

Note: [01 Feb 2000] - The following is 81-101F2 as it was initially implemented. This version of 81-101F2 is no longer current.

**NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE
FORM 81-101F2
CONTENTS OF ANNUAL INFORMATION FORM**

GENERAL INSTRUCTIONS:

General

- (1) *This Form describes the disclosure that is required in an annual information form of a mutual fund. Each Item of this Form outlines disclosure requirements. Instructions to help you provide this disclosure are printed in italic type.*
- (2) *Terms defined in National Instrument 81-101 Mutual Fund Prospectus Disclosure, National Instrument 81-102 Mutual Funds or National Instrument 81-105 Mutual Fund Sales Practices and used in this Form have the meanings that they have in those national instruments.*
- (3) *An annual information form is intended to supplement the information contained in the related simplified prospectus. Information contained in the related simplified prospectus need not be repeated except as required to make the annual information form comprehensible as an independent document. Generally speaking, all of the disclosure required to be provided in connection with a particular requirement of Form 81-101F1 ("the SP Form") in order to satisfy statutory disclosure requirements should be contained in the simplified prospectus. For some Items, it may be appropriate to expand in the annual information form on matters discussed in the simplified prospectus; for instance, a mutual fund organization may wish to describe in an annual information form some of its optional services in more detail than in the simplified prospectus. Generally speaking, however, an annual information form is intended to provide disclosure about different matters than those discussed in the simplified prospectus, which may be of assistance or interest to some investors.*
- (4) *Unless otherwise required by this Form, information may be presented in a different format and style in an annual information form than in a simplified prospectus. An annual information form is*

required by National Instrument 81-101 to be presented in a format that assists in readability and comprehension. This Form generally does not mandate the use of a specific format to achieve this goal and mutual funds are encouraged to use, as appropriate, tables, captions, bullet points or other organizational techniques that assist in presenting the disclosure clearly.

- (5) *An annual information form may contain photographs and artwork only if they are relevant to the business of the mutual fund, mutual fund family or members of the organization of the mutual fund and are not misleading.*
- (6) *As with a simplified prospectus, an annual information form is to be prepared using plain language. Reference should be made to Part 3 of Companion Policy 81-101CP for a discussion concerning plain language and presentation.*
- (7) *Any footnotes provided for under any Item of this Form may be deleted if the substance of the footnotes is otherwise provided.*

Contents of an Annual Information Form

- (8) *An annual information form pertains to one mutual fund but, unlike a simplified prospectus, is not required to be divided into a discrete Part A section, pertaining to general disclosure, and a Part B section, pertaining to fund-specific disclosure.*
- (9) *It is not necessary to disclose the Items required by this Form in an annual information form in any particular order or under any particular heading. This is unlike the rule for a simplified prospectus, which provides that information contained in a simplified prospectus must be in the order and under the headings required by the SP Form.*

Consolidation of Annual Information Forms into a Multiple AIF

- (10) *Section 5.4 of National Instrument 81-101 requires an annual information form to be consolidated with one or more other annual*

information forms into a multiple AIF if the related simplified prospectuses are consolidated into a multiple SP. As the Instrument does not prevent the consolidation of annual information forms even if the related simplified prospectuses are not consolidated, a mutual fund organization may prepare one multiple AIF that pertains to all of its mutual funds, even if the simplified prospectuses for those mutual funds are not fully or even partially consolidated.

- (11) *Unlike the situation with a multiple SP, National Instrument 81-101 does not permit parts of a multiple AIF to be bound separately.*
- (12) *Unlike the requirements for a multiple SP, there are no requirements that disclosure concerning each mutual fund described in a multiple AIF be organized in any particular manner or order. In particular, it is not necessary to use the catalogue approach required to be used in a multiple SP in which disclosure about individual mutual funds is required to be separately presented. Information may be presented separately for each mutual fund, or consolidated, at the option of the mutual fund organization.*
- (13) *The requirements in this Form generally speak of "a mutual fund". These requirements apply to each mutual fund to which a multiple AIF pertains.*

Item 1: Front Cover Disclosure

1.1 For a Single AIF

- (1) Indicate on the front cover whether the document is a preliminary annual information form, a *pro forma* annual information form or an annual information form.
- (2) Indicate on the front cover the name of the mutual fund to which the annual information form pertains.
- (3) Despite securities legislation, state on the front cover of a preliminary annual information form the following:

"A copy of this annual information form has been filed with [the securities authority(ies) in each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of a distribution. Information contained in this annual information form may not be complete and may have to be amended. The securities described in this annual information form may not be distributed to you until a receipt for the annual information form is obtained by the mutual fund from the securities regulatory [authority(ies)]."

