

ANNUAL INFORMATION FORM

For the year ended December 31, 2009

OIL SANDS SECTOR FUND

March 30, 2010

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OIL SANDS SECTOR FUND

THE TRUST

Oil Sands Sector Fund (the “Trust”) is a closed-end investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of February 24, 2006 (the “Declaration of Trust”). Markland Street Asset Management Inc. is the trustee of the Trust (the “Trustee”) and the manager of the Trust (the “Manager” or “Markland”). The registered office of the Manager and the Trust is TD Waterhouse Tower, TD Centre, 79 Wellington Street West, Suite 2402, Toronto, Ontario M5K 1A2.

The Trust’s investment advisor is AGF Investments Inc. (“AGF” or the “Investment Advisor”). The Investment Advisor provides investment advisory and portfolio management services to the Trust pursuant to an investment advisory agreement dated as of February 24, 2006 between the Trust, the Manager and the Investment Advisor (the “Investment Advisory Agreement”).

The Trust completed its initial public offering (the “Offering”) with the issuance of 40,000,000 transferable, redeemable units (the “Units”) of the Trust at \$10.00 (the “Offering Price”) per Unit on March 15, 2006 and 3,000,000 Units pursuant to an over-allotment option on March 28, 2006.

The Trust’s investment objectives (the “Investment Objectives”) are:

- (A) to provide long term capital appreciation for holders of Units (“Unitholders”); and
- (B) to provide Unitholders with a stable stream of quarterly cash distributions targeted to be \$0.125 per Unit (\$0.50 per Unit per annum or 5.0% per annum on the original issue price of \$10.00 per Unit).

The Trust’s investment strategy (the “Investment Strategy”) is to invest in an actively managed portfolio (the “Portfolio”) of equity securities, consisting primarily of securities of issuers participating in the Canadian oil sands sector with the balance of the Portfolio (up to 25% of the total assets) consisting primarily of other issuers involved in the energy sector. The Portfolio’s composition will vary over time depending on the Investment Advisor’s assessment of market conditions and outlook.

Potential investments in the oil sands sector will include securities, other than debt securities, issued by issuers with direct investments in oil sands projects and those whose underlying business is directly or indirectly related to the oil sands sector, including, without limitation, service companies such as pipelines and heavy equipment manufacturers or distributors (collectively, “Oil Sands Securities”). Potential investments by the Trust in the energy sector include securities, other than debt securities, issued by issuers whose underlying business is related to the energy sector, other than Oil Sands Securities (collectively, “Energy Securities”).

At least every 90 days, or more often at the discretion of the Investment Advisor, the Investment Advisor will rebalance the Portfolio such that Oil Sands Securities represent, at the time of such rebalancing, at least 75% of the total assets of the Portfolio by value.

In selecting investments for the Trust, the Investment Advisor will employ a bottom-up approach. Oil Sands Securities will be selected based on fundamental research, including each issuer’s potential to generate above average production growth and finance future growth. AGF will meet with management,

competitors and investment analysts. Securities will be sold where the Investment Advisor identifies opportunities which it believes are more attractive relative to the securities in question.

Other Energy Securities, in particular oil and gas trusts, will be assessed based on strict criteria that include anticipated stability of future earnings, reserve life index, sustainable production and payout ratio, quality of management and debt to equity ratios.

AGF's investment decisions are based on selecting securities that meet rigorous investment criteria. The team members' experience and insight are important factors in the selection process. The team members also consult industry leaders in order to obtain further insights.

INVESTMENT CRITERIA

The Trust's investment criteria (the "Investment Criteria") for the Portfolio provide that the Trust may purchase:

- (i) Oil Sands Securities or Energy Securities listed on the Toronto Stock Exchange, TSX Venture Exchange, New York Stock Exchange, American Stock Exchange, NASDAQ or NEX Exchange or any successors thereto;
- (ii) cash or Cash Equivalents, which, subject to the Trust's investment strategy, shall be in such amounts as the Investment Advisor deems advisable, including indebtedness that has a remaining term to maturity of less than one year and that is issued or fully guaranteed by the government of Canada or of a jurisdiction thereof, the government of the United States and of certain other foreign countries having an approved credit rating for the purposes of National Instrument 81-102 *Mutual Funds* ("NI 81-102") (as if the Trust were subject to NI 81-102) and certain Canadian or foreign financial institutions rated as short-term debt and having an approved credit rating for the purposes of NI 81-102 (as if the Trust were subject to NI 81-102); and
- (iii) derivative instruments, including covered call options.

INVESTMENT RESTRICTIONS

The Trust is not considered to be a mutual fund under the securities legislation of the provinces of Canada. Consequently, the Trust is not subject to the various policies and regulations that apply to mutual funds, including NI 81-102.

The investment activities of the Trust are to be conducted in accordance with, among other things, the following investment restrictions ("the "Investment Restrictions"):

- (i) **Concentration.** Not more than 10% of the total assets of the Trust (as determined at the time of purchase) will be invested in the securities of any one issuer (other than short-term debt securities issued or guaranteed by the Government of Canada, any Canadian province or municipality or the United States).
- (ii) **Commodities.** The Trust will not purchase or sell commodities or commodity contracts for the Portfolio.

- (iii) **Illiquid Securities.** Not more than 10% of the total assets (as determined at the time of purchase) of the Trust will be invested in “illiquid securities”. The term “illiquid securities” for this purpose means securities that cannot be disposed of within seven days in the ordinary course of business at approximately the amount at which the securities are valued for the Trust.
- (iv) **Real Estate.** The Trust will not purchase real estate.
- (v) **Control.** The Trust will not purchase more than 10%, in the aggregate, of the outstanding equity securities of an issuer or purchase the securities of an issuer for the purpose of exercising control over management of that issuer.
- (vi) **Mutual Fund Trust Status.** The Trust will not make any investment or conduct any activity that would result in the Trust failing to qualify as a “unit trust” and a “mutual fund trust” within the meaning of the *Income Tax Act* (Canada) and the regulations thereunder (the “Tax Act”) under the then current definition of “unit trust” or “mutual fund trust”, in order for the Trust to qualify under the current definition of “unit trust”, among other requirements:
 - (A) at least 80% of the property of the Trust at all times must consist of any combination of (a) shares, (b) any property that, under the terms or conditions of which or under an agreement, is convertible into, is exchangeable for or confers a right to acquire shares, (c) cash, (d) bonds, debentures, mortgages, hypothecary claims, notes and other similar obligations, (e) marketable securities, (f) real property situated in Canada and interests in such property and (g) rights to and interests in any rental or royalty computed by reference to the amount or value of production from a natural accumulation of petroleum or natural gas in Canada, from an oil or gas well in Canada or from a mineral resource in Canada;
 - (B) not less than 95% of the income from the Trust (determined without reference to subsections 49(2.1) and 104(6) of the Tax Act) for each year must be derived from, or from the disposition of, investments described in (i) above; and
 - (C) not more than 10% of the Trust’s property, at any time, 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.
- (vii) **Taxable Canadian Property.** The Trust will not make or hold any investment that would result in more than 10% (by fair market value) of the Trust’s property being “taxable Canadian property” or other “specified property” as described in proposed amendments to the Tax Act released by the Minister of Finance (Canada) on September 16, 2004.
- (viii) **Foreign Investment Entities and Non-Resident Trusts.** The Trust will not invest in the securities of any non-resident corporation or trust or other non-resident entity if the Trust would be required to mark its investment in such securities to market in accordance with proposed section 94.2 of the Tax Act or to include any significant amounts in income pursuant to proposed sections 94.1

or 94.3 of the Tax Act, as set forth in the proposed amendments to the Tax Act dealing with foreign investment entities or invest in non-resident trusts other than an “exempt trust” as defined in section 94(1) of the Tax Act.

- (ix) **No Loans or Guarantee.** The Trust will not make loans or guarantee securities or obligations of another person or company other than the Manager, and then only in respect of the activities of the Trust, except that the Trust may purchase and hold debt obligations (including bonds, debentures or other obligations and certificates of deposit, bankers’ acceptances and fixed time deposits) in accordance with its Investment Objectives.
- (x) **Derivatives.** The Trust will not purchase or sell derivative instruments except as described under the heading “Fund Governance — Use of Derivative Instruments”.
- (xi) **Short Sales.** The Trust will not make short sales of securities or maintain short positions.
- (xii) **Tax Shelter Investments.** The Trust will not invest in any securities that would be a tax shelter investment within the meaning of Section 143.2 of the Tax Act.
- (xiii) **Foreign Affiliate.** The Trust will not invest in any securities of an issuer that would be a foreign affiliate of the Trust for purposes of the Tax Act.
- (xiv) **Underwriting.** The Trust will not act as an underwriter except to the extent that the Trust may be deemed to be an underwriter in connection with the sale of securities in its Portfolio.

If, at any time, an investment takes the Portfolio outside the permitted ranges in paragraphs (i) and (iii) above, and provided there is no breach of the other Investment Restrictions, the Trust shall have 90 days to conduct such purchases and sales of securities as are necessary to cause the Trust to adhere to such permitted ranges.

The Trust will not be considered to have breached the Investment Restrictions above and will not be required to dispose of any security in the Portfolio as a result of changes to the value of such security, the Portfolio or the total assets of the Trust as a whole (except for the restrictions in paragraphs (vi), (vii), (viii), (xii) and (xiii) above which must be complied with at all times and which may necessitate the sale of Portfolio securities from time to time) so long as any percentage restriction on investment or use of assets set forth above was adhered to at the time of purchase. If the Trust receives from an issuer subscription rights to purchase securities of that issuer, and if the Trust exercises those subscription rights at a time when the Trust’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 Portfolio securities on exercise of those rights, the Trust has sold at least as many Portfolio securities of the same class and value as would result in the restriction being complied with.

Any change in the Investment Objectives, Investment Strategy, Investment Criteria or Investment Restrictions, unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time, requires the approval of Unitholders by extraordinary resolution (an “Extraordinary Resolution”). An extraordinary resolution is a resolution passed by holders of not less than two-thirds of the Units voting thereon at a meeting duly convened for the consideration of such matter.

The Trust has not deviated in the last year from the rules under the Tax Act that apply to the status of the Units as qualified investments within the meaning of the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans or registered disability savings plans.

LOAN FACILITY

The Trust may enter into a loan facility (the “Loan Facility”) with one or more Canadian chartered banks (collectively, the “Lender”). The Lender will be at arm’s length to the Trust, the Trustee, the Manager and the Investment Advisor and their respective affiliates and associates.

The Loan Facility will permit the Trust to borrow up to an amount not exceeding the lesser of (a) \$17.7 million and (b) 15% of the value of the total assets within the Portfolio, determined at the time of borrowing, which may be used for various purposes, including purchasing additional securities for the Portfolio and for cash flow purposes. In the event that the total amount borrowed by the Trust under the Loan Facility at any time exceeds 20% of the value of the total assets within the Portfolio, the Investment Advisor will take appropriate steps with the Portfolio which may include liquidating a portion of the Portfolio securities in an orderly manner and using the proceeds thereof to reduce indebtedness so that the amount borrowed under the Loan Facility does not exceed 15% of the value of the total assets within the Portfolio.

The interest rates, fees and expenses under the Loan Facility will be typical of credit facilities of this nature and the Trust expects that the Lender will require the Trust to provide a security interest in favour of the Lender over the assets of the Trust to secure such borrowings. The Loan Facility will contain provisions to the effect that in the event of a default under the Loan Facility, the Lender’s recourse will be limited solely to the assets of the Trust.

Other than borrowing by the Trust under the Loan Facility, the Trust will not engage in other borrowings.

DESCRIPTION OF UNITS

The Trust is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each representing an equal, undivided beneficial interest in the net assets of the Trust. All Units have equal rights and privileges. Each whole Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by the Trust, including distributions of net income and net realized capital gains, and distributions upon the termination of the Trust. Units are issued only as fully paid and are non-assessable. Fractions of Units are proportionately entitled to all of these rights except voting rights.

The Declaration of Trust provides that the Trust will not issue additional Units following completion of the Offering except: (i) by way of private placement or public offering where the net proceeds per Unit to be received by the Trust are not less than the most recently calculated NAV per Unit prior to the date of the setting of the subscription price by the Trust; (ii) on a distribution of Units; or (iii) with the approval of Unitholders by Extraordinary Resolution.

Distribution Rights

Part of the Trust’s Investment Objectives is to declare quarterly cash distributions to Unitholders of record at 5:00 p.m. (Toronto time) on the last business day of each March, June, September and December which will be paid (net of applicable non-resident withholding tax) on or before the 10th business day of the month following the end of the period for which the distribution is made.

The Trust annually determines and announces in the first quarter the distribution amount for the following 12 months based upon prevailing market conditions and the Manager's estimate of distributable cash flow for the year. On March 2, 2010, the Trust announced that its targeted quarterly distribution amount for 2010 is \$0.125 per Unit or \$0.50 per annum.

The distributions received by the Trust from issuers whose securities are included in the Portfolio may vary from quarter to quarter and certain of these issuers may pay distributions less frequently than quarterly, with the result that the Trust's distributable cash flow available for targeted quarterly distributions to Unitholders could vary substantially and there can be no assurance that the Trust will make any distributions in any particular quarter or quarters. The Trust may also borrow to pay distributions if it considers it appropriate.

The Declaration of Trust provides that if, in any year after quarterly cash distributions have been paid, there would otherwise remain in the Trust additional net income or net realized capital gains, a special distribution of such portion of the remaining net income and net realized capital gains as is necessary to ensure that the Trust will not be liable for ordinary income tax thereon under the Tax Act (other than such tax on net realized capital gains that would be recoverable by it in such year by reason of the capital gains refund provisions under the Tax Act) will be automatically payable to Unitholders of record on December 31 of that year. If the Trust does not have sufficient cash available to fund all of such additional distribution, additional Units will be issued in satisfaction of the deficiency. Any such distribution that is satisfied by the issuance of additional Units will be treated, to the extent possible, as a distribution of net realized capital gains. Immediately following payment of such a distribution in Units, the number of Units outstanding will be automatically consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the distribution, except in the case of a non-resident Unitholder if tax was required to be withheld in respect of the distribution.

It is intended that quarterly cash distributions over the term of the Trust will be funded primarily from distributions and dividends received by the Trust on securities held in the Portfolio and from net realized capital gains from the Portfolio. It is expected that a portion of the distributions to be paid by the Trust will not be taxable because of the character of amounts received by the Trust on the Portfolio and tax deductions otherwise available to the Trust. A Unitholder will be required to reduce the adjusted cost base of such Unitholder's Units by the amount of distributions made by the Trust that are not taxable (other than the non-taxable portion of capital gains). The adjusted cost base of Units purchased under the Offering is therefore expected to be less than \$10.00 per Unit on the termination of the Trust.

As registrations of interests in the Units will be made through the book-entry only system, the Trust will, prior to March 1 of each year, provide CDS (as defined herein) with the information necessary to enable Unitholders to complete an income tax return with respect to amounts paid or payable by the Trust to such Unitholders in respect of the preceding taxation year of the Trust. Each Unitholder will in turn receive such information from its applicable CDS Participant (as defined herein).

Unitholders who are non-residents of Canada will be required to pay all withholding taxes payable in respect of any distributions by the Trust in accordance with the Tax Act.

Distribution Reinvestment Plan

The Trust has adopted a Distribution Reinvestment Plan ("DRIP") which permits eligible Unitholders to automatically reinvest their quarterly cash distributions in additional Units of the Trust in accordance with the DRIP.

Voting Rights

Each whole Unit is entitled to one vote at all meetings of Unitholders. Prior to any meeting of Unitholders which is called under provisions of the Declaration of Trust, the Trust will provide the Unitholders (along with notice of such meeting) all such information as is required by applicable law to be provided to such holders.

Meetings of Unitholders

The Trustee may, at any time, convene a meeting of the Unitholders and will be required to convene a meeting on receipt of a request, in writing, by the Manager or by Unitholders holding in aggregate 10% or more of the outstanding Units. The Trustee will convene such meeting within 60 days of receipt of such request.

Except in respect of an Extraordinary Resolution, a quorum for any meeting of Unitholders is two or more persons present in person or by proxy representing not less than 15% of the Units then outstanding. A quorum for a meeting at which an Extraordinary Resolution is to be considered is two or more Unitholders present in person or by proxy representing not less than 25% of the Units then outstanding. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting will be cancelