ORGANIZATION AND MANAGEMENT OF THE FUND

<u>Management of the Fund</u>	<u>Services Provided to the Fund</u>	<u>Municipality of Residence</u>
Manager, Trustee and Promoter	Bloom Investment Counsel, Inc. is the manager, trustee and promoter of the Fund. The Manager will perform the management functions, including the day-to-day management, and will provide investment advisory and portfolio management services to the Fund. See “Organization and Management Details of the Fund”.	150 York Street Suite 1710 Toronto, Ontario M5H 3S5
Custodian	CIBC Mellon Trust Company will be appointed as custodian of the assets of the Fund and may employ sub-custodians as considered appropriate in the circumstances. See “Organization and Management Details of the Fund – The Custodian”.	Toronto, Ontario.
Registrar and Transfer Agent	CIBC Mellon Trust Company will be appointed the registrar, transfer and distribution agent for the Units. See “Organization and Management Details of the Fund – Registrar and Transfer Agent”.	Toronto, Ontario.
Auditor	The auditor of the Fund is PricewaterhouseCoopers LLP, Chartered Accountants, Licensed Public Accountants. See “Organization and Management Details of the Fund – Auditor”.	Toronto, Ontario.

AGENTS

BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., GMP Securities L.P., National Bank Financial Inc., Scotia Capital Inc., Canaccord Genuity Corp., Raymond James Ltd., Desjardins Securities Inc., Macquarie Private Wealth Inc., Mackie Research Capital Corporation, Dundee Securities Ltd., and HSBC Securities (Canada) Inc. (collectively, the “**Agents**”) conditionally offer the Units, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the Agency Agreement, and subject to the approval of certain legal matters by Blake, Cassels & Graydon LLP on behalf of the Fund and Borden Ladner Gervais LLP on behalf of the Agents. See “Plan of Distribution”.

Agents’ Position	Maximum Size	Exercise period	Exercise Price
Over-Allotment Option	1,500,000 Units	Within 30 days following the Closing	\$10.00 per Unit

SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees and expenses, payable by the Fund, which will therefore reduce the value of your investment in the Fund. For further particulars, see “Fees and Expenses”.

<u>Type of Fee</u>	<u>Amount and Description</u>
Fees payable to the Agents	\$0.525 per Unit (5.25%).
Expenses of the Offering	In addition to the Agents’ fees, the Fund will pay the expenses incurred in connection with the Offering, estimated to be \$600,000 (subject to a maximum of 1.5% of the gross proceeds of the Offering).

Type of Fee	Amount and Description
Management Fee	An annual management fee (the “ Management Fee ”) aggregating to 1.75%, comprised of 1.25% per annum of the NAV of the Fund, calculated weekly and payable monthly in arrears, plus an amount to be paid by the Manager to registered dealers equal to the Trailer Fee (0.50% per annum of the NAV of the Fund) calculated quarterly and paid as soon as practicable after the end of each calendar quarter, plus applicable taxes.
Trailer Fee	As noted above, the Manager will pay to registered dealers a trailer fee (the “ Trailer Fee ”) equal to 0.50% annually of the NAV of the Fund for each Unit held by clients of the registered dealers, calculated and paid at the end of each calendar quarter commencing on June 30, 2012, plus applicable taxes.
Operating Expenses of the Fund	The Fund will pay for all ordinary expenses incurred in connection with its operation and administration. It is expected that the expenses for the Fund will include, without limitation: all costs of portfolio transactions, fees payable to third party services providers, custodial fees, legal, accounting, audit and valuation fees and expenses, fees and expenses of the members of the IRC, expenses related to compliance with NI 81-107, fees and expenses relating to the voting of proxies by a third party, premiums for directors’ and officers’ insurance coverage for the directors and officers of the Manager and members of the IRC, costs of reporting to Holders, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements and investor relations, website maintenance costs, taxes, brokerage commissions, costs and expenses relating to the issue of Units, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, extraordinary expenses that the Fund may incur and all amounts paid on account of indebtedness. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Custodian, the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund. The aggregate amount of these fees and expenses, together with those of the Fund, is estimated to be \$300,000 per annum.

OVERVIEW OF THE LEGAL STRUCTURE OF THE FUND

Bloom Select Income Fund (the “**Fund**”) is a closed-end investment fund established under the laws of the Province of Ontario pursuant to the Declaration of Trust dated March 22, 2012. The manager, portfolio manager and trustee of the Fund is Bloom Investment Counsel, Inc. (the “**Manager**”, “**Trustee**” or “**Bloom**”). The principal office of the Fund and Bloom is located at 150 York Street, Suite 1710, Toronto, Ontario M5H 3S5.

The Fund is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to mutual funds under such legislation.

INVESTMENT OBJECTIVES

The Fund’s investment objectives are to provide holders of Units (“**Holders**”) with:

- (i) an investment in an actively managed portfolio comprised primarily of Canadian equity securities that exhibit low volatility at the time of investment;
- (ii) monthly cash distributions that have a large component of Canadian eligible dividends; and
- (iii) the opportunity for capital appreciation.

The Fund has been created to enable Holders to invest in an actively managed, diversified portfolio (the “**Portfolio**”) comprised primarily of publicly listed or traded Canadian securities. The Manager will build a portfolio comprised primarily of eligible high dividend paying Canadian common equity securities, income trusts and REITs that have a Beta of less than 1.0 at the time of investment.

INVESTMENT STRATEGY

The Manager will build a portfolio comprised primarily of high distribution securities such as TSX-listed eligible high dividend paying common equity securities, income trusts and REITs focusing on undervalued investments that are less volatile (with a lower Beta) than the TSX as a whole, that is, they will possess a Beta of less than 1, at the time of investment. However, the Manager may continue to hold securities that do not maintain a Beta of less than 1.

Volatility is a measure of the historical variation in the return of a financial instrument observed over a specific period of time or the relative rate at which the price of a security moves up and down and is generally used to assess the risk of an investment for variation of price of a security over time. Generally, if the price of a stock moves up and down rapidly over short time periods, it has high volatility; whereas if the price almost never changes, it has low volatility.

Beta is a measure of volatility of a security in comparison to the market as a whole. It reflects the tendency of a security's returns to respond to changes in the market. A Beta of 1.0 indicates that the security's price has historically moved with the market. A Beta of less than 1.0 means that the security has historically been less volatile than the market. A Beta of greater than 1.0 indicates that the security’s price has historically been more volatile than the market. Beta information will be obtained from a nationally recognized data service provider selected by the Manager.

The Manager expects that these high distribution securities which exhibit low volatility will outperform the market due to the following factors:

- **Concern over market volatility.** The turbulence in capital markets that commenced in 2008 has led to significant volatility in equity markets making it difficult for investors to preserve their capital and attain a reasonable level of income. Further, the continuing high levels of volatility in the stock markets have caused some investors to be concerned about the risk/reward profile of investing in equities in general. The low volatility investments to be made by the Fund are designed to alleviate these investor concerns and make investment more appealing thereby increasing demand.

- **Strong Cash Flows.** Equity securities with strong cash flows and overall financial strength possess an enhanced ability to not only pay high dividends, but also over time to potentially increase those dividends.
- **Discipline on Management.** Companies with commitments to high dividend rates force their management to be more disciplined in their investment decisions and limit investments in non-core or low cash flow businesses and therefore potentially have more profitable businesses. Further, with a significant amount of cash flow being dedicated to dividends, managements must seek new financing from equity markets to undertake expansion and acquisitions placing more control on these activities with investors.
- **Low Interest Rate Environment.** The interest on Treasury bills and other short term investments is not sufficient to keep pace with the rate of inflation. The Manager does not expect interest rates in the medium term, to be an investment threat to the high income common equity market; the Manager expects 90-day Treasury bill rates to rise over the next 12 months by no more than 0.50% to 1.35%. The yield on the Fund will be 5%.
- **Bond Returns Remain Low.** While the rate of return on government and corporate bonds is slightly better than those of Treasury bills, it is still at historic lows, exposing investors to potential capital losses when the value of the bonds fall either in response to the issuer's financial condition or rising interest rates. The Manager expects that high distribution securities that primarily distribute eligible dividends will continue to provide relatively superior returns to bonds, over the short and medium-term. This is especially the case for investors who are individuals resident in Canada because of the significantly reduced income taxes paid on eligible dividends as compared to interest income.
- **The Benefit to Canadian Taxable Investors of Dividend Tax Credits.** Dividend tax credits increase Canadian taxable investors' interest equivalent after tax rate of return by approximately 31.5% (in the case of eligible dividends paid to an Ontario resident individual) making dividend paying securities an attractive investment. (See "Benefits of Dividend Tax Credit" below)

The continuing high levels of volatility in the stock markets have caused some investors to be concerned about the risk/reward profile of investing in equities in general. Academic research has shown that low volatility stocks have historically outperformed high volatility stocks. A recent study published in the CFA Institute's Financial Analysts Journal demonstrated that over a 41 year period ending December 2008 portfolios of low-risk stocks actually outperformed portfolios of high-risk stocks.¹ The study sorted the top 1,000 stocks in the United States by market capitalization into five different groups, based on two widely accepted measures of investment risk: volatility and beta. A dollar invested in the lowest-volatility portfolio of stocks would have grown to \$53.81 over the 41 year period, representing a compounded annual growth rate (CAGR) of 10.21%, while a dollar invested in the highest-volatility portfolio would have grown to only \$7.35, a CAGR of 5.00%. Over the same period, a dollar invested in the lowest-beta portfolio of stocks would have grown to \$78.66, representing a CAGR of 11.23%, while a dollar invested in the highest-beta portfolio would have grown to only \$4.70, representing a CAGR of 3.85%. Another study examined the returns of low and high volatility stocks in 23 developed countries from 1980 to 2003.² The study found that the average return on a portfolio of stocks with the lowest volatility exceeded the average return of a portfolio of the highest volatility stocks by 1.31% per month. This effect was observed for each of the largest seven major equity markets including Canada.

Strong relative performance of low volatility stocks is also evident when comparing low volatility equity indices to broader equity indices. The MSCI Global Minimum Volatility Indices are designed to serve as benchmarks for managed volatility equity strategies. The indices aim to reflect the performance characteristics of a minimum-variance portfolio, focused on absolute return and volatility with the lowest absolute risk. The MSCI World Minimum Volatility Index has generated an annualized total return of 14.08% since June 30, 2009, whereas the MSCI World Index returned 11.29% over the same period. For six month and one year periods ending December 30,

¹ Baker, Malcolm, Brendan Bradley, and Jeffrey Wurgler. 2011. "Benchmarks as Limits to Arbitrage: Understanding the Low-Volatility Anomaly." *Financial Analysts Journal*, vol. 67, no. 1 (January/February): 40-54.

² Ang, Andrew, Robert J. Hodrick, Yuhang Xing, and Xiaoyan Zhang. 2009. "High Idiosyncratic Volatility and Low Returns: International and Further U.S. Evidence." *Journal of Financial Economics*, vol. 91, no. 1 (January): 1-23.

2011, the MSCI World Minimum Volatility Index returned 0.47% and 8.06%, respectively, whereas the MSCI World Index returned -10.07% and -5.03%, respectively.

Information with respect to the studies and the indices set out above is provided for additional informational purposes only. Such information is not intended to predict or suggest the future returns of the Fund and should not be considered a substitute for the Fund's own performance information which will differ, among other reasons, because the Fund invests in Canadian securities which have a Beta of less than 1.0 at the time of investment. Past performance is no guarantee of future results.

The Manager, established in 1985, has specialized in income oriented equity investments for the last 15 years and was an active participant in investing in the income trust market from its inception. The Manager has been the investment manager of more than ten TSX-listed closed-end funds since 1997 with total assets of over \$2.5 billion that specialized in income orientated equity investments, and currently manages or is the investment manager of three TSX-listed closed-end funds that have similar investment objectives; however, the three funds are not restricted to investing in securities that have a Beta of less than 1.0. These three funds seek to provide holders with monthly cash distributions and the opportunity for capital appreciation through actively managed, diversified portfolios comprised of Canadian high yield equities. All three funds have met their investment objectives and have made all their distributions since inception.

The three TSX-listed closed-end funds are:

- **Blue Ribbon Income Fund.** This fund trades under the TSX symbol “**RBN.UN**” and was launched in September 1997.
- **Canadian High Income Equity Fund.** This fund trades under the TSX symbol “**CIQ.UN**” and was launched in February 2010.
- **Bloom Income & Growth Canadian Fund.** This fund trades under the TSX symbol “**BI.UN**” and was launched in October 2011.

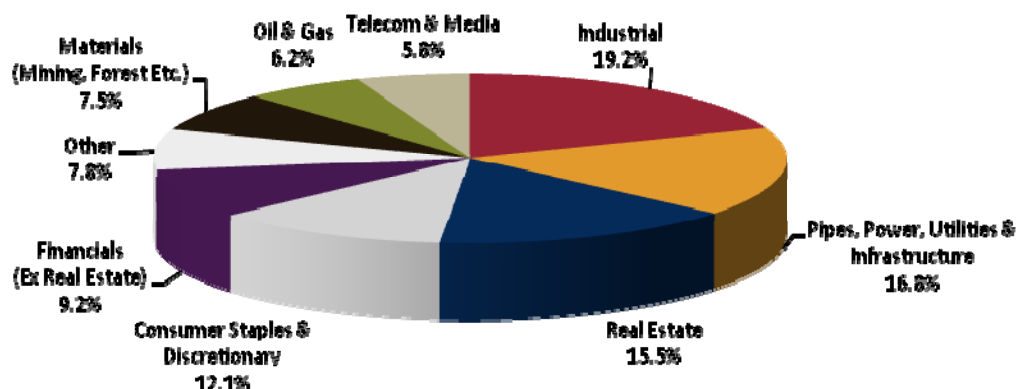
Paul Bloom, the Chief Investment Officer of the Manager, has previously been selected as one of the 50 TopGun Portfolio Managers covering Canadian equities by the Brendan Wood International.

Indicative Portfolio

The indicative portfolio is illustrative of the securities that the Manager would have invested in the Portfolio had it existed on February 8, 2012 (the “**Indicative Portfolio**”). Securities in the Indicative Portfolio on February 8, 2012 would have a weighted average current cash yield of 7.23%.

The following graphs show the Indicative Portfolio’s exposure by sector:

Sector Allocation



In making investment decisions for the Fund, there are no specific minimum sector allocations that the Manager must adhere to. The Manager will adjust sector allocations based on market conditions and the Manager’s view of the opportunities that present themselves within each sector. The Manager may also invest in preferred securities and, to a lesser extent, debt securities, non-dividend paying equities and foreign securities.

The information contained in the above section is historical and is not intended to be, nor should it be construed to be, an indication as to the future yield of the securities comprising the Portfolio. The Portfolio may or may not include issuers considered in compiling the foregoing analysis and will include securities of issuers that were not included in compiling this analysis. The Portfolio’s cash yield may be greater than or less than the current cash yield of the Indicative Portfolio and will change from time to time in connection with the changes in the composition of the Portfolio and will be influenced by matters set out herein, including under “Risk Factors”. The Manager will actively manage the Portfolio to seek to meet the Fund’s investment objectives and therefore the composition of the Portfolio will vary from time to time based on the Manager’s assessment of market conditions and may differ substantially from the sub-set of the Indicative Portfolio whose information is described above.

Benefits of Dividend Tax Credit

Eligible dividends from public Canadian corporations have much more favourable tax treatment for taxable investors than certain other income distributions. Eligible dividends from public Canadian corporations are taxed at a substantially lower rate than ordinary income for many Canadian investors in the highest marginal tax rate. For example, in the Province of Ontario, ordinary income and interest is taxed at 46.41% for investors in the highest tax bracket. Due to the dividend tax credit, dividends that are designated as eligible dividends for purposes of the Tax Act are taxed at only 29.54% in the hands of individuals resident in the Province of Ontario in 2012. Consequently,

as demonstrated in the chart below, assuming an individual investor pays tax at the highest marginal income tax rate in Ontario, an eligible dividend of 5.0% is equivalent to an ordinary income or interest rate of 6.6%.

Dividends and Interest Rates to Result in Equivalent After-Tax Yields

Top Marginal Eligible Dividends Tax Rate	29.54%		
Top Marginal Interest Income Tax Rate	46.41%		
Eligible Dividend Yield	4%	5%	6%
Ordinary Income and Interest Yield Equivalent	5.3%	6.6%	7.9%

Note:

1. Figures are for individuals resident in the province of Ontario in 2012.

The Manager believes that as more investors appreciate the significant after-tax benefits of eligible dividends versus interest income, the demand for higher-yielding equity investments will continue to grow.

	Investor A* Interest Income	Investor B* Dividend Income	Percentage Difference
Eligible Dividend	\$0	\$100.00	
Interest Income	\$100.00	\$0	
Tax Rate	46.41%	29.54%	
After Tax Income	\$53.59	\$70.46	31.5%

* for an Ontario resident individual

Securities Lending

In order to generate additional returns, the Fund may lend Portfolio Securities in accordance with NI 41-101. Any securities lending by the Fund must be pursuant to a securities lending agreement to be entered into between the Fund and a securities borrower acceptable to the Fund pursuant to which the Fund will loan Portfolio Securities to the securities borrower on the terms therein, which terms shall include that: (i) the borrower will pay to the Fund a negotiated securities lending fee and will make compensation payments to the Fund equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as “securities lending arrangements” for the purposes of the Tax Act; and (iii) the Fund will receive collateral security. The Manager will be responsible for setting and reviewing any securities lending agreements. If a securities lending agent is appointed for the Fund, such agent will be responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis.

Leverage

The Fund does not intend to borrow money or employ other forms of leverage to acquire Portfolio Securities. However, the Fund may employ leverage for a limited time in an amount up to 20% of the net assets of the Fund determined at the time of borrowing in connection with funding redemptions. Accordingly, at the time of borrowing, the maximum amount of leverage that the Fund could employ is 1.20:1. The Fund will repay any such indebtedness within 90 days following the Annual Redemption Date in respect of which such indebtedness has been incurred.

OVERVIEW OF THE SECTOR THAT THE FUND INVESTS IN

The Manager will build a portfolio comprised primarily of eligible high dividend paying Canadian common equity securities, income trusts and REITs that have a Beta of less than 1.0 at the time of investment.

Significant developments occurred in the Canadian high income equity market from the mid-1990s with the commencement of the income trust market, and then the rapid development of that market during the last decade. The conversion of most income trusts into corporations ahead of the deadline imposed by the Federal government's October 31, 2006 decision to tax income trusts beginning in 2011, and the formation of the new S&P/TSX Equity Income Index in December 2010, have resulted in the development of a broader-based high income common equity market in Canada. The Fund will be investing in this market sector.

INVESTMENT RESTRICTIONS

The investment activities of the Fund are to be conducted in accordance with, among other things, the following investment restrictions which provide that the Fund will not:

- (i) acquire a security that has a Beta equal to or greater than 1.0, at the time of investment; where Beta information will be obtained from a nationally recognized data service provider selected by the Manager. However, the Manager may continue to hold securities that do not maintain a Beta of less than 1;
- (ii) invest more than 10% of the aggregate value of the assets of the Fund as determined in accordance with the terms of the Declaration of Trust of the Fund ("**Total Assets**") in the securities of any single issuer, other than securities issued or guaranteed by the Government of Canada or a province or territory thereof;
- (iii) purchase the securities of an issuer for the purpose of exercising control over management of that issuer;
- (iv) invest more than 10% of Total Assets in "illiquid assets" as such term is defined in NI 81-102;
- (v) borrow or enter into leverage transactions except in connection with the funding of redemptions and then only in respect of amounts not exceeding 20% of NAV determined at the time such leverage is obtained;
- (vi) for a period of more than 90 days, have less than 80% of the Fund's NAV invested in cash, money market instruments or publicly listed or traded securities of issuers domiciled in Canada, including dividend paying common equity securities, income trusts and REITs.
- (vii) guarantee the securities or obligations of any person other than the Manager, and then only in respect of the activities of the Fund;
- (viii) purchase securities from, sell securities to, or otherwise contract for the acquisition or disposition of securities with the Manager or any of its affiliates, any officer, director or shareholder of the Manager, any person, trust, firm or corporation managed by the Manager or any of its affiliates or any firm or corporation in which any officer, director or shareholder of the Manager may have a material interest (which, for these purposes, includes beneficial ownership of more than 10% of the voting securities of such entity) unless, with respect to any purchase or sale of securities, any such transaction is effected through normal market facilities, pursuant to a non-pre-arranged trade, and the purchase price approximates the prevailing market price or is approved by the IRC;
- (ix) own securities of an issuer if as a result of such ownership the Manager would, either directly or indirectly, hold or exercise control or direction over greater than 19.99% of the securities of such issuer;

- (x) engage in securities lending that does not constitute a “securities lending arrangement” for purposes of the Tax Act;
- (xi) invest in or hold (i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Fund (or the partnership) would be required to include any significant amounts in income pursuant to section 94.1 of the Tax Act, (ii) an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in proposed section 94.2 of the Tax Act, or (iii) any interest in a non-resident trust (or a partnership which holds such an interest) other than an “exempt foreign trust” for the purposes of proposed section 94 of the Tax Act, each as set forth in the proposed amendments to the Tax Act dated August 27, 2010 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);
- (xii) invest in any security that is a “tax shelter investment” within the meaning of section 143.2 of the Tax Act;
- (xiii) invest in any security of an issuer that would be a “foreign affiliate” of the Fund for purposes of the Tax Act;
- (xiv) make or hold any investments that would result in the Fund itself being subject to the SIFT Rules;
- (xv) make any investment or conduct any activity that would result in the Fund failing to qualify as a “unit trust” or a “mutual fund trust” within the meaning of the Tax Act. Under the current statutory definition of a “unit trust” including proposed amendments to the Tax Act (or such proposals as amended or enacted, or successor provisions thereto), among other requirements:
 - (i) at least 80% of the property of the Fund, 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 real property, or immovables situated in Canada and real rights in such immovables, and (g) rights to and interests in – or, for civil law, rights in or to – 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 Fund (determined without reference to subsections 39(2), 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 property of the Fund 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; and
- (xvi) acquire any property that is “specified property” as such term is defined in certain Tax Proposals released on September 16, 2004.

If a percentage restriction on investment or use of assets or borrowing or financing arrangements set forth above as an investment restriction is adhered to at the time of the transaction, later changes to the market value of the investment or Total Assets will not be considered a violation of the investment restrictions (except for the restrictions in paragraphs (ii), (iii), (xiv) and (xv) above which must be complied with at all times and which may necessitate the selling of investments from time to time). If the Fund receives from an issuer subscription rights to purchase securities of that issuer, and if the Fund exercises those subscription rights at a time when the Fund’s holdings of securities of that issuer would otherwise exceed the limits set forth above, the exercise of those rights will not constitute a violation of the investment restrictions if, prior to the receipt of securities of that issuer on

exercise of these rights, the Fund has sold at least as many securities of the same class and value as would result in the restriction being complied with.

FEES AND EXPENSES

Expenses of the Offering

In addition to the Agents' fees, the Fund will pay the expenses incurred in connection with the Offering, estimated to be \$600,000 (subject to a maximum of 1.5% of the gross proceeds of the Offering).

Management Fee

Pursuant to the terms of the Fund's Declaration of Trust, the Manager will receive an annual management fee (the "**Management Fee**") aggregating to 1.75% per annum of the NAV of the Fund, comprised of 1.25% per annum of the NAV of the Fund, calculated weekly and payable monthly in arrears, plus an amount to be paid by the Manager to registered dealers equal to the Trailer Fee (0.50% per annum of the NAV of the Fund) calculated quarterly and paid as soon as practicable after the end of each calendar quarter, plus applicable taxes. The portion of the Management Fee payable to the Manager in respect of the month in which Closing occurs shall be pro-rated based on the fraction of the number of days from and including the Closing Date to and including the last day of the month over the number of days of such month.

Trailer Fee

As noted above, the Manager will pay to registered dealers a trailer fee (the "**Trailer Fee**") equal to 0.50% annually of the NAV of the Fund for each Unit held by clients of the registered dealers, calculated and paid at the end of each calendar quarter commencing on June 30, 2012, plus applicable taxes. The portion of the Trailer Fee payable by the Manager in respect of the quarter in which Closing occurs shall be pro-rated based on the fraction of the number of days from and including the Closing Date to and including the last day of the quarter over the number of days of such quarter.

Operating Expenses of the Fund

The Fund will pay for all ordinary expenses incurred in connection with its operation and administration. It is expected that the expenses for the Fund will include, without limitation: all costs of portfolio transactions, fees payable to third party services providers, custodial fees, legal, accounting, audit and valuation fees and expenses, fees and expenses of the members of the IRC, expenses related to compliance with NI 81-107, fees and expenses relating to the voting of proxies by a third party, premiums for directors' and officers' insurance coverage for the directors and officers of the Manager and members of the IRC, costs of reporting to Holders, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements and investor relations, website maintenance costs, taxes, brokerage commissions, costs and expenses relating to the issue of Units, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, extraordinary expenses that the Fund may incur and all amounts paid on account of indebtedness. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Custodian, the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund.

The Manager estimates that operational expenses of the Fund, exclusive of management fees, debt service and other costs and brokerage expenses related to portfolio transactions, will be approximately \$300,000 per year.

Additional Services

Any arrangements for additional services between the Fund and the Manager, or any affiliate thereof, that have not been described in this prospectus shall be on terms that are no less favourable to the Fund than those available from arm's length persons (within the meaning of the Tax Act) for comparable services and the Fund shall pay all expenses associated with such additional services.

RISK FACTORS

Certain risk factors relating to the Fund and the Units are described below. Additional risks and uncertainties not currently known to the Manager, or that are currently considered immaterial, may also impair the operations of the Fund. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Fund could be materially adversely affected.

No Assurances on Achieving Objectives

There is no assurance that the Fund will be able to achieve its distribution objectives or that its Portfolio will earn any return or will return to investors an amount equal to or in excess of the original issue price of the Units.

There is no assurance that the Fund will be able to pay monthly distributions. The funds available for distribution to Holders will vary according to, among other things, the distributions paid on all of the securities comprising its Portfolio.

The Fund will not use leverage to pursue its investment objectives and accordingly, assuming the gross proceeds of the Offering are \$100 million and fees and expenses are as described herein, the Portfolio would be required to generate an average total return of approximately 7.54% in order for the Fund to achieve its initial targeted monthly distributions for the Units. Based on the anticipated composition of the Portfolio as at February 8, 2012, the Portfolio would have a weighted average current cash yield of approximately 7.23% and accordingly, the Portfolio would be required to generate additional returns in excess of its current cash yield through the sale of securities or other returns in order for the Fund to achieve its initial targeted monthly distributions for the Units. If the return on the Portfolio (including capital gains from the sale of securities in the Portfolio) is less than the amount necessary to fund monthly distributions and the Manager returns a portion of the capital of the Fund to ensure the distribution is paid the NAV per Unit would be reduced.

Loss of Investment

An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of their investment.

No Guaranteed Return

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

Performance and Marketability of Portfolio Securities

The Net Asset Value per Unit will vary in accordance with the value of the securities acquired by the Fund, and the value of Portfolio Securities owned by the Fund may be affected by factors beyond the control of the Manager or the Fund. There is no assurance that an adequate market will exist for securities acquired by the Fund. Securities issued by issuers who are not reporting issuers in all provinces may be subject to an indefinite hold period under certain provincial securities legislation. The issuers of securities which the Fund may acquire may have limited operating histories. The value of these securities will be influenced by factors which are not within the control of the Fund, which, in the case of resource-oriented royalty and income trusts, include the financial performance of the respective issuers, commodity prices, exchange rates, interest rates, the hedging policies employed by such issuers, issues relating to the regulation of the natural resource industry and operational risks relating to the resource sector and other financial market conditions. In the case of REITs, such factors include the quality of the REIT's property portfolio, the perception of and the abilities of the REIT's advisor, the prospects for the Canadian and U.S. commercial real estate market and the economy in general, including the level and likely direction of interest rates. The Manager cannot predict whether the securities held by the Fund will trade at a discount to, a premium to, or at their net asset value.

Distributions

The Fund intends to make monthly cash distributions to Holders of record on the last Business Day of each month, commencing in May, 2012. Distributions will be paid no later than the 15th Business Day following the end of the month for which the distribution is payable. Based on the Manager's current estimates, the initial distribution target for the Fund until the period ending December 2013 is expected to be \$0.041666 per Unit per month (\$0.50 per

annum to yield 5.0% on the subscription price of \$10.00 per Unit). Although distributions are not expected to change, the Fund intends to annually set distribution targets based on the Manager's assessment of the actual and expected cash flow of the Fund for the period. If the Manager determines that it is in the best interest of the Holders, it may amend the targeted distribution amount. The Manager will review such distribution policy from time to time and the distribution amount may change. If the return on the Portfolio (including net realized capital gains from the sale of securities in the Portfolio) is less than the amount necessary to fund the monthly distributions and the Manager returns a portion of the capital of the Fund to Holders to ensure the distribution is paid, the NAV per Unit would be reduced.

Sensitivity to Interest Rates

It is anticipated that the market price for Units and the value of the Portfolio Securities 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 and increase the costs of borrowing to the Fund, if any.

Investments in Equity Securities

The Fund will be subject to the risks inherent in investments in equity securities, including the risk that the financial condition of the issuers in which the Fund invests may become impaired or that the general condition of the stock markets may deteriorate. Equity securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, the issuers change. In addition, issuers of equity securities may reduce or eliminate dividends.

The Fund will be concentrated in equity securities which have a Beta of less than 1.0 at the time of investment and accordingly may be concentrated in equity securities in specialized industries or market sectors. As a result, changes that affect any such specialized industries or market sectors will have a greater effect on the Fund than a more broadly diversified portfolio, which may have a negative impact on the value of the Units.

Commodity Price Fluctuations

The operations and financial condition of the issuers of certain of the Portfolio Securities which will be held by the Fund 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 addition, certain commodity prices are based on a U.S. dollar market price. Accordingly, an increase in the value of the Canadian dollar against the U.S. dollar could reduce the amount of distributions paid on such securities.

Oil and Gas Energy Investments

Oil and gas prices have fluctuated widely during recent years and are affected by supply and demand, political events, weather and economic conditions, among other things, which can adversely affect the value of oil and gas and energy related investments.

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 securityholders 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 favorable lease terms.

Composition of Portfolio

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

Reliance on the Manager

The Fund will be dependent on the Manager for investment advisory and portfolio management services and for the provision of all other required services.

Securities Lending

The Fund may engage in securities lending. Although it will receive collateral for the loans and such collateral will be marked-to-market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral be insufficient to reconstitute the portfolio of loaned securities.

Trading at a Discount

The Units may trade in the market at a discount to the Net Asset Value per Unit and there can be no assurance that the Units will trade at a price equal to the Net Asset Value per Unit. Units will be redeemable at 100% of the Net Asset Value per Unit on an Annual Redemption Date less any costs and expenses associated with the redemption. For the purpose of calculating NAV used in connection with a redemption of Units, the value of the securities held by the Fund will be equal to the weighted average trading price of such securities over the last three Business Days preceding the Annual Redemption Date. While the redemption right provides Holders the option of annual liquidity at the Net Asset Value per Unit, there can be no assurance that it will reduce trading discounts of the Units.

Nature of the Units

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

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 of the Fund, Holders may, subject to applicable laws, receive distributions of securities *in specie* upon the termination of the Fund, for which there may be an illiquid market or which may be subject to resale restrictions of indefinite duration. In addition, if the Manager determines that it is appropriate to acquire certain securities for the Fund 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.

Taxation of the Fund

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

If certain Tax Proposals released on September 16, 2004 are enacted as proposed (the "**September 16th Tax Proposals**"), the Fund would cease to qualify as a mutual fund trust for purposes of the Tax Act if, at any time after 2004, the fair market value of all Units held by non-residents, or partnerships that are not Canadian partnerships, or any combination of the foregoing, is more than 50% of the fair market value of all issued and outstanding Units unless not more than 10% (based on fair market value) of the Fund's property is at any time "taxable Canadian property" within the meaning of the Tax Act and certain other types of specified property within the meaning of the September 16th Tax Proposals. Restrictions on the ownership of Units are intended to limit the number of Units held by non-residents such that non-residents, partnerships that are not Canadian partnerships, or any combination of the

foregoing, may not own Units representing more than 50% of the fair market value of all Units. Also, the Fund is restricted from acquiring property that would be “specified property” within the meaning of the September 16th Tax Proposals. The September 16th Tax Proposals were not included in Bill C-52, which received Royal Assent on June 22, 2007. Pursuant to an amendment to the Tax Act, the Fund would be deemed not to be a mutual fund trust after any time when it can reasonably be considered that the Fund was established or is maintained primarily for the benefit of non-resident persons unless at that time, all or substantially all of its property is property other than taxable Canadian property. It is not clear whether this amendment supersedes the September 16th Tax Proposals.

It is possible that, if certain tax proposals released on October 31, 2003 are enacted in the form currently proposed, the deduction of losses of the Fund in a particular taxation year could be limited. Under these tax proposals, with effect for taxation years commencing after 2004, a taxpayer will have a loss for a taxation year from a particular source that is a business or property only if, in that year, it is reasonable to expect that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, and can reasonably be expected to carry on, the business or has held, and can reasonably be expected to hold, the property. Profit for this purpose will not include net capital gains. If the deduction of losses of the Fund were limited in a particular year, the taxable income of the Fund would be increased along with the taxable amount of distributions to Holders. On February 23, 2005, the Minister of Finance (Canada) announced that an alternative proposal to replace the tax proposals of October 31, 2003 would be released for comment. Such alternative proposal has not yet been released.

The SIFT Rules apply to a mutual fund trust that is a SIFT trust. The Fund should not be a SIFT trust for the purposes of these rules because the Fund should not hold “non-portfolio property”, as defined in the SIFT Rules, based on its investment restrictions, as described under the heading “Investment Restrictions”. If the SIFT Rules were to apply to the Fund, they may have an adverse impact on the Fund including on the distributions received by Holders and/or the value of the Units.

The Foreign Account Tax Compliance provisions of the U.S. Hiring Incentive to Restore Employment Act (“FATCA”) generally impose a reporting and 30% withholding tax regime with respect to (a) certain U.S. source income (including interest and dividends) and gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends (“withholdable payments”) and (b) “passthru payments” (generally, withholdable payments and payments that are attributable to withholdable payments) made by non-U.S. financial institutions. Under FATCA, unless the Fund enters into an agreement with the U.S. Internal Revenue Service (the “IRS”) pursuant to which it agrees to report to the IRS information regarding the U.S. holders of, and certain U.S. persons that indirectly hold, interests in the Fund (other than equity and debt interests that are regularly traded on an established securities market), and to comply with other reporting, verification, due diligence and other procedures established by the IRS, the Fund will be subject to 30% withholding tax on withholdable payments made to it after December 31, 2013 and on foreign passthru payments (generally, passthru payments that are not withholdable payments) made to it after December 31, 2016 by non-U.S. financial institutions that have an agreement with the IRS in effect. If the interests in the Fund are not regularly traded on an established securities market, the Fund generally will be required to withhold 30% U.S. tax on a portion of the distributions that it makes to holders that fail to provide information requested by the Fund to comply with FATCA. It is expected that Units will be regularly traded on an established securities market. In addition, regardless of whether Units are regularly traded on an established securities market, the Fund may be required to withhold U.S. tax on a portion of payments made by the Fund after December 31, 2016 to any non-U.S. financial institution (for example, a Holder’s Canadian investment dealer) that has not entered into a FATCA agreement with the IRS, including any non-U.S. financial institution through which distributions on the Units are made. Similarly, non-U.S. financial institutions that have entered into a FATCA agreement with the IRS and that hold Units on behalf of a Holder may be required to withhold 30% U.S. tax on foreign passthru payments that they make with respect to the Units after December 31, 2016, to a non-U.S. financial institution that has not entered a FATCA agreement with the IRS or to a Holder that fails to provide information requested by such non-U.S. financial institution to comply with FATCA.

This description is based on guidance issued by the IRS, including recently issued proposed regulations. Future guidance may affect the application of FATCA to the Units.

Status of the Fund

As the Fund will not be a mutual fund as defined under Canadian securities laws, the Fund is not subject to the Canadian policies and regulations that apply to open-end mutual funds, including without limitation NI 81-102,

except insofar as that instrument prescribes a form of annual information form for mutual funds, which form applies with limited exceptions to the Fund.

Conflict of Interest

The Manager and its directors and officers and their respective affiliates and associates may engage in the promotion, management or investment management of any other fund or trust which invests primarily in dividend paying common equity securities, income funds and REITs, debt instruments and equity instruments.

Although none of the directors or officers of the Manager devote his or her full time to the business and affairs of the Fund, each devote as much time as is necessary to supervise the management of (in the case of the directors), or to manage the business and affairs of (in the case of officers), the Fund.

Changes in Legislation

There can be no assurance that income tax laws and government incentive programs relating to the natural resource or real estate industries will not be changed in a manner which adversely affects the distributions received by the Fund or by the Holders.

Recent Global Financial Developments

Global financial markets have experienced a sharp increase in volatility in the last several years. This was initially precipitated in part, by the revaluation of assets on the balance sheets of international financial institutions and related securities. This contributed to a reduction in liquidity among financial institutions which reduced the availability of credit to those institutions and to the issuers that borrow from them. While central banks as well as global governments attempted to restore much needed liquidity to global economies, concerns emerged as to the ability of certain of these governments, including those of certain European Union countries, to borrow. No assurance can be given that stimulus undertaken by central banks will continue or that, if it continues, it will be successful, or that these economies will not be further adversely affected by the inflationary pressures resulting from such stimulus or central banks' efforts to slow inflation. No assurance can be given that the combined impact of the significant revaluations, constraints on the availability of credit, the deterioration of the financial condition of certain market economies and concerns with respect to the borrowing capacity of certain governments will not continue to materially and adversely affect markets around the world and the performance of the various securities that provide exposure to them. Some global economies continue to experience a diminished growth and some are experiencing or have experienced a recession. The circumstances surrounding the recent increase in the U.S. government debt limit and the subsequent reduction in the U.S. government's credit rating has contributed to further volatility in global markets. These market conditions and further volatility or illiquidity in the capital markets may adversely affect the prospects of the Fund and the value of Portfolio Securities. A substantial reduction in the value of the markets in which the Fund invests could be expected to have a negative effect on the Fund.

Significant Redemptions

If a significant number of Units are redeemed, the trading liquidity of the Units could be significantly reduced. In addition, the expenses of the Fund would be spread among fewer Units resulting in a potentially lower distribution per Unit. The Manager has the ability to terminate the Fund. The Manager may exercise that discretion if, in its opinion, it is in the best interest of Holders to do so.

Operating History

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

General Risk of Investing in Debt Instruments

Generally, debt instruments will decrease in value when interest rates rise and increase in value when interest rates decline. The Net Asset Value of the Fund will fluctuate with interest rate changes and the corresponding changes in the value of the securities in the Portfolio. The value of debt instruments is also affected by the risk of default in the

payment of interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness. Debt instruments may not pay interest or their issuers may default on their obligations to pay interest and/or principal amounts. Certain of the debt instruments that may be included in the Portfolio from time to time may be unsecured, which will increase the risk of loss in case of default or insolvency of the issuer. Global financial markets have experienced a significant re-pricing over the past year that has contributed to a reduction in liquidity and the availability of credit, enhancing the likelihood of default by some issuers due to diminishing profitability or an inability to refinance existing debt.

DISTRIBUTION POLICY

The Fund intends to make monthly cash distributions to Holders of record on the last Business Day of each month, commencing in May, 2012. Distributions will be paid no later than the 15th Business Day following the end of the month for which the distribution is payable. Based on the Manager's current estimates, the initial distribution target for the Fund until the period ending December 2013 is expected to be \$0.041666 per Unit per month (\$0.50 per annum to yield 5.0% on the subscription price of \$10.00 per Unit). Although distributions are not expected to change, the Fund intends to annually set distribution targets based on the Manager's assessment of the actual and expected cash flow of the Fund for the period. The initial cash distribution is anticipated to be payable on June 15, 2012, to Holders of record on May 31, 2012, based on an anticipated closing of April 20, 2012. The distribution is expected to consist primarily of dividends designated as eligible dividends and, to a lesser extent, ordinary income and a return of capital (which is not immediately taxable but which reduces the adjusted cost base of a Holder's Units).

The Fund will not use leverage to pursue its investment objectives and accordingly, assuming the gross proceeds of the Offering are \$100 million and fees and expenses are as described herein, the Portfolio would be required to generate an average total return of approximately 7.54% in order for the Fund to achieve its initial targeted monthly distributions for the Units. Based on the anticipated composition of the Portfolio as at February 8, 2012, the Portfolio would have a weighted average current cash yield of approximately 7.23% and accordingly, the Portfolio would be required to generate additional returns in excess of its current cash yield through the sale of securities or other returns in order for the Fund to achieve its initial targeted monthly distributions for the Units. If the return on the Portfolio (including capital gains from the sale of securities in the Portfolio) is less than the amount necessary to fund monthly distributions and the Manager returns a portion of the capital of the Fund to ensure the distribution is paid the NAV per Unit would be reduced. See "Risk Factors".

If the Fund's net income for tax purposes, including net realized capital gains, for any year exceeds the aggregate amount of the regular monthly distributions made in the year to Holders, the Fund will, on or before December 31 of that year, be required to pay or make payable one or more special year-end distributions in such year to Holders as is necessary to ensure that the Fund will not be liable for income tax on such amounts under the Tax Act (after taking into account all available deductions, credits and refunds). Such special distributions may be paid in the form of Units of the relevant class and/or cash. Any special distributions payable in Units of the relevant class will increase the aggregate adjusted cost base of a Holder's Units of that class. Immediately following payment of such a special distribution in Units, the number of Units of that class outstanding will be automatically consolidated such that the number of Units of that class outstanding after such distribution will be equal to the number of Units of that class outstanding immediately prior to such distribution, except in the case of a non-resident Holder to the extent tax is required to be withheld in respect of the distribution. See "Income Tax Considerations".

Distribution Reinvestment Plan

The Fund intends to adopt a distribution reinvestment plan (the "Reinvestment Plan") which will provide that all monthly cash distributions made by the Fund shall, at the election of each Holder, be automatically reinvested in additional Units on each such Holder's behalf in accordance with the terms of such plan (as described below). Notwithstanding the foregoing, Holders who are not residents of Canada will not be able to participate in the Reinvestment Plan and Holders who cease to be residents of Canada will be required to terminate such Holders' participation in the Reinvestment Plan. The Manager expects that the Reinvestment Plan will commence in respect of the distributions beginning July 2012.

In order to participate in the Plan, a Holder must enrol in the Plan through his or her CDS Participant in sufficient time for notice to be provided to CIBC Mellon Trust Company in its capacity as agent under the Plan (the "Plan

Agent”), as described below. Once a Holder has enrolled in the Plan, participation continues automatically until the Fund terminates, unless terminated earlier in accordance with the terms of the Plan.

A Holder may elect to become a participant in the Plan for a distribution by giving notice of the Holder’s decision to become a Plan Participant for the relevant Record Date to the Plan Agent via the Holder’s dealer/CDS Participant through which such Holder holds its Units, which notice shall be provided to the CDS Participant no later than 4:00 p.m. (Toronto time) on such Record Date or otherwise in accordance with such CDS Participant’s customary procedures. The CDS Participant will be required to provide notice to CDS in accordance with CDS’ customary procedures. CDS in turn will provide a single notice to the Plan Agent prior to 10:00 a.m. (Toronto Time) on the Business Day immediately following the relevant Record Date.

Subject to the foregoing, all monthly cash distributions will be automatically reinvested in additional Units on behalf of those Holders who are residents of Canada and who elect to participate in the Reinvestment Plan. Such distributions due to Plan Participants will be paid to the Plan Agent and applied to the purchase of Units from treasury at a price equal to NAV per Unit as at the Distribution Date on behalf of Plan Participants. No fractional Units will be issued under this Reinvestment Plan, Participants that would otherwise be entitled to a fractional Unit will receive cash in lieu of that fraction.

The automatic reinvestment of distributions under the Reinvestment Plan will not relieve Plan Participants of any income tax considerations applicable to distributions by the Fund. If a Holder participates in the Reinvestment Plan and the Holder acquires a Unit from the Fund at a price that is less than the then fair market value of the Unit, it is the administrative position of the CRA that the Holder must include the difference in income and that the cost of the Unit will be correspondingly increased. See “Income Tax Considerations”.

The Manager, on behalf of the Fund, will be able to terminate the Reinvestment Plan at any time in its sole discretion, upon not less than 30 days’ notice to: (i) the Plan Participants via the CDS Participants through which the Plan Participants hold their Units, (ii) the Plan Agent, and (iii) if necessary, the TSX. The Manager, on behalf of the Fund, also reserves the right to amend or suspend the Reinvestment Plan at any time in its sole discretion, provided that any amendment to the Reinvestment Plan is subject to prior approval of any exchange upon which the Units are listed and posted for trading, but such action shall have no retroactive effect that would prejudice the interest of the Plan Participants. All Plan Participants will be sent written notice of any such amendment, suspension or termination, which notice may be given by the Fund by issuing a press release or in any other manner the Manager determines to be appropriate.

REDEMPTION OF SECURITIES

Annual Redemption

Commencing in 2013, Units may be surrendered annually for redemption during the period from September 15 until 5:00 p.m. (Toronto time) on the last Business Day in September of each year (the “**Notice Period**”) subject to the Fund’s right to suspend redemptions in certain circumstances. Units properly surrendered for redemption during the Notice Period will be redeemed on the second last Business Day in October of each year (the “**Annual Redemption Date**”) and the Holder will receive a redemption price per Unit equal to 100% of the NAV per Unit as determined on the Annual Redemption Date, less any costs and expenses incurred by the Fund in order to fund such redemption. Redemption proceeds will be paid no later than the 15th Business Day immediately following an Annual Redemption Date. For the purpose of calculating NAV used in connection with a redemption of Units, the value of the securities held by the Fund will be equal to the weighted average trading price of such securities over the last three Business Days preceding the Annual Redemption Date.

Exercise of Redemption Right

A Holder who desires to exercise redemption privileges thereunder must do so by causing a CDS Participant through which he or she holds his or her Units to deliver to CDS at its office in the City of Toronto on behalf of the Holder, a written notice of the Holder’s intention to redeem Units by no later than 5:00 p.m. (Toronto time) on the applicable notice date described above. A Holder who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption right sufficiently in advance of the redemption deadline so as to permit the CDS Participant to deliver a notice to CDS by 5:00 p.m. (Toronto time) on the notice date described above.

By causing a CDS Participant to deliver to CDS a notice of the Holder's intention to redeem Units (a "**Redemption Notice**"), the holder of Units will 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, provided that the Manager may from time to time prior to the redemption date permit the withdrawal of a Redemption Notice on such terms and conditions as the Manager may determine, in its sole discretion, provided that such withdrawal will not adversely affect the Fund. Any expenses associated with the preparation and delivery of the Redemption Notice will be for the account of the holder of Units exercising the redemption privilege.

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

The Manager may, without the approval of Holders, change the redemption rights attached to the Units on not less than 30 days' notice to Holders by increasing the number of times in each year that Units may be redeemed by Holders (at a redemption price per Unit to be determined by the Manager), so long as such change does not result in the Fund being a mutual fund for securities law purposes.

Pursuant to the Declaration of Trust of the Fund, the Fund may allocate and designate as payable any capital gains realized by the Fund to permit or facilitate the redemption of Units to a Holder whose Units are being redeemed. Any such allocations will reduce the redeeming Holder's proceeds of disposition.

Suspension of Redemptions

The Manager may suspend the redemption of Units or payment of redemption proceeds: (i) during any period when normal trading is suspended on stock exchanges or other markets on which securities owned by the Fund are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the Fund and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund, or (ii) for a period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager to determine the value of the assets of the Fund. 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 Holders 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 Holders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Fund, and Borden Ladner Gervais 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 Holder who is an individual (other than a trust), who acquires Units pursuant to the Offering and who, for the purposes of the Tax Act, and at all relevant times, is resident in Canada, deals at arm's length and is not affiliated with the Fund and holds Units as capital property. Generally, the Units will be considered to be capital property to a purchaser provided that the purchaser does not hold the 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 Holders who might not otherwise be considered to hold Units as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" as defined in the Tax Act owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based on the facts set out in this prospectus, a certificate of the Manager regarding certain factual matters, the current provisions of the Tax Act, all Tax Proposals, and counsel's understanding of the current administrative policies and assessing practices of the CRA publicly available prior to the date hereof.

This summary assumes that the Tax Proposals will be enacted as currently proposed although no assurance can be given that the Tax Proposals will be enacted in the form publicly announced or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in the law or administrative policy and assessing practice, whether by way of legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations.

This summary also assumes that none of the issuers of the Portfolio Securities will be foreign affiliates of the Fund or of any Holders and that none of the Portfolio Securities will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act. Further, this summary assumes that none of the Portfolio Securities will be an "offshore investment fund property" that would require the Fund to include amounts in the Fund's income pursuant to section 94.1 of the Tax Act, or an interest in a trust which would require the Fund to report income in connection with such interest pursuant to the rules in proposed section 94.2 of the Tax Act, or an interest in a non-resident trust other than an exempt foreign trust as defined in proposed section 94 of the Tax Act, each as contemplated by certain Tax Proposals (or such proposals as amended or enacted or successor provisions thereto).

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

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire 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 particular circumstances. Accordingly, this summary is of a general nature only and is not intended to constitute advice to any particular investor. **Investors should consult their own tax advisors with respect to the income tax consequences of investing in Units, based on their particular circumstances.**

Status of the Fund

This summary is based on the assumptions that the Fund will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act, that the Fund will validly elect under the Tax Act to be a mutual fund trust from the date it was established, that the Fund has not been established and will not be maintained primarily for the benefit of non-residents and that not more than 50% (based on fair market value) of the Units will be held by non-residents of Canada, partnerships that are not "Canadian partnerships", or any combination thereof, all for the purposes of the Tax Act.

To qualify as a mutual fund trust (i) the Fund must be a Canadian resident “unit trust” for purposes of the Tax Act, (ii) the only undertaking of the Fund must be (a) the investing of its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Fund, or (c) any combination of the activities described in (a) and (b), and (iii) the Fund must comply with certain minimum requirements respecting the ownership and dispersal of Units (the “**minimum distribution requirements**”). In this connection, (i) the Manager intends to cause the Fund to qualify as a unit trust throughout the life of the Fund, (ii) the Fund’s undertaking conforms with the restrictions for mutual fund trusts, and (iii) the Manager has advised counsel that it has no reason to believe that, following the Closing, the Fund will not comply with the minimum distribution requirements at all material times. The Manager has advised counsel that it intends to ensure that the Fund will meet the requirements necessary for it to qualify as a mutual fund trust no later than the Closing Date and at all times thereafter and to file the necessary election so that the Fund will qualify as a mutual fund trust throughout its first taxation year.

If the Fund were not to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different.

Provided that, at all relevant times, the Fund qualifies as a mutual fund trust within the meaning of the Tax Act or the Units are listed on a “designated stock exchange” within the meaning of the Tax Act (which includes the TSX), the Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (each a “**plan trust**”). See “Income Tax Considerations - Taxation of Registered Plans” for the consequences of holding Units in plan trusts.

Taxation of the Fund

The taxation year of the Fund is the calendar year. The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Holders in the year. An amount will be considered to be payable to a Holder of the Fund in a taxation year if it is paid to the Holder in that year by the Fund or if the Holder is entitled in that year to enforce payment of the amount. The Manager has advised counsel that the Fund intends to make distributions to Holders as described under “Distribution Policy” and to deduct, in computing its income in each taxation year, such amount as will be sufficient to ensure that the Fund will not be liable for income tax under Part I of the Tax Act for each year other than such tax on net realized capital gains that will be recoverable by the Fund in respect of such year by reason of the capital gains refund mechanism.

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

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

Under the SIFT Rules, each issuer in the Portfolio that is a “SIFT trust” as defined under the SIFT Rules (which will generally include income trusts, other than certain real estate investment trusts, the units of which are listed or traded on a stock exchange or other public market) will be subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains respecting “non-portfolio properties” (collectively, the “**Non-Portfolio Earnings**”). Non-Portfolio Earnings that are distributed by a SIFT trust to its unitholders will be taxed at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial corporate tax. Any Non-Portfolio Earnings that become payable by a SIFT trust will be taxed as a taxable dividend from a taxable Canadian corporation and will be deemed to be an “eligible dividend” eligible for the enhanced gross-up and tax credit rules under the Tax Act.

In computing its income for tax purposes, the Fund will also be required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a Portfolio Security.

The Fund will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units. Such issue expenses paid by the Fund and not reimbursed, including the Agents' fees, will be deductible by the Fund ratably over a five-year period subject to reduction in any taxation year which is less than 365 days. Generally, the Fund will also be entitled to deduct reasonable administrative expenses subject to the limitations in the Tax Act. Any losses incurred by the Fund may not be allocated to Holders but may generally be carried forward and back and deducted in computing the taxable income of the Fund in accordance with the detailed rules in the Tax Act.

Upon the actual or deemed disposition of a Portfolio Security, the Fund will realize a capital gain (or capital loss) to the extent the proceeds of disposition and any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such security unless the Fund were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the security in a transaction or transactions considered to be an adventure in the nature of trade. The Manager has advised counsel that the Fund will purchase the Portfolio Securities with the objective of receiving distributions and income thereon and will take the position that gains and losses realized on the disposition thereof are capital gains and capital losses. The Manager has also advised counsel that the Fund intends to make an election under subsection 39(4) of the Tax Act so that all Portfolio Securities that are “Canadian securities” (as defined in the Tax Act) will be deemed to be capital property to the Fund. Such an election will ensure that gains or losses realized by the Fund on the sale of such Canadian securities are taxed as capital gains or capital losses.

One-half of the amount of any capital gain (a “**taxable capital gain**”) realized by the Fund in a taxation year on the disposition of Portfolio Securities that are capital property of the Fund must be included in computing the Fund’s income for the year, and one-half of the amount of any capital loss (an “**allowable capital loss**”) realized by the Fund in a taxation year may be deducted against any taxable capital gains realized by the Fund in the year. Allowable capital losses for a taxation year in excess of taxable capital gains may be carried back and deducted by the Fund in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

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

Taxation of Holders

A Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income of the Fund for that particular taxation year, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder (whether in cash or in Units or reinvested in additional Units pursuant to the Reinvestment Plan). Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund and the taxable dividends, if any, received or deemed to be received, by the Fund on shares of taxable Canadian corporations as is paid or payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act. Amounts designated as taxable dividends will be subject to the gross-up and dividend tax credit rules, including the enhanced gross-up and tax credit applicable to designated eligible dividends.

Under the Tax Act, the Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions for the year. This will enable the Fund to utilize, in a taxation year, losses from prior years without affecting the ability of the Fund to distribute its income annually. The amount distributed to a Holder but not deducted by the Fund will not be included in the Holder's income. However, the adjusted cost base of the Holder's Units will be reduced by such amount. The non-taxable portion of the Fund's net realized capital gains for a taxation year paid or payable and designated to a Holder in the year will not be included in the Holder's income for the year. Any other amount in excess of the Holder's share of the Fund's net income for a taxation year paid or payable to the Holder in the year will not generally be included in the Holder's income, but will generally reduce the adjusted cost base of the Holder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Holder from the disposition of the Unit and the Holder's adjusted cost base will be increased by the amount of such deemed capital gain to zero.

Any losses of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Holder.

On the disposition or deemed disposition of a Unit (whether on a sale, redemption or otherwise), a Holder will realize a capital gain (or capital loss) to the extent that the Holder's proceeds of disposition (other than any amount of capital gains made payable by the Fund to the Holder which represent capital gains realized by the Fund in connection with its disposition of securities in order to fund the redemption) exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base of Units to a Holder, 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 Holder as capital property immediately before that time. The cost of Units acquired as a distribution of income or capital gains from the Fund will generally 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. See "Distribution Policy".

Any additional Units acquired by a Holder on the reinvestment of distributions will generally have a cost equal to the amount reinvested. If a Holder participates in the Reinvestment Plan and the Holder acquires a Unit from the Fund at a price that is less than the then fair market value of the Unit, it is the administrative position of the CRA that the Holder must include the difference in income and that the cost of the Unit will be correspondingly increased.

If, at any time, the Fund delivers Portfolio Securities to any Holder on the termination of the Fund, the Holder's proceeds of disposition of the Units will generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the Fund on the disposition of such distributed property. The cost of any property distributed by the Fund *in specie* will generally be equal to the fair market value of such property at the time of the distribution. Such distributed property may or may not be a qualified investment for plan trusts. If such distributed property is not a qualified investment for plan trusts, such plan trusts (and, in the case of certain plan trusts, the annuitants, subscribers or beneficiaries thereunder or holders thereof) may be subject to adverse tax consequences including, in the case of registered education savings plans, revocation of such plan trusts.

One-half of any capital gain (a "**taxable capital gain**") realized on the disposition of Units will be included in the Holder's income and one-half of any capital loss (an "**allowable capital loss**") realized may be deducted from taxable capital gains of the Holder for that year. Allowable capital losses for a taxation year in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

In general terms, net income of the Fund paid or payable to a Holder that is designated as taxable dividends from taxable Canadian corporations or as net realized taxable capital gains as well as taxable capital gains realized by the Holder on the disposition of Units may increase the Holder's liability for alternative minimum tax.

Taxation of Registered Plans

Amounts of income and capital gains included in a plan trust's income are generally not taxable under Part I of the Tax Act, provided that the Units are qualified investments for the plan trust. See "Income Tax Considerations – Status of the Fund". Holders should consult their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a plan trust.

Provided that the holder of a tax-free savings account or the annuitant under a registered retirement savings plan or registered retirement income fund does not hold a significant interest in the Fund or any person or partnership that does not deal at arm's length with the Fund for purposes of the Tax Act, and provided that such holder or annuitant deals at arm's length with the Fund for purposes of the Tax Act, the Units will not be prohibited investments for trusts governed by such tax-free savings account, registered retirement savings plan or registered retirement income fund. Generally, a holder or annuitant, as the case may be, will not have a significant interest in the Fund unless the holder or annuitant, as the case may be, owns interests as a beneficiary under the Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Fund, either alone or together with persons and partnerships with which the holder or annuitant, as the case may be, does not deal at arm's length. Investors are advised to consult their own tax advisors in this regard.

Tax Implications of the Fund's Distribution Policy

The NAV per Unit of the Fund will, in part, reflect any income and gains of the Fund that have been earned or been realized, but have not been made payable at the time Units were acquired. Accordingly, a Holder of the Fund who acquires Units of the Fund, including on a distribution of Units or a reinvestment in additional Units pursuant to the Reinvestment Plan, may become taxable on the Holder's share of such income and gains of the Fund. In particular, an investor who acquires Units of the Fund at any time in the year but prior to a distribution being paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) notwithstanding that such amounts may have been reflected in the price paid by the Holder for the Units.

ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND

The Manager

Bloom is the manager, portfolio manager and the trustee of the Fund and will perform the management functions, including the day-to-day management of the Fund, and will provide investment advisory and portfolio management services to the Fund pursuant to the Declaration of Trust.

The Manager specializes in, and has over fifteen years of experience investing in, high-income equities, including dividend paying common equity securities, income trusts and REITs, and has a strong long-term track record of managing high income equity portfolios including for three currently TSX-listed closed end funds: Blue Ribbon Income Fund ("RBN.UN") (established September 1997), Canadian High Income Equity Fund ("CIQ.UN") (established February 2010) and Bloom Income & Growth Canadian Fund ("BI.UN") (established October 2011).

The Manager was established in 1985 and specializes in the management of segregated investment portfolios for wealthy individuals, corporations, institutions and trusts. In addition to its conventional investment management business, the Manager currently manages specialty high-income equity portfolios comprised of dividend paying common equity securities, income trusts and REITs. Within the last five years the Manager has managed portfolios in this specialty area with a market value of over \$1.5 billion. Paul Bloom, the Chief Investment Officer, has previously been selected as one of the 50 TopGun Portfolio Managers covering Canadian equities by Brendan Wood International.

The address of the Manager is 150 York Street, Suite 1710, Toronto, Ontario M5H 3S5.

Duties and Services to be Provided by the Manager of the Funds

Pursuant to the Declaration of Trust of the Fund, the Manager is responsible for execution of the investment decisions of the Fund in accordance with the investment objectives, strategy and restrictions and for arranging for Portfolio transactions. The Manager is also responsible for calculating, or arranging for the calculation of NAV. The Manager may delegate certain of its powers to third parties, where, in the discretion of the Manager, it would be in the best interests of the Fund to do so. The Manager's duties include providing and arranging for the provision of required administrative services to the Fund including, without limitation: authorizing the payment of operating expenses incurred on behalf of the Fund; preparing or causing to be prepared financial statements, financial and accounting information as required by the Fund; ensuring that the Holders 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 Fund complies with regulatory requirements; preparing or causing to be prepared the reports of the Fund to Holders and the Canadian securities regulatory authorities; as applicable, providing each of

the Custodian and valuation agent with information and reports necessary for it to fulfil its responsibilities; determining the amount of distributions to be made by the Fund; obtaining the services of dealers in exchange for payment by the Fund of the Trailer Fee; and negotiating contractual agreements with third-party providers of services, including but not limited to, investment advisors, custodians, valuation agents, registrars, transfer agents, distribution agents, auditors and printers.

Details of the Appointment of Bloom

Pursuant to the Declaration of Trust of the Fund, the Manager shall exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Fund and, in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent manager would exercise in similar circumstances. The Declaration of Trust provides that the Manager will not be liable in any way for default, failure or defect in the securities held by the Fund if it has satisfied the duties and standard of care, diligence and skill set forth above.

The Manager may resign as manager of the Fund upon 60 days' notice to the Holders and the Fund, as applicable. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by Holders of the Fund. If the Manager is in material default of its obligations under the Declaration of Trust, including loss of any required registrations necessary to perform its obligations, and such default has not been cured within 30 days after notice of same has been given to the Manager or upon certain actions relating to the bankruptcy or insolvency of the Manager and/or the Fund, as applicable, the Trustee shall give notice thereof to Holders and the Holders may remove the Manager and appoint a successor manager. The Manager will be removed if it ceases to be a resident of Canada for purposes of the Tax Act.

The Manager may resign on 20 Business Days' written notice to the Fund, if the Fund is in breach or default of the provisions of the Declaration of Trust and, if capable of being cured, such breach or default has not been cured by the Fund within 20 Business Days' notice of such breach or default to the Fund.

In addition, if the Manager purchases or sells securities of the Portfolio or takes any other action with respect to the Portfolio that through inadvertence violates any investment strategy or restriction set forth in this prospectus and the violation has or will have a material adverse effect on the Portfolio then it will not be considered a material breach for purposes of any termination in the Declaration of Trust if the Manager takes action that returns the Portfolio to compliance with such investment strategy or restriction within the cure period described above.

In the event that the Manager resigns or is removed as described above, the Fund shall promptly appoint a successor manager to carry out the activities of the Manager until a meeting of holders of units is held to confirm such appointment by Extraordinary Resolution. Such successor manager must be a resident of Canada for purposes of the Tax Act. The removal or resignation of the Manager will only become effective upon the appointment of a replacement manager. If, within 90 days from the notice of resignation or removal of the Manager, the Fund has not appointed a replacement manager, the Units will be redeemed and the Fund terminated.

The Manager will be reimbursed by the Fund for all reasonable costs and expenses incurred by the Manager on behalf of the Fund as described under "Fees and Expenses". In addition, the Manager and each of its directors, officers, employees, shareholders and agents will be indemnified by the Fund 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, the Manager, or any of its directors, officers, employees, shareholders or agents, in the exercise of its duties as Manager, except those resulting from the Manager's wilful misconduct, bad faith, negligence, disregard of the Manager's standard of care or material breach or default by the Manager of its obligations under the Declaration of Trust of the Fund.

Officers and Directors of the Manager of the Fund

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

<u>NAME AND MUNICIPALITY OF RESIDENCE</u>	<u>POSITION WITH THE MANAGER</u>	<u>PRINCIPAL OCCUPATION</u>
M. PAUL BLOOM TORONTO, ONTARIO	Director (Chair), President and Secretary	Director, President and Secretary, Bloom
ADINA BLOOM SOMER TORONTO, ONTARIO	Director, Vice-President, Portfolio Manager	Director, Vice-President, Portfolio Manager, Bloom
BEVERLY LYONS TORONTO, ONTARIO	Independent Director	Director, Management Consultant
FIONA E. MITRA TORONTO, ONTARIO	Chief Financial Officer	Chief Financial Officer, Bloom
NIALL C. T. BROWN TORONTO, ONTARIO	Vice-President, Portfolio Manager	Vice-President, Portfolio Manager, Bloom
SARA N. GOTTLIEB TORONTO, ONTARIO	Vice-President, Portfolio Manager	Vice-President, Portfolio Manager, Bloom

Except as otherwise indicated in the biographies below, during the past five years, all of the directors and officers of the Manager have held the principal occupations noted opposite their respective names, or other occupations with their current employer or a predecessor company.

M. Paul Bloom. Mr. Bloom is the President of the Manager and has overall responsibility for overseeing the investment management activities of Bloom Investment Counsel, Inc. Mr. Bloom has over 40 years experience in the Canadian investment industry, the last 26 of which as principal of Bloom Investment Counsel, Inc. which he founded in 1985. Mr. Bloom has provided investment advice on the management of over \$2.5 billion of investment assets. Prior to immigrating to Canada from England in 1971, Mr. Bloom attended Manchester Polytechnic and graduated with a BA (Hons.) degree in law. From 1971 to 1972 Mr. Bloom was employed in the mergers and acquisitions department of Canada Permanent Trust. From 1972 until starting Bloom Investment Counsel, Inc. in 1985, Mr. Bloom was an Investment Analyst and later the Investment Manager at Slater, Walker of Canada Limited (later renamed Talcorp Limited). From 1993 to 2002 Mr. Bloom served as an independent director of Canadian General Investments Limited, one of the oldest closed end funds in North America. Mr. Bloom was a member of the Investment Committee of a leading Toronto charitable foundation from 2006 until 2011.

Adina Bloom Somer. Ms. Bloom Somer has over 14 years of capital markets experience and has extensive day-to-day responsibilities for the portfolios. Ms. Bloom Somer joined Bloom Investment Counsel, Inc. as a Vice President, Portfolio Manager in 2010 and in 2011 was appointed as a Director. Prior to joining Bloom Investment Counsel, Inc., Ms. Bloom Somer was employed at TD Newcrest, a division of TD Securities, Inc. for 9 years. Ms. Bloom Somer commenced her employment with TD Newcrest as an Equity Research Associate and was later promoted to the position of Vice President, Equity Research Analyst. At TD Newcrest, Ms. Bloom Somer provided in-depth fundamental security analysis for common equities and income trusts in both the Media and Special Situations universes. Prior to joining TD, Ms. Bloom Somer was a Sales and Marketing Coordinator in the Private Client Marketing department at CIBC Wood Gundy. Ms. Bloom Somer graduated from the University of Toronto in 1997 with an Honours BA in Political Science and graduated in 2000 from the Schulich School of Business with a Master of Business Administration (MBA) specializing in Finance and Marketing. Ms. Bloom Somer has completed Level 1 of the Chartered Financial Analyst (CFA) designation and also holds the Canadian Investment Manager (CIM) designation.

Beverly Lyons. Ms. Lyons became an Independent Director of Bloom Investment Counsel, Inc. in 2011. Since July 2008, Ms. Lyons has acted as a Director and business advisor for a variety of companies providing accounting advice and general management consulting. Ms. Lyons became a Director of Lorex Technology Inc. in 2009 and is the Chair of its audit committee as well as sitting on other committees. From September 1980 to June 2008, Ms. Lyons was an Audit Partner with PricewaterhouseCoopers LLP and its predecessor firms. Ms. Lyons is an experienced financial professional who currently is a Fellow of the Institute of Chartered Accountants of Ontario and a member of the Institute of Corporate Directors and holds the ICD.D designation.

Fiona E. Mitra. Ms. Mitra has almost 16 years of public accounting experience. Ms. Mitra joined Bloom Investment Counsel, Inc. in 2011 after a career break of five years, during which time she operated a part-time consulting services business. Ms. Mitra worked for PricewaterhouseCoopers LLP in Toronto from May 1995 to June 2006 as a Manager and Senior Manager in the assurance and business advisory services practice, concentrating on clients in the Canadian investment management arena. Ms. Mitra worked for Coopers & Lybrand in England from September 1990 to May 1994, primarily providing audit and assurance services for various financial services clients. Ms. Mitra is a Chartered Accountant and a member of the Ontario Institute of Chartered Accountants. Ms. Mitra also earned her A.C.A. (U.K. chartered accounting designation), and received a Masters degree in engineering from the University of Cambridge.

Niall C.T. Brown. Mr. Brown has extensive day-to-day responsibility for the management of the portfolios. Mr. Brown joined Bloom Investment Counsel, Inc. in 2007 as Vice President and Portfolio Manager. Mr. Brown has over 20 years experience in the North American equity markets. Prior to joining Bloom Investment Counsel, Inc., Mr. Brown was employed by Manulife Global Investment Management, Inc. in 2003 and left, as a Portfolio Manager, in 2007. Mr. Brown started his investment career with the Canada Trust Investment Management Group in 1989 as an Investment Associate progressing to the position of Research Analyst. Mr. Brown, on the merger of Canada Trust with Toronto Dominion Bank in 2000, joined Toronto Dominion Bank Asset Management Inc. as Vice President and Portfolio Manager. Mr. Brown earned his Chartered Financial Analyst (CFA) designation in 2001.

Sara N. Gottlieb. Ms. Gottlieb is employed at Bloom Investment Counsel, Inc. as a portfolio manager and has been with the firm for over 14 years as Vice President. Prior to joining Bloom Investment Counsel, Inc., Ms. Gottlieb was employed as a Research Associate at First Marathon Securities Limited. Ms. Gottlieb graduated from the University of Toronto in 1995 with an Honours BA in Economics and Political Science. Ms. Gottlieb earned her Chartered Financial Analyst (CFA) designation in 1999. Ms. Gottlieb is actively involved in charitable endeavours both domestically and internationally.

Conflicts of Interest

The Manager and its affiliates are engaged in a wide range of investment management, investment advisory and other business activities. The services provided by the Manager under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust prevents the Manager or any of its affiliates from providing similar services to other investment funds or clients (whether or not their investment objectives, strategies and policies are similar to those of the Fund) or from engaging in other activities. The Manager's investment decisions for the Fund will be made independently of those made on behalf of its other clients or for its own investments. On occasion, however, the Manager will make the same investment for the Fund and for one or more of its other clients. If the Fund and one or more of the other clients of the Manager, or any of its affiliates, are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis. In this regard, the Manager will generally endeavour to allocate investment opportunities to the Fund on a *pro rata* basis.

Where the Manager or its affiliates otherwise perceive, in the course of their businesses, that they are or may be in a material conflict of interest position, the matter will be referred to the IRC. The IRC will consider all matters referred to it and provide its recommendations to the Manager as soon as possible.

Independent Review Committee

NI 81-107 requires all publicly offered investment funds, such as the Fund, to establish an independent review committee to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintain records in respect of these matters and provide assistance to the independent review committee in carrying out its functions. The IRC will be required to conduct regular assessments and provide reports to the Manager and to Holders in respect of its functions.

The members of the IRC are:

Lea M. Hill Mr. Hill has more than 38 years of experience in capital markets in Canada. Mr. Hill started his career in the capital markets at Wood Gundy Limited in 1973, when he joined the Fixed Income Credit Analysis Department. In 1986, Mr. Hill moved from the Fixed Income Department to the Marketing Department, initially as a U.S. Equities Specialist, but subsequently specializing in Canadian equities. In 1993, the function of equity marketing to the Canadian retail sales force was spun out of the Marketing Department into a new department, the Equity Advisory Group. Mr. Hill ran the Equity Advisory Group until it was merged with Private Client Investing at the time of the acquisition of the retail sales force of Merrill Lynch Canada in November, 2001. From 2001 to 2011 Mr. Hill was CIBC Wood Gundy's Specialist for Closed-End Funds and Split Share Corporations. In this position Mr. Hill analyzed both structure and governance of these investment vehicles and was the only full time closed-end fund specialist in Canada. Mr. Hill retired from CIBC Wood Gundy in June 2011. Mr. Hill holds his Bachelor of Business Management from Ryerson University.

Helen M. Kearns. Ms. Kearns has more than 30 years of experience as a senior executive, entrepreneur in the investment industry and corporate director. Ms. Kearns was named President and Chief Executive Officer of Bell Kearns & Associates Ltd. in February 2008 which provides extensive investment advisory services to families, corporations, estates and foundations. Prior to this Ms. Kearns was President of NASDAQ Canada (2001-2004), and an officer of NASDAQ Inc. As President of NASDAQ Canada, Ms. Kearns won regulatory approval for NASDAQ as a marketplace in B.C. Prior to this Ms. Kearns launched a successful institutional investment firm, Kearns Capital Limited. From 1980-1995, Ms. Kearns worked at Richardson Greenshields of Canada Limited, where she won positions of increasing responsibility until she was named Head of Institutional Sales and Trading, a role that also included senior management responsibilities on the Executive Committee. During this time Ms. Kearns also served two terms as a Governor of the TSX, where she participated actively in the strategic review process that eventually resulted in the consolidation of Canada's capital markets and the demutualization of the TSX.

Ms. Kearns completed the Institute of Corporate Directors Course in 2010 and received the ICD Directors Designation. Ms. Kearns served on the board of the Ontario Teachers' Pension Plan from June 2005 to December 2011. Ms. Kearns served on the Investment Committee, the Audit Committee and the Governance Committee and co-chaired the Benefits and Adjudication Committee. Ms. Kearns was also actively engaged in an IT Governance review process at Ontario Teachers'. Currently, Ms. Kearns is the Lead Director for KingSett Canadian Real Estate Income Fund. Ms. Kearns also serves on the Multiple Sclerosis Research Foundation Board (2005-present) and co-chairs the capital campaign. Previously, Ms. Kearns served two terms on the Board of Governors of the TSX (1993-1999), The National Ballet School of Canada (1996-2004), Women in the Lead Inc. (2004-2011), the George Brown College Foundation (2006-2010) and was a founding member of the Financial Women's Association of Quebec (2001-2004).

In 2002 Ms. Kearns was the recipient of the John Molson School of Business Award of Distinction. In addition, Ms. Kearns was a recipient of the Montreal Board of Trade Women of Distinction Award (2002), the "Women on the Move" Entrepreneur of the Year Award (1997), and was recognized by the Financial Post as one of the 100 Most Powerful Women in Canada (2004). The Women Against Multiple Sclerosis (WAMS) named her their 2009 WAMS Gala Luncheon honouree.

Anthony P. L. Lloyd. Mr. Lloyd has over 35 years experience in corporate finance and private equity financing both as a Principal and Advisor in a broad range of public and private market transactions. Mr. Lloyd has served as an executive with Slater, Walker of Canada Ltd., Harlequin Enterprises, and Cavendish Investing, and from 1985 to 2000 he was a Senior Partner of Capital Canada Limited, a Toronto-based investment bank. Since 2001, Mr. Lloyd has been a corporate director serving as an Independent Director on the boards of a number of publicly listed companies principally involved in the mining, minerals exploration and shipping industries. Mr. Lloyd graduated from The Royal School of Mines in 1968 with a B.Sc. (Hons.) in mining engineering, and in 1972 with an MBA from Columbia University. He holds the ICD.D designation from The Institute of Corporate Directors.

The IRC will prepare a report, at least annually, of its activities for Holders which will be available on the Manager's website at www.bloomfunds.ca or at the Holder's request at no cost, by contacting the Manager at 1-855-BLOOM18. Information contained on the Manager's website is not part of this prospectus and is not incorporated herein by reference.

The members of the IRC are paid an annual fee for serving on the IRC of the investment funds in the Bloom family of investment funds. Each investment fund, including the Fund, will be responsible for a portion of that fee which is allocated by the Manager among the various funds. The Fund is currently the second Fund in the Bloom family of investment funds. The annual fee payable to each member of the IRC (other than the Chair) is \$10,000 per fund per annum, and the annual fee payable to the IRC Chair is \$12,500 per fund per annum. Expenses incurred by the members of the IRC in connection with performing their duties are also the responsibility of the investment funds, including the Fund.

The Trustee

Bloom will also act as trustee of the Fund pursuant to the provisions of the Declaration of Trust of the Fund. The Trustee is responsible for certain aspects of the day-to-day management of the Fund as described in the Declaration of Trust of the Fund, including calculating, or arranging for the calculation of net income and net realized capital gains of the Fund, and executing instruments on behalf of the Fund.

Pursuant to the Declaration of Trust of the Fund, the Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. The Declaration of Trust of the Fund provides that the Trustee will not be liable in carrying out its duties under the relevant Declaration of Trust except in cases of wilful misconduct, bad faith, negligence or the disregard of its obligations or duties or breach of its standard of care and duty. The Declaration of Trust of the Fund provides that the Trustee will not be liable in any way for any default, failure or defect in any of the securities of the Portfolio if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Trustee and each of its directors, officers, and employees will be indemnified by the Fund for all liabilities and expenses reasonably incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Trustee or any of its officers, directors or employees in the exercise of its duties under the Declaration of Trust, except those resulting from such person's wilful misconduct, bad faith, negligence, disregard of such person's obligations or duties or breach of their standard of care in relation to the matter in respect of which indemnification is claimed.

The Trustee of the Fund may resign upon 60 days' notice to Holders. The Trustee may be removed by Extraordinary Resolution approved at a meeting of unitholders called for such purpose or by the Manager (if the Manager is then not the Trustee), if the Trustee ceases to be a resident of Canada for purposes of the Tax Act, 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 or is deemed to resign, its successor may be appointed by the Manager. The successor must be a resident in Canada for purposes of the Tax Act and approved by Holders at the meeting at which the Trustee's removal was approved if the Trustee is removed by Holders. If no successor has been appointed within 60 days, the Trustee or any Holder may apply to a court of competent jurisdiction for the appointment of a successor.

The address of the Trustee is 150 York Street, Suite 1710, Toronto, Ontario, M5H 3S5.

The Custodian

CIBC Mellon Trust Company will be appointed custodian of the Fund pursuant to the Custodian Agreement. The Custodian's principal place of business in respect of the Fund will be Toronto, Ontario.

In the Custodian Agreement, the Custodian will covenant, when carrying out its duties in respect of the safekeeping of and dealing with the assets of the Fund, to exercise, at a minimum, the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. The Custodian will agree to hold, or direct its sub-custodians to hold, for the account of the Fund, all securities, collateral security and other non-cash property (other than securities which are held in a book-based system). The Fund may employ sub-custodians as considered appropriate in the circumstances.

Pursuant to the Custodian Agreement, the Custodian will be indemnified out of the Fund's assets in certain circumstances, including from and against any direct loss, liability, claim or expense (including reasonable legal counsel fees and disbursements) suffered or incurred by the Custodian arising from or in connection with the performance of its duties under the agreement except with respect to any costs, expenses, damages, liabilities and losses resulting primarily from bad faith, wilful default, fraud or negligence of the Custodian or any of its employees, directors or officers.

Auditor

The auditors of the Fund are PricewaterhouseCoopers LLP, Chartered Accountants, Licensed Public Accountants.

Registrar and Transfer Agent

CIBC Mellon Trust Company (the "**Registrar and Transfer Agent**") will be appointed the registrar, transfer and distribution agent for the Units. The Registrar and Transfer Agent is located in, and the register of Units is kept by the Registrar and Transfer Agent in, Toronto, Ontario.

Promoter

The Manager has taken the initiative in organizing the Funds and accordingly may be considered to be a "promoter" of the Funds within the meaning of the securities legislation of certain provinces and territories of Canada. The Manager will receive fees from the Funds and will be entitled to reimbursement of reasonable expenses incurred in connection with the operation and management of the Fund as described under "Fees and Expenses".

CALCULATION OF NET ASSET VALUE

The NAV of the Fund on a particular date will be equal to the aggregate fair value of the assets of the Fund less the aggregate fair value of the liabilities of the Fund expressed in Canadian dollars. The NAV per Unit on any day will be obtained by dividing the NAV of the Fund on such day by the number of Units then outstanding.

The NAV per Unit will be calculated as of 4:00 p.m. (Toronto time), or such other time as the Manager deems appropriate. At a minimum, the Valuation Date will be Thursday of each week, or if any Thursday is not a Business Day, the immediately preceding Business Day, and the last Business Day of each month, and includes any other date on which the Manager elects, in its discretion, to calculate the Net Asset Value per Unit (each, a "**Valuation Date**").

Valuation Policies and Procedures of the Fund

In determining the NAV of the Fund at any time:

- (i) the value of any cash on hand or on deposit, bill, demand note and account receivable, prepaid expense, distribution, dividend or other amount received (or declared to holders of record of securities owned by the Fund on a date before the Valuation Date as of which the NAV is being determined, and to be received) and interest accrued and not yet received shall be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, distribution, dividend or other amount received (or declared to holders of record of securities owned by the Fund on a date before the Valuation Date as of which the NAV is being determined, and to be received) or interest accrued and not yet

received is not otherwise worth the full amount thereof, the value thereof shall be deemed to be such value as the Manager determines to be the fair value thereof;

- (ii) the value of any security that is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Manager) shall be determined by taking the latest available sale price of recent date or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof, in which case the latest offer price or bid price will be used), plus, in the case of listed securities, for greater certainty, accrued interest, as calculated in accordance with market practice, as at the Valuation Date on which the NAV is being determined, all as reported by any means in common use. For the purpose of calculating NAV used in connection with a redemption of Units, the value of the securities held by the Fund will be equal to the weighted average trading price of such securities over the last three Business Days preceding the Annual Redemption Date;
- (iii) the value of any security which is traded over-the-counter will be priced at the average of the last bid and ask prices quoted by a major dealer in such securities;
- (iv) the value of any security or other asset for which a market quotation is not readily available will be its fair value on the Valuation Date on which the NAV is being determined as determined by the Manager;
- (v) any market price reported in currency other than Canadian dollars shall be translated into Canadian currency at the rate of exchange available to the Fund from the Custodian on the Valuation Date on which the NAV is being determined;
- (vi) where a covered clearing corporation option, option on future or over-the-counter option is written, the premium received by the Fund shall be reflected as a derivative liability that shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their current market value;
- (vii) the value of any futures contract, or forward contract shall be the gain or loss with respect thereto that would be realized if, at the valuation time on a Valuation Date, the position in the futures contract, or the forward contract, as the case may be, were to be closed out in accordance with its terms unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying securities;
- (viii) short term investments shall be valued at cost plus accrued interest which approximates fair value; and
- (ix) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Manager and investments in private companies and other assets for which no published market exists will be valued at fair market value as determined by the Manager.

If a security cannot be valued under the foregoing principles or if the foregoing principles are at any time considered by the Manager to be inappropriate under the circumstances for any reason, then notwithstanding such principles, the Manager, as the case may be, may make such valuation as it considers fair and reasonable.

The valuation agent calculates the value of the Funds' securities for which there exists a published market on the basis of quoted prices in such market. For this purpose, a published market means any market on which such securities are traded if the prices are regularly published in a newspaper or business or financial publication of

general and regular paid circulation. The process of valuing investments for which no published market exists is 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 and may differ from the prices at which the investments may be sold.

The NAV of the Fund and NAV per Unit will be calculated in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Fund may obtain. The NAV per Unit determined in accordance with the principles set out above may differ from net assets per Unit determined under Canadian generally accepted accounting principles (“**Canadian GAAP**”) or, if applicable, International Financial Reporting Standards.

For financial statement reporting purposes, the fair value of the Fund’s investments are measured in accordance with Canadian GAAP (or, if required by applicable accounting standards, or by regulation, will be measured in accordance with International Financial Reporting Standards) which for publicly listed securities is based on the closing bid price on the recognized stock exchange on which the investments are listed or principally traded. Pursuant to NI 81-106, the net asset value of investment funds is calculated based on the fair value of investments traded in an active market based on the valuation principles described under “Calculation of Net Asset Value - Valuation Policies and Procedures of the Fund” above. The net assets per unit for financial reporting purposes and NAV per Unit for redemption purposes could be different due to the use of different valuation techniques.

Reporting of Net Asset Value

The NAV per Unit will be calculated and disclosed as of each Valuation Date. Such information will be provided by the Manager to Holders on request at no cost by calling toll-free 1-855-BLOOM18 or through the Internet at www.bloomfunds.ca. Information contained on the Manager’s website is not part of this prospectus and is not incorporated herein by reference.

ATTRIBUTES OF THE SECURITIES

The Offering consists of a minimum of 2,000,000 Units and a maximum of 10,000,000 Units. The following is a summary of the material attributes and characteristics of the Units as set out in the Declaration of Trust. This summary does not purport to be complete and is subject to, and qualified by, reference to the terms of the Declaration of Trust of the Fund.

Description of the Securities Distributed

The Fund is authorized to issue an unlimited number of a single class of transferable, redeemable Units, which evidence the proportionate ownership interest of a Holder in the capital of the Fund. Units are freely transferable, except as restricted by the Trustee as a condition of obtaining or maintaining the status of the Fund as a “mutual fund trust” under the Tax Act, or in order to comply with any applicable laws, regulations or other requirements imposed by regulatory authorities, or to obtain, maintain or renew any licences, rights, status or powers pursuant to any applicable laws, regulations or other requirements imposed by any stock exchange or other applicable regulatory authorities.

Except as provided under “Unitholder Matters – Non-Resident Unitholders”, each Unit entitles the holder to the same rights and obligations as a holder of any other Unit and no holder of Units is entitled to any privilege, priority or preference in relation to any other holder of Units. Each holder of Units is entitled to one vote for each Unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, if any. Any special distributions payable in Units will increase the aggregate adjusted cost base of a Holder’s Units. Immediately after a *pro rata* distribution of Units to all Holders in satisfaction of any non-cash distribution, the number of outstanding Units will automatically be consolidated such that each Holder will hold, after the consolidation, the same number of Units as the Holder held before the non-cash distribution, except in the case of a non-resident Holder to the extent tax was required to be withheld in respect of the distribution. See “Income Tax Considerations”. On termination or liquidation of the Fund, the holders of outstanding Units of record are entitled to receive on a *pro rata* basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund.

Registration and Redemption of Units

Registration of interests in, and transfers of, the Units will be made only through the book-entry only system of CDS. On the Closing Date, the Fund 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 redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation. References in this prospectus to Holder means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

The Fund, the Manager, and the Agents will not have any liability for (i) records maintained by CDS relating to the beneficial interests in the Units or the book-based entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

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

A Holder who desires to exercise redemption privileges must do so by causing the CDS Participant through which he or she holds his or her Units to deliver to CDS at its office in the City of Toronto on behalf of the Holder, a written notice of the Holder's intention to redeem Units by no later than 5:00 p.m. (Toronto time) on the applicable notice date described above. A Holder who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption right sufficiently in advance of the deadline so as to permit the CDS Participant to deliver a notice to CDS by 5:00 p.m. (Toronto time) on the notice date described above.

By causing a CDS Participant to deliver to CDS a notice of the Holder's intention to redeem Units, the holder of Units will 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 such redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise, provided that the Manager may from time to time permit the withdrawal of a Redemption Notice on such terms and conditions as the Manager may determine, in its sole discretion, provided that such withdrawal will not adversely affect the Fund. Any expense associated with the preparation and delivery of the Redemption Notice will be for the account of the holder of Units exercising the redemption privilege.

Any Redemption Notice that CDS determines to be incomplete, not in proper form or not duly executed will, for all purposes, be void and of no effect and the redemption privilege to which it relates will 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 a Holder's instructions will not give rise to any obligations or liability on the part of the Fund or the Manager to the CDS Participant or the Holder.

The Manager may, without the approval of Holders, change the redemption rights attached to the Units on not less than 30 days' notice to Holders by increasing the number of times in each year that Units may be redeemed by Holders (at a redemption price per Units to be determined by the Manager), so long as such change does not result in the Fund being a mutual fund for securities law purposes and provided that no such change may be made without Holder approval if it would eliminate the rights of Holders to redeem their Units on an Annual Redemption Date.

Purchase for Cancellation

Subject to applicable law, the Fund may at any time or times purchase Units for cancellation at prices per Unit not exceeding the NAV per Unit on the Business Day immediately prior to such purchase up to a maximum in any 12 month period of 10% of the outstanding public float of Units.

UNITHOLDER MATTERS

The following description of the Declaration of Trust of the Fund does not purport to be complete and is subject to, and is qualified in its entirety by, reference to the Declaration of Trust.

Meetings of Unitholders

A meeting of Holders may be convened by the Manager 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 Holders. The quorum at any such meeting is two or more Holders present in person or by proxy holding not less than 5% of the outstanding Units. Quorum for a meeting held to consider an Extraordinary Resolution is two or more Holders present in person or by proxy holding not less than 15% of the outstanding Units. In the event that such quorum is not present within one-half hour after the time called for a meeting, the meeting, if convened upon the request of a Holder, will be dissolved, but in any other case, the meeting will stand adjourned to such day no more than 14 days later and to such time and place as may be appointed by the chairman of the meeting (which for greater certainty can be at a later time on the date of the originally scheduled meeting), and if at such adjourned meeting a quorum is not present, the Holders present in person or by proxy at such adjourned meeting will be deemed to constitute a quorum. The Fund does not intend to hold annual meetings of Holders.

Matters Requiring Unitholder Approval

Pursuant to the Declaration of Trust of the Fund, the following matters require the approval of Holders by Extraordinary Resolution:

- (i) a change in the investment objectives of the Fund as described under “Investment Objectives”;
- (ii) a change in the investment restrictions of the Fund as described under “Investment Restrictions”;
- (iii) any change in the basis of calculating fees or other expenses that are charged to the Fund which could result in an increase in charges to the Fund other than a fee or expense charged by a person or company that is at arm’s length to the Fund;
- (iv) except as described under “Organization and Management Details of the Fund – The Manager”, a change in the manager of the Fund, other than a change resulting in an affiliate of such person assuming such position;
- (v) except as described under “Organization and Management Details of the Fund – The Trustee”, a change in the trustee of the Fund, other than a change resulting in an affiliate of such person assuming such position;
- (vi) a reorganization (other than a Permitted Merger (as defined below)) with, or transfer of assets to, a mutual fund trust, if:
 - a. the Fund ceases to continue after the reorganization or transfer of assets; and
 - b. the transaction results in Holders becoming unitholders in a mutual fund trust;
- (vii) a reorganization (other than a Permitted Merger) with, or acquisition of assets of, a mutual fund trust, if:
 - a. the Fund continues after the reorganization or acquisition of assets;
 - b. the transaction results in the unitholders of the mutual fund trust becoming unitholders of the Fund; and
 - c. the transaction would be a significant change to the Fund;

- (viii) a termination of the Fund, other than as described under “Termination of the Fund” or in connection with a Permitted Merger;
- (ix) an amendment, modification or variation in the provisions or rights attaching to the Units;
- (x) the issuance of additional Units, other than: (i) for net proceeds equal to or greater than 100% of the most recently calculated NAV per Unit calculated immediately prior to the pricing of such issuance; (ii) by way of Unit distribution; or (iii) pursuant to the Reinvestment Plan; and
- (xi) a reduction in the frequency of calculating the NAV per Unit.

In addition, the Manager may, without obtaining Holder approval, merge the Fund (a “**Permitted Merger**”) with another fund or funds, provided that:

- (i) the fund(s) with which the Fund is merged must be managed by the Manager or an affiliate of the Manager (the “**Affiliated Fund(s)**”);
- (ii) Holders are permitted to redeem their Units at a redemption price equal to 100% of the NAV per Unit, less any costs of funding the redemption, including commissions prior to the effective date of the merger;
- (iii) the funds being merged have similar investment objectives as set forth in their respective declarations of trust, as determined in good faith by the Manager in its sole discretion;
- (iv) the Manager must have determined in good faith that there will be no increase in the management expense ratio borne by the Holders as a result of the merger;
- (v) the merger of the funds is completed on the basis of an exchange ratio determined with reference to the net asset value per unit of each fund; and
- (vi) the merger of the funds must be capable of being accomplished on a tax-deferred rollover basis for Holders of the Fund.

If the Manager determines that a merger is appropriate and desirable, the Manager can effect the merger, including any required changes to the Declaration of Trust, without seeking Holder approval for the merger or such amendments. If a decision is made to merge, the Manager will issue a press release at least 30 Business Days prior to the proposed effective date thereof disclosing details of the proposed merger and will comply with all applicable laws including the requirements of the TSX concerning mergers involving listed investment funds. While the funds to be merged will have similar investment objectives, the funds may have different investment strategies, guidelines and restrictions and, accordingly, the units of the merged funds will be subject to different risk factors.

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

Amendments to the Declaration of Trust

Pursuant to the Declaration of Trust, the Manager is entitled, without the consent of the Holders, to make all such amendments to the Declaration of Trust as the Manager believes are necessary or desirable for the purpose of: (i) making any change or correction which is of a typographical nature or is required to cure or correct a clerical omission, mistake or manifest error contained therein, (ii) amending the existing provisions or adding any provisions which are for the protection or benefit of the Holders, (iii) curing an ambiguity or correcting any administrative difficulty in the Declaration of Trust, (iv) supplementing any provision which may be defective or inconsistent with another provision, (v) maintaining the status of the Fund as a “unit trust” and a “mutual fund trust” for the purposes of the Tax Act or to respond to amendments to the Tax Act or to the interpretation thereof, (vi) complying with

applicable law including the rules and policies of Canadian securities regulatory authorities, (vii) conforming the Declaration of Trust with current market practice within the securities or investment funds industries, (viii) changing the name of the Fund, and (iv) adding additional redemption rights.

These amendments made by the Manager without the consent of Holders must be disclosed in the next regularly scheduled report to Holders. Such amendments may be made only if they will not materially adversely affect the interest of any Holder.

The Manager may also amend the Declaration of Trust without the consent of the Holders for the purpose of removing any conflicts or other inconsistencies which may exist between the Declaration of Trust and applicable law, changing the Fund's taxation year-end as permitted under the Tax Act or providing the Fund with the right to acquire Units from any Holder for the purpose of maintaining the status of the Fund as a "mutual fund trust" for purposes of the Tax Act.

Reporting to Unitholders

The Fund will furnish to Holders such financial statements (including interim unaudited and annual audited financial statements, accompanied by management reports of fund performance) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Holders' tax returns under the Tax Act and equivalent provincial legislation.

The Fund will comply with all of the continuous disclosure requirements applicable to it as a reporting issuer under applicable securities laws. Prior to any meeting of Holders, the Fund will provide to Holders (along with notice of such meeting) all such information as is required by applicable law to be provided to Holders.

Accounting and Reporting

The Fund's fiscal year will be the calendar year. The annual financial statements of the Fund shall be audited by the Fund's auditors in accordance with Canadian generally accepted auditing standards. The auditors will be asked to report on the fair presentation of the annual financial statements in accordance with Canadian GAAP or when required, International Financial Reporting Standards. The Manager will ensure that the Fund complies with all applicable reporting and administrative requirements, including preparing and issuing unaudited interim financial statements.

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

Non-Resident Unitholders

At no time may persons who are non-residents of Canada or partnerships which are not "Canadian partnerships" for the purposes of the Tax Act (or any combination thereof) ("**non-residents**") be the beneficial owners of a majority of the Units and the Trustee shall inform the Registrar and Transfer Agent of this restriction. The Trustee may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustee becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units then outstanding are, or may be, non-residents, or that such a situation is imminent, the Trustee may make a public announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Units to a person unless the person provides a declaration that the person is not a non-resident. If the Trustee determines that 45% or more of the Units then outstanding are beneficially held by non-residents, the Trustee shall send a notice to such non-resident Holders, chosen in inverse order to the order of acquisition or in such other manner as the Trustee may consider equitable and practicable, requiring them to dispose of their Units or a portion thereof within a specified period of not less than 30 days to residents of Canada or partnerships which are "Canadian partnerships" for the purposes of the Tax Act. If the Holders receiving such notice have not disposed of the specified number of Units or provided the Trustee with satisfactory evidence that they are not non-residents within such period, the Trustee may, on behalf of such Holders, dispose of such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such disposition, the affected Holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of disposition of such Units. Notwithstanding the foregoing, the Trustee may determine not to take any of the actions described above

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

TERMINATION OF THE FUND

The Fund does not have a fixed termination date. Pursuant to the Declaration of Trust of the Fund, the Fund may be terminated at any time by the Manager provided that the prior approval of Holders has been obtained by a majority vote at a meeting of Holders called for that purpose; provided, however, that the Manager may, in its discretion, terminate the Fund without the approval of Holders if, in the opinion of the Manager, it is no longer economically practical to continue the Fund or it would be in the best interests of the Fund. The Fund will provide notice to Holders of no less than 30 days and no more than 60 days of the new termination date. The Fund will issue a press release at least 10 business days in advance of the new termination date. Immediately prior to the termination of the Fund, including on the termination date, the Manager will, to the extent possible, convert the assets of the Fund to cash and after paying or making adequate provision for all of the Fund's liabilities, distribute the net assets of the Fund to the Holders as soon as practicable after the date of termination. Any unliquidated assets may be distributed *in specie* rather than in cash, subject to compliance with any securities or other laws applicable to such distributions. See "Attributes of the Securities".

The Manager may also terminate the Fund in connection with a Permitted Merger. See "Unitholder Matters – Matters Requiring Unitholder Approval".

USE OF PROCEEDS

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

	Maximum Offering ^{(1) (2)}	Minimum Offering ⁽¹⁾
Gross Proceeds to the Fund	\$100,000,000	\$20,000,000
Agents' fees	\$5,250,000	\$1,050,000
Expenses of the Offering ⁽³⁾	\$600,000	\$300,000
Net proceeds to the Fund	\$94,150,000	\$18,650,000

⁽¹⁾ There will be no Closing unless a minimum of 2,000,000 Units are sold. The maximum Offering assumes 10,000,000 Units. If subscriptions for a minimum of 2,000,000 Units have not been received within 90 days following the date of issuance of a receipt for this prospectus, this Offering may not continue without the consent of the securities authorities and those who have subscribed on or before such date.

⁽²⁾ The Fund has granted the Agents an option (the "**Over-Allotment Option**"), exercisable for a period of 30 days following the Closing, to purchase additional Units in an amount up to 15% of the aggregate number of Units issued at the Closing on the same terms as set forth above. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents' fee and the net proceeds to the Fund before deducting the expenses of the Offering will be \$115,000,000, \$6,037,500 and \$108,962,500, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the over-allotment position acquires those Units under this prospectus, regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

⁽³⁾ Subject to a maximum of 1.5% of the gross proceeds of the Offering.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents have agreed to conditionally offer the Units for sale, as agents of the Fund, on a best efforts basis, if, as and when issued by the Fund. The Agents will receive a fee equal to \$0.525 per 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 Offering price of \$10.00 per Unit was established by negotiation between the Agents and the Manager.

The Fund has granted the Agents the Over-Allotment Option, exercisable for a period of 30 days following the Closing, to purchase additional Units in an amount up to 15% of the aggregate number of Units issued at the Closing on the same terms set forth above. If the Over-Allotment Option is exercised in full, under the maximum Offering, the price to the public, the Agents' fees and the net proceeds to the Fund before deducting the expenses of the Offering will be \$115,000,000, \$6,037,500 and \$108,962,500, respectively, in respect of the Units. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the over-allotment position acquires those Units under this prospectus, regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The TSX has conditionally approved the listing of the Units, subject to the Fund fulfilling all of the requirements of the TSX on or before June 5, 2012. If subscriptions for a minimum of 2,000,000 Units have not been received within 90 days following the date of issuance of a receipt for this prospectus, this Offering may not continue without the consent of the securities authorities and those who have subscribed 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. 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 held in trust by the applicable Agent and 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 20, 2012, or such later date as may be agreed upon by the Fund and the Agents, but in any event not later than 90 days after the issuance of a receipt for the final prospectus of the Fund. The Agents may over-allot and effect transactions to cover their over-allotted position.

Registration of interests in and transfers of Units will only be made through book-entry only system administered by CDS. At Closing, only a book-entry global certificate representing the Units will be issued in registered form to CDS or its nominee and will be deposited with CDS on the Closing Date.

Any purchase or transfer of Units must be made through CDS Participants. Indirect access to the CDS book-entry only system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly. Each purchaser of a Unit will receive a customer confirmation of purchase from the CDS Participant from whom such Unit is purchased in accordance with the practices and procedures of such CDS Participant.

This prospectus qualifies the distribution by the Fund of the Units. Purchases of Units are subject to certain ownership restrictions as set out in the Declaration of Trust. See "Unitholder Matters – Non-Resident Unitholders".

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 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.

Pursuant to the Agency Agreement, the Fund and the Manager have agreed to indemnify the Agents and their controlling persons, directors, officers and employees against certain liabilities.

INTEREST OF MANAGER AND OTHERS IN MATERIAL TRANSACTIONS

The Manager and the Trustee will receive fees from the Fund for its services and will be reimbursed by the Fund for all reasonable expenses and liabilities incurred in connection with the operation and management of the Fund. See “Fees and Expenses”.

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

The proxies associated with the securities comprising the Portfolio will be voted by the Manager in accordance with the Manager’s proxy voting policy (the “**Proxy Voting Policy**”). The objective in voting is to support proposals and director nominees that maximize the value of the Fund’s investments – and those of its unitholders – over the long term. In evaluating proxy proposals, information from many sources will be considered, including management or shareholders of a company presenting a proposal and independent proxy research services. Substantial weight will be given to the recommendations of a company’s board, absent guidelines or other specific facts that would support a vote against management. The Manager has developed guidelines that address the following circumstances: election of directors; contested director elections; classified boards; director/officer indemnification; director ownership; approval of independent auditors; stock based compensation plans; bonus plans; employee stock purchase plans; executive severance agreements; shareholder rights plans; defences; cumulative voting; voting requirements matters related to shareholder meetings, among others.

While serving as a framework, the Proxy Voting Policy cannot contemplate all possible proposals with which the Fund may be presented. In the absence of a specific guideline for a particular proposal (e.g., in the case of a transactional issue or contested proxy), the Manager will evaluate the issue and cast the Fund’s vote in a manner that, in the Manager’s view, will maximize the value of the Fund’s investment.

The current Proxy Voting Policy and procedures of the Manager are available to Holders on request, at no cost, by calling toll-free 1-855-BLOOM18.

The Fund’s proxy voting record for the annual period from July 1 to June 30 will be available at any time after August 31 following the end of that annual period, to any Holder on request, at no cost, and will also be available on the Internet at www.bloomfunds.ca. Information contained on the Manager’s website is not part of this prospectus and is not incorporated herein by reference.

MATERIAL CONTRACTS

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

- (i) the Declaration of Trust;
- (ii) the Agency Agreement; and
- (iii) the Custodian Agreement.

Copies of the foregoing documents, after the execution thereof, may be inspected during business hours at the principal office of the Fund during the course of distribution of the units offered hereby and for a period of 30 days thereafter. 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.

EXPERTS

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

The Fund’s auditors, PricewaterhouseCoopers LLP, Chartered Accountants, Licensed Public Accountants, have audited the statement of financial position contained herein. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase 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, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

AUDITOR'S CONSENT

We have read the prospectus of Bloom Select Income Fund (the "**Fund**") dated March 22, 2012 relating to the offering of units of the Fund. We have complied with Canadian generally accepted standards for auditor's involvement with offering documents.

We consent to the use in the above mentioned prospectus of our report to the Trustee of the Fund on the statement of financial position of the Fund as at March 22, 2012. Our report is dated March 22, 2012.

Toronto, Canada
March 22, 2012

(Signed) PricewaterhouseCoopers LLP
Chartered Accountants
Licensed Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Trustee of
Bloom Select Income Fund

We have audited the statement of financial position of Bloom Select Income Fund (the “**Fund**”), as at March 22, 2012 and the related notes, which comprise a summary of significant accounting policies and other explanatory information (together the “**financial statement**”).

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Fund as at March 22, 2012 in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
March 22, 2012

(Signed)PricewaterhouseCoopers LLP
Chartered Accountants
Licensed Public Accountants

**BLOOM SELECT INCOME FUND
STATEMENT OF FINANCIAL POSITION**

As at March 22, 2012

ASSETS	
Cash	\$10
Investments	-
TOTAL	<u>\$10</u>
 UNITHOLDER'S EQUITY	
Unitholder's Equity (1 Unit) (Note 1)	<u>\$10</u>
 NET ASSETS PER UNIT	<u>\$10</u>

**Approved by the Manager:
BLOOM INVESTMENT COUNSEL, INC.**

(Signed) M. Paul Bloom
Director

(Signed) Adina Bloom Somer
Director

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

**BLOOM SELECT INCOME FUND
NOTES TO STATEMENT OF FINANCIAL POSITION**

March 22, 2012

1. ORGANIZATION AND UNITHOLDER'S EQUITY

Bloom Select Income Fund (the "**Fund**") is a closed-end investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of March 22, 2012. The beneficiaries of the Fund will be the holders of transferable, redeemable units of the Fund (each, a "**Unit**"). The investment objectives of the Fund are to provide Holders with an actively managed portfolio comprised primarily of Canadian equity securities that exhibit low volatility at the time of investment; monthly cash distributions that have a large component of Canadian eligible dividends; and the opportunity for capital appreciation.

The Fund is authorized to issue an unlimited number of transferable, redeemable Units, which represents an equal undivided interest in the net assets of the Fund.

On March 22, 2012, the Fund was settled and issued an initial Unit for cash consideration of \$10.00 to Bloom Investment Counsel, Inc. (the "**Manager**"), the trustee of the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

The statement of financial position has been prepared in accordance with Canadian generally accepted accounting principles ("**GAAP**"). In applying Canadian GAAP, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during any reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of this financial statement.

Cash

Cash is stated at fair value.

Valuation of Fund Units for Transaction Purposes

Net asset value per Unit of the Fund on any valuation day will be obtained by dividing the Net Asset Value of the Fund on such day by the number of Units then outstanding.

3. MANAGEMENT AND TRAILER FEE

The Manager will receive a management fee from the Fund equal in the aggregate to 1.75% per annum of the net asset value of the Fund. A trailer fee equal to 0.50% per annum of the net asset value of the Fund, plus applicable taxes, will be paid by the Manager to CDS participants based on the number of Units held by clients of such CDS participants at the end of the relevant quarter.

4. REDEMPTION OF UNITS

Units may be redeemed on an annual basis on the second last Business Day in October (each, an "**Annual Redemption Date**"), commencing in 2013 subject to certain conditions. In order to effect such a redemption, the Units must be surrendered during the period from September 15 until 5:00 p.m. (Toronto time) on the last Business Day in September. Holders whose Units are redeemed on an Annual Redemption Date will receive a redemption price in an amount equal to 100% of the net asset value per Unit on that date (less any costs and expenses associated with the redemption). Redemption proceeds will be paid no later than the 15th Business Day immediately following an Annual Redemption Date. For the purpose of calculating NAV used in connection with a redemption of Units, the value of the securities held by the Fund will be equal to the weighted average trading price of such securities over the last three Business Days preceding the Annual Redemption Date.

5. INITIAL OFFERING

The Fund and the Manager have entered into an agency agreement with BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., GMP Securities L.P., National Bank Financial Inc., Scotia Capital Inc., Canaccord Genuity Corp., Raymond James Ltd., Desjardins Securities Inc., Macquarie Private Wealth Inc., Mackie Research Capital Corporation, Dundee Securities Ltd., and HSBC Securities (Canada) Inc. (collectively, the “**Agents**”) dated as of March 22, 2012 pursuant to which the Fund has agreed to create, issue and sell, and the Agents have agreed to offer for sale to the public a minimum of 2,000,000 Units and a maximum of 10,000,000 Units at \$10.00 per Unit. In consideration for their services in connection with the offering, the Agents will be paid a fee of \$0.525 per Unit (5.25%) out of the proceeds of the offering. In addition, expenses of the initial offering at an amount not to exceed 1.5% of the gross proceeds of the offering will be paid out of the gross proceeds of the offering.

CERTIFICATE OF THE ISSUER, THE MANAGER AND THE PROMOTER

Dated: March 22, 2012

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

BLOOM INVESTMENT COUNSEL, INC.
(as Manager, Trustee, Promoter and on behalf of the Fund)

(Signed) M. PAUL BLOOM
President and Secretary, as Chief Executive Officer

(Signed) FIONA E. MITRA
Chief Financial Officer

On behalf of the Board of Directors of
Bloom Investment Counsel, Inc.

(Signed) ADINA BLOOM SOMER
Director

(Signed) BEVERLY LYONS
Director

CERTIFICATE OF THE AGENTS

Dated: March 22, 2012

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

BMO NESBITT BURNS INC.

CIBC WORLD MARKETS INC.

RBC DOMINION SECURITIES INC.

(Signed) ROBIN G. TESSIER

(Signed) MICHAEL D. SHUH

(Signed) EDWARD V. JACKSON

TD SECURITIES INC.

(Signed) CAMERON GOODNOUGH

GMP SECURITIES L.P.

NATIONAL BANK FINANCIAL INC.

SCOTIA CAPITAL INC.

(Signed) NEIL SELFE

(Signed) TIMOTHY EVANS

(Signed) BRIAN D. MCCHESENEY

CANACCORD GENUITY CORP.

RAYMOND JAMES LTD.

(Signed) RON SEDRAN

(Signed) J. GRAHAM FELL

DESJARDINS SECURITIES INC.

MACQUARIE PRIVATE WEALTH INC.

(Signed) BETH A. SHAW

(Signed) BRENT LARKAN

**MACKIE RESEARCH CAPITAL
CORPORATION**

(Signed) DAVID J. KEATING

DUNDEE SECURITIES LTD.

HSBC SECURITIES (CANADA) INC.

(Signed) AARON UNGER

(Signed) LAURA MCELWAIN