- (4) If a commercial copy of the preliminary annual information form is prepared, print the legend referred to in subsection (3) in red ink.
- (5) For a preliminary annual information form or annual information form, indicate the date of the document, which shall be the date of the certificates for the document. This date shall be within three business days of the date it is filed with the securities regulatory authority. Write the date of the document in full, writing the name of the month in words. A *pro forma* annual information form need not be dated, but may reflect the anticipated date of the annual information form.
- (6) State, in substantially the following words:

"No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise."

1.2 For a Multiple AIF

- (1) Indicate on the front cover whether the document is a preliminary annual information form, a *pro forma* annual information form or an annual information form for each of the mutual funds to which the document pertains.
- (2) Indicate on the front cover the names of the mutual funds and, if desired, the name of the mutual fund family, to which the document pertains.
- (3) Despite securities legislation, state on the front cover of a document that contains a preliminary annual information form the following:

"A copy of this annual information form has been filed with [the securities authority(ies) in each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of a distribution. Information contained in this annual information form may not be complete and may have to be amended. The securities described in this annual information form may not be distributed to you until a receipt for the annual information form is obtained by the mutual fund from the securities regulatory [authority(ies)]."

- (4) If a commercial copy of a document that contains a preliminary annual information form is prepared, print the legend referred to in subsection (3) in red ink.
- (5) If the document contains a preliminary annual information form or annual information form, indicate the date of the document, which shall be the date of the certificates for the document. This date shall be within three business days of the date it is filed with the securities regulatory authority. Write the date of the document in full, writing the name of the month in words. A document that is a *pro forma* multiple AIF need not be dated, but may reflect the anticipated date of the multiple AIF.
- (6) State, in substantially the following words:

"No securities regulatory authority has expressed an opinion about these [units/shares] and it is an offence to claim otherwise."

Item 2: Table of Contents

Include a table of contents.

Item 3: Name, Formation and History of the Mutual Fund

- (1) State the full name of the mutual fund and the address of its head or registered office.
- (2) State the laws under which the mutual fund was formed and the date and manner of its formation.

- (3) Identify the constating documents of the mutual fund and, if material, state whether the constating documents have been amended in the last 10 years and describe the amendments.
- (4) If the mutual fund's name has been changed in the last 10 years, state the mutual fund's former name or names and the date on which it was changed.
- (5) Disclose, and provide details about, any major events affecting the mutual fund in the last 10 years. Include information, if applicable, about
 - (a) the mutual fund having participated in, or been formed from, an amalgamation or merger with one or more other mutual funds;
 - (b) the mutual fund having participated in any reorganization or transfer of assets in which the securityholders of another issuer became securityholders of the mutual fund;
 - (c) any changes in fundamental investment objectives or material investment strategies;
 - (d) any changes in the portfolio adviser or changes in, or of control of, the manager; and
 - (e) the mutual fund, before it filed a prospectus as a mutual fund, having existed as a closed-end investment fund, non-public mutual fund or other entity.

Item 4: Investment Restrictions

- (1) Include a statement to the effect that the mutual fund is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102, which are designed in part to ensure that the investments of the mutual fund are diversified and relatively liquid and to ensure the proper administration of the mutual fund, and state that the mutual fund is managed in accordance with these restrictions and practices.

- (2) If the mutual fund has received the approval of the securities regulatory authorities to vary any of the investment restrictions and practices contained in securities legislation, including National Instrument 81-102, provide details of the permitted variations.
- (3) Describe the nature of any securityholder or other approval that may be required in order to change the fundamental investment objectives and any of the material investment strategies to be used to achieve the investment objectives.
- (4) State the restrictions on the investment objectives and strategies that arise out of any of the following matters:
 1. Whether the securities of the mutual fund are or will be a qualified investment within the meaning of the ITA for retirement savings plans, retirement income funds, education savings plans, deferred profit sharing plans or other plans registered under the ITA.
 2. Whether the securities of the mutual fund are or will be recognized as a registered investment within the meaning of the ITA.
 3. Whether the securities of the mutual fund will constitute foreign property within the meaning of the ITA.
- (5) State whether the mutual fund has deviated in the last year from the rules under the ITA that apply to the status of its securities as
 - (a) qualified investments within the meaning of the ITA for retirement savings plans, retirement income funds, education savings plans, deferred profit sharing plans or other plans registered under the ITA;
 - (b) registered investments within the meaning of the ITA; or
 - (c) non-foreign property under the ITA.
- (6) State the consequences of any deviation described in response to subsection (5).

Item 5: Description of Securities Offered by the Mutual Fund

- (1) State the description or the designation of securities, or the series or classes of securities, offered by the mutual fund under the related simplified prospectus and describe the securities or all material attributes and characteristics, including
 - (a) dividend or distribution rights;
 - (b) voting rights;
 - (c) liquidation or other rights upon the termination of the mutual fund;
 - (d) conversion rights;
 - (e) redemption rights; and
 - (f) provisions as to amendment of any of these rights or provisions.
- (2) Describe the rights of securityholders to approve
 - (a) the matters set out in section 5.1 of National Instrument 81-102; and
 - (b) any matters provided for in the constating documents of the mutual fund.

Item 6: Valuation of Portfolio Securities

- (1) Describe the methods used to value the various types or classes of portfolio assets of the mutual fund and its liabilities for the purpose of calculating net asset value.
- (2) If the manager has discretion to deviate from the mutual fund's valuation practices described in subsection (1), disclose when and to what extent that discretion may be exercised and, if it has been exercised in the past three years, provide an example of how it has been exercised or, if it has not been exercised in the past three years, so state.

Item 7: Calculation of Net Asset Value

- (1) State that the issue and redemption price of securities of the mutual fund is based on the mutual fund's net asset value next determined after the receipt of a purchase order and a redemption order. Describe the method followed or to be followed by the mutual fund in determining the net asset value.
- (2) State the frequency at which the net asset value is determined and the date and time of day at which it is determined.
- (3) If a money market mutual fund intends to maintain a constant net asset value per security, disclose this intention and disclose how the mutual fund intends to maintain this constant net asset value.

Item 8: Purchases and Switches

- (1) Describe the procedure followed or to be followed by investors who desire to purchase securities of the mutual fund or switch them for securities of other mutual funds.
- (2) State that the issue price of securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the mutual fund of the purchase order.
- (3) Describe how the securities of the mutual fund are distributed. If sales are effected through a principal distributor, give brief details of any arrangements with the principal distributor.
- (4) Describe all available purchase options and state, if applicable, that the choice of different purchase options requires the investor to pay different fees and expenses and, if applicable, that the choice of different purchase options affects the amount of compensation paid by a member of the organization of the mutual fund to the dealer.
- (5) Disclose that a dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with a failed settlement of a

purchase of securities of the mutual fund caused by the investor.

- (6) For a mutual fund that is being sold on a best efforts basis, state whether the issue price will be fixed during the initial distribution period, and state when the mutual fund will begin issuing securities at the net asset value per security of the mutual fund.

Item 9: Redemption of Securities

- (1) Describe the procedures followed, or to be followed, by an investor who desires to redeem securities of the mutual fund, specifying the procedures to be followed and documents to be delivered before a redemption order pertaining to securities of the mutual fund is accepted by the mutual fund for processing and before payment of the proceeds of redemption is made by the mutual fund.
- (2) State that the redemption price of the securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the mutual fund of the redemption order.
- (3) Disclose that a dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with any failure of the investor to satisfy the requirements of the mutual fund or securities legislation for a redemption of securities of the mutual fund.
- (4) Discuss the circumstances under which the mutual fund may suspend redemptions of the securities of the mutual fund.

Item 10: Responsibility for Mutual Fund Operations

10.1 General

Describe how each of the following aspects of the operations of the mutual fund are administered and who administers those functions:

- (a) the management and administration of the mutual fund, including valuation services, fund accounting and securityholder records, other than the

management of the portfolio assets;

- (b) the management of the portfolio assets, including the provision of investment analysis or investment recommendations and the making of investment decisions;
- (c) the purchase and sale of portfolio assets by the mutual fund and the making of brokerage arrangements relating to the portfolio assets;
- (d) the distribution of the securities of the mutual fund;
- (e) if the mutual fund is a trust, the trusteeship of the mutual fund;
- (f) if the mutual fund is a corporation, the oversight of the affairs of the mutual fund by the directors of the mutual fund; and
- (g) the custodianship of the assets of the mutual fund.

INSTRUCTION:

The disclosure required under Item 10.1 may be provided separately from, or combined with, the detailed disclosure concerning the persons or companies that provide services to the mutual fund required by Items 10.2 through 10.10.

10.2 Manager

- (1) State the name, address, telephone number, e-mail address and, if applicable, website address of the manager of the mutual fund.
- (2) List the names and home addresses in full or, alternatively, solely the municipality of residence or postal address, and the respective positions and offices held with the manager and their respective principal occupations at, and within the five years preceding, the date of the annual information form, of all partners, directors and officers of the manager of the mutual fund at the date of the annual information form.
- (3) If a partner, director or officer of the manager of the mutual fund has held

more than one office with the manager of the mutual fund within the past five years, state only the current office held.

- (4) If the principal occupation of a director or officer of the manager of the mutual fund is with an organization other than the manager of the mutual fund, state the principal business in which the organization is engaged.
- (5) Describe the circumstances under which any agreement with the manager of the mutual fund may be terminated, and include a brief description of the essential terms of this agreement.

10.3 Portfolio Adviser

- (1) If the manager of the mutual fund provides the portfolio management services in connection with the mutual fund, so state.
- (2) If the manager does not provide portfolio management services, state the names and municipality of the principal or head office for each portfolio adviser of the mutual fund.
- (3) State
 - (a) the extent to which investment decisions are made by certain individuals employed by the manager or a portfolio adviser and whether those decisions are subject to the oversight, approval or ratification of a committee; and
 - (b) the name, title, and length of time of service of the person or persons employed by or associated with either the manager or a portfolio adviser of the mutual fund who is or are principally responsible for the day-to-day management of a material portion of the portfolio of the mutual fund, implementing a particular material strategy or managing a particular segment of the portfolio of the mutual fund, and each person's business experience in the last five years.
- (4) Describe the circumstances under which any agreement with a portfolio adviser of the mutual fund may be terminated, and include a brief

description of the essential terms of this agreement.

10.4 Brokerage Arrangements

- (1) State
 - (a) the formula, method or criteria, if any, used in allocating brokerage business to persons or companies engaged in the distribution of the securities of the mutual fund;
 - (b) the formula, method or criteria, if any, used in allocating brokerage business to persons or companies that furnish statistical, research or other services to the mutual fund, or to the manager or to the portfolio adviser of the mutual fund; and
 - (c) the formula, method or criteria, if any, used in allocating brokerage business to an "affiliated entity", within the meaning of that term contained in the Instructions in Item 11.2, and any variation from any formula, method or criteria applied in allocating brokerage business to a non-affiliated entity.
- (2) State the name of any person or company that has provided investment decision-making services to the manager or a portfolio adviser of the mutual fund in connection with the mutual fund since the date of the last annual information form of the mutual fund, and a summary of the nature of those services, if all or some of those services were paid for through commissions or brokerage transactions executed on behalf of the mutual fund.

INSTRUCTION:

The term "investment decision-making services" means

- (a) *advice as to the value of securities and the advisability of effecting transactions in securities;*
- (b) *analyses and reports concerning securities, portfolio strategies or performance, issuers, industries, or economic or political factors and*

trends; and

- (c) *databases or software to the extent they are designed mainly to support the services referred to in paragraphs (a) and (b).*

10.5 Principal Distributor

- (1) If applicable, state the name and address of the principal distributor of the mutual fund.
- (2) Describe the circumstances under which any agreement with the principal distributor of the mutual fund may be terminated, and include a brief description of the essential terms of this agreement.

10.6 Directors, Officers and Trustees

- (1) List the names and home addresses in full or, alternatively, solely the municipality of residence or postal address, and the principal occupations at, or within the five years preceding, the date of the annual information form, of all directors or officers of an incorporated mutual fund or of the individual trustee or trustees, if any, of a mutual fund that is a trust.
- (2) State, for a mutual fund that is a trust, the names and municipality of residence for each person or company that is responsible for performing the trusteeship function of the mutual fund.
- (3) Indicate, for an incorporated mutual fund, all positions and offices with the mutual fund then held by each person named in response to subsection (1).
- (4) If the principal occupation of a director, officer or trustee is that of a partner, director or officer of a company other than the mutual fund, state the business in which the company is engaged.
- (5) If a director or officer of an incorporated mutual fund has held more than one position in the mutual fund, state only the first and last position held.

- (6) For a mutual fund that is a limited partnership, provide the information required by this Item for the general partner of the mutual fund, modified as appropriate.

10.7 Custodian

- (1) State the name, municipality of the principal or head office, and nature of business of the custodian and any principal sub-custodian of the mutual fund.
- (2) Describe generally the sub-custodian arrangements of the mutual fund.

INSTRUCTION:

A "principal sub-custodian" is a sub-custodian to whom custodial authority has been delegated in respect of a material portion or segment of the portfolio assets of the mutual fund.

10.8 Auditor

State the name and municipality of the auditor of the mutual fund.

10.9 Registrar

If applicable, state the name of the registrar of securities of the mutual fund and the municipalities in which the register of securities of the mutual fund are kept.

10.10 Other Service Providers

State the name, municipality of the principal or head office, and the nature of business of each other person or company that provides services relating to portfolio valuation, securityholder records, fund accounting, or other material services, in respect of the mutual fund, and describe the material features of the contractual arrangements by which the person or company has been retained.

Item 11: Conflicts of Interest

11.1 Principal Holders of Securities

- (1) The information required in response to this Item shall be given as of a specified date within 30 days before the date of the annual information form.
- (2) Disclose the number and percentage of securities of each class or series of voting securities of the mutual fund and of the manager of the mutual fund owned of record or beneficially, directly or indirectly, by each person or company that owns of record, or is known by the mutual fund or the manager to own beneficially, directly or indirectly, more than 10 percent of any class or series of voting securities, and disclose whether the securities are owned both of record and beneficially, of record only, or beneficially only.
- (3) For any entity that is named in response to subsection (2), disclose the name of any person or company of which that entity is a "controlled entity".
- (4) If any person or company named in respect of subsection (2) owns of record or beneficially, directly or indirectly, more than 10 percent of any class of voting securities of the principal distributor of the mutual fund, disclose the number and percentage of securities of the class so owned.
- (5) Disclose the percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the directors, senior officers and trustees
 - (a) of the mutual fund
 - (i) in the mutual fund if the aggregate level of ownership exceeds 10 percent,
 - (ii) in the manager, or
 - (iii) in any person or company that provides services to the

mutual fund or the manager; and

- (b) of the manager
 - (i) in the mutual fund if the aggregate level of ownership exceeds 10 percent,
 - (ii) in the manager, or
 - (iii) in any person or company that provides services to the mutual fund or the manager.

11.2 Affiliated Entities

- (1) State whether any person or company that provides services to the mutual fund or the manager in relation to the mutual fund is an affiliated entity of the manager, and show the relationships of those affiliated entities in the form of an appropriately labelled diagram.
- (2) State that disclosure of the amount of fees received from the mutual fund by each person or company described in subsection (1) is contained in the audited financial statements of the mutual fund.
- (3) Identify any individual who is a director or senior officer of the mutual fund or partner, director or officer of the manager and also of any affiliated entity of the manager described in response to subsection (1), and give particulars of the relationship.

INSTRUCTIONS:

- (1) *A person or company is an "affiliated entity" of another person or company if one is a subsidiary entity of the other or if both are subsidiary entities of the same person or company or if each of them is a controlled entity of the same person or company.*
- (2) *A person or company is a "controlled entity" of a person or company if*

- (a) *in the case of a person or company*
 - (i) *voting securities of the first-mentioned person or company carrying more than 50 percent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or company, and*
 - (ii) *the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned person or company;*
 - (b) *in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned person or company holds more than 50 percent of the interests in the partnership; or*
 - (c) *in the case of a limited partnership, the general partner is the second-mentioned person or company.*
- (3) *A person or company is a "subsidiary entity" of another person or company if*
- (a) *it is a controlled entity of*
 - (i) *that other,*
 - (ii) *that other and one or more persons or companies, each of which is a controlled entity of that other, or*
 - (iii) *two or more persons or companies, each of which is a controlled entity of that other; or*
 - (b) *it is a subsidiary entity of a person or company that is that other's subsidiary entity.*
- (4) *For the purposes of subsection (1) of Item 11.2, the provision of services includes the provision of brokerage services in connection*

with execution of portfolio transactions for the mutual fund.

11.3 Dealer Manager Disclosure

If the mutual fund is dealer managed, disclose this fact and that the mutual fund is subject to the restrictions set out in section 4.1 of National Instrument 81-102, and summarize section 4.1 of National Instrument 81-102.

Item 12: Fund Governance

- (1) Provide detailed information concerning the governance of the mutual fund, including information concerning
 - (a) the body or group that has responsibility for fund governance, the extent to which its members are independent of the manager of the mutual fund and the names and municipalities of residence of each member of that body or group; and
 - (b) descriptions of the policies, practices or guidelines of the mutual fund or the manager relating to business practices, sales practices, risk management controls and internal conflicts of interest, and if the mutual fund or the manager have no such policies, practices or guidelines, a statement to that effect.
- (2) If the mutual fund intends to use derivatives, describe the policies and practices of the mutual fund to manage the risks associated with the use of derivatives.
- (3) In the disclosure provided under subsection (2), include disclosure of
 - (a) whether there are written policies and procedures in place that set out the objectives and goals for derivatives trading and the risk management procedures applicable to derivatives trading;
 - (b) who is responsible for setting and reviewing the policies and procedures referred to in paragraph (a), how often are the policies and procedures reviewed, and the extent and nature of the involvement of the board of directors or trustee in the risk

management process;

- (c) whether there are trading limits or other controls on derivative trading in place and who is responsible for authorizing the trading and placing limits or other controls on the trading;
- (d) whether there are individuals or groups that monitor the risks independent of those who trade; and
- (e) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions.

INSTRUCTION:

The disclosure provided under this Item should make appropriate distinctions between the risks associated with the intended use by the mutual fund of derivatives for hedging purposes as against the mutual fund's intended use of derivatives for non-hedging purposes.

Item 13: Fees and Expenses

13.1 Management Fee Rebate or Distribution Programs

- (1) Disclose details of all arrangements that are in effect or will be in effect during the currency of the annual information form that will result, directly or indirectly, in one securityholder in the mutual fund paying as a percentage of the securityholder's investment in the mutual fund a management fee that differs from that payable by another securityholder.
- (2) In the disclosure required by subsection (1), describe
 - (a) who pays the management fee;
 - (b) whether a reduced fee is paid at the relevant time or whether the full fee is paid at that time with a repayment of a portion of the management fee to follow at a later date;
 - (c) who funds the reduction or repayment of management fees, when

the reduction or repayment is made and whether it is made in cash or in securities of the mutual fund;

- (d) whether the differing management fees are negotiable or calculated in accordance with a fixed schedule;
 - (e) if the management fees are negotiable, the factors or criteria relevant to the negotiations and state who negotiates the fees with the investor;
 - (f) whether the differing management fees payable are based on the number or value of the securities of the mutual fund purchased during a specified period or the number or value of the securities of the mutual fund held at a particular time; and
 - (g) any other factors that could affect the amount of the management fees payable.
- (3) Disclose the income tax consequences to the mutual fund and its securityholders of a management fee structure that results in one securityholder paying a management fee that differs from another.

Item 14: Income Tax Considerations

- (1) State in general terms the bases upon which the income and capital receipts of the mutual fund are taxed.
- (2) State in general terms the income tax consequences to the holders of the securities offered of
 - (a) any distribution to the holders in the form of dividends or otherwise, including amounts reinvested in securities of the mutual fund;
 - (b) the redemption of securities;
 - (c) the issue of securities; and

- (d) any transfers between mutual funds.

Item 15: Remuneration of Directors, Officers and Trustees

- (1) If the management functions of the mutual fund are carried out by employees of the mutual fund, provide for those employees the disclosure concerning executive compensation that is required to be provided for executive officers of an issuer under securities legislation.
- (2) Describe any arrangements, including the amounts paid, the name of the individual and any expenses reimbursed by the mutual fund to the individual, under which compensation was paid or payable by the mutual fund during the most recently completed financial year of the mutual fund, for the services of directors of the mutual fund and members of an independent board of governors or advisory board of the mutual fund
 - (a) in that capacity, including any additional amounts payable for committee participation or special assignments; and
 - (b) as consultants or experts.

Item 16: Material Contracts

- (1) List and provide particulars of
 - (a) the declaration of trust or trust agreement of the mutual fund, if any;
 - (b) any agreement of the mutual fund or trustee with the manager of the mutual fund;
 - (c) any agreement of the mutual fund, the manager or trustee with the portfolio adviser or portfolio advisers of the mutual fund;
 - (d) any agreement of the mutual fund, the manager or trustee with the custodian of the mutual fund;
 - (e) any agreement of the mutual fund, the manager or trustee with the

principal distributor of the mutual fund; and

- (f) any other contract or agreement that can reasonably be regarded as material to an investor in the securities of the mutual fund.
- (2) State a reasonable time at which and place where the contracts or agreements listed in response to subsection (1) may be inspected by prospective or existing securityholders.
- (3) Include, in describing particulars of contracts, the date of, parties to, consideration paid by the mutual fund under, termination provisions of, and general nature of, the contracts.

INSTRUCTION:

This Item does not require disclosure of contracts entered into in the ordinary course of business of the mutual fund.

Item 17: Legal and Administrative Proceedings

- (1) Describe briefly any ongoing legal and administrative proceedings material to the mutual fund, to which the mutual fund, its manager or principal distributor is a party.
- (2) For all matters disclosed under subsection (1), disclose
 - (a) the name of the court or agency having jurisdiction;
 - (b) the date on which the proceeding was instituted;
 - (c) the principal parties to the proceeding;
 - (d) the nature of the proceeding and, if applicable, the amount claimed; and
 - (e) whether the proceedings are being contested and the present status of the proceedings.

- (3) Provide similar disclosure about any proceedings known to be contemplated.
- (4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of any settlement agreement and the circumstances that gave rise to the settlement agreement, if the manager of the mutual fund, or a director or officer of the mutual fund or the partner, director or officer of the manager of the mutual fund has,
 - (a) in the 10 years before the date of the simplified prospectus, been subject to any penalties or sanctions imposed by a court or securities regulator relating to trading in securities, promotion or management of a publicly-traded mutual fund, or theft of fraud, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in determining whether to purchase securities of the mutual fund; or
 - (b) in the 10 years before the date of the simplified prospectus but after the date that National Instrument 81-101 came into force, entered into a settlement agreement with a court, securities regulatory or other regulatory body, in relation to any of the matters referred to in paragraph (a).
- (5) If the manager of the mutual fund, or a director or officer of the mutual fund or the partner, director or officer of the manager of the mutual fund has, within the 10 years before the date of the simplified prospectus, been subject to any penalties or sanctions imposed by a court or securities regulator relating to trading in securities, promotion or management of a publicly traded mutual fund, or theft or fraud, or has entered into a settlement agreement with a regulatory authority in relation to any of these matters, describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement.

Item 18: Other Material Information

- (1) Give particulars of any other material facts relating to the securities proposed to be offered that are not otherwise required to be disclosed by this Form or the SP Form.
- (2) Provide any specific disclosure required or permitted to be disclosed in a prospectus under securities legislation that is not otherwise required to be disclosed by this Form.
- (3) Subsection (2) does not apply to requirements of securities legislation that are form requirements for a prospectus.

INSTRUCTION:

The disclosure provided under subsection (2) may also be provided under Item 12 of Part A or Item 14 of Part B of the SP Form. If the disclosure is provided under one of these Items, it need not be provided under this Item.

Item 19: Certificate of the Mutual Fund

- (1) Include a certificate of the mutual fund that states:

"This annual information form, the financial statements of the fund [specify] for the financial period ended [specify] and the auditors' report on those financial statements, together with the simplified prospectus required to be sent or delivered to a purchaser during the currency of this annual information form, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus and do not contain any misrepresentation."
- (2) The certificate required to be signed by the mutual fund shall, if the mutual fund is established as a trust, be signed
 - (a) if any trustee of the mutual fund is an individual, by each individual who is a trustee or by a duly authorized attorney of the individual;
or

- (b) if any trustee of the mutual fund is a body corporate, by the duly authorized signing officer or officers of the body corporate.
- (3) Despite subsection (2), if the declaration of trust or trust agreement establishing the mutual fund delegates the authority to do so, or otherwise authorizes a person to do so, the certificate form required to be signed by the trustee or trustees of the mutual fund may be signed by the person to whom the authority is delegated or who is authorized.
- (4) Despite subsections (2) and (3), if the trustee of the mutual fund is also its manager, the certificate shall indicate that it is being signed by the person or company both in its capacity of trustee and in its capacity as manager of the mutual fund and shall be signed in the manner prescribed by Item 20.

Item 20: Certificate of the Manager of the Mutual Fund

- (1) Include a certificate of the manager of the mutual fund in the same form as the certificate signed by the mutual fund.
- (2) The certificate shall, if the manager is a company, be signed by the chief executive officer and the chief financial officer of the manager, and on behalf of the board of directors of the manager by any two directors of the manager other than the chief executive officer or chief financial officer, duly authorized to sign.
- (3) Despite subsection (2), if the manager has only three directors, two of whom are the chief executive officer and chief financial officer, the certificate required by subsection (2) to be signed on behalf of the board of directors of the manager shall be signed by the remaining director of the manager.

Item 21: Certificate of Each Promoter of the Mutual Fund

- (1) Include a certificate of each promoter of the mutual fund in the same form as the certificate signed by the mutual fund.

- (2) The certificate to be signed by the promoter shall be signed by any officer or director of the promoter duly authorized to sign.

Item 22: Certificate of the Principal Distributor of the Mutual Fund

- (1) Include a certificate of the principal distributor of the mutual fund that states:

"To the best of our knowledge, information and belief, this annual information form, the financial statements of the fund [specify] for the financial period ended [specify] and the auditors' report on those financial statements, together with the simplified prospectus required to be sent or delivered to a purchaser during the currency of this annual information form, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus and do not contain any misrepresentation."

- (2) The certificate to be signed by the principal distributor shall be signed by any officer or director of the principal distributor duly authorized to sign.

INSTRUCTION:

For a mutual fund that has a principal distributor, the certificate required by this Item is necessary to satisfy the requirements of securities legislation that an underwriter sign a certificate to a prospectus.

Item 23: Exemptions and Approvals

- (1) Describe all exemptions from, or approvals under, this Instrument, National Instrument 81-102, National Instrument 81-105 or National Policy Statement No. 39, obtained by the mutual fund or the manager that continue to be relied upon by the mutual fund or the manager.
- (2) Include the disclosure required by subsection (1) in the section of the annual information form that describes the matter to which the exemption pertains.

Item 24: Back Cover

- (1) State on the back cover the name of the mutual fund or funds included in the annual information form or the mutual fund family, as well as the name, address and telephone number of the manager of the mutual fund or funds.
- (2) State, in substantially the following words:
 - "● Additional information about the Fund[s] is available in the Fund['s/s'] financial statements.
 - You can get a copy of the Fund['s/s'] financial statements, including a statement of portfolio transactions, at no cost by calling [toll-free/collect] [insert toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer or by e-mail at [insert e-mail address].
 - The financial statements and other information about the Fund[s], such as information circulars and material contracts, are also available on the [insert name of mutual fund manager] Internet site at [insert fund's Internet site] or at www.sedar.com."

**NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE
FORM 81-101F2
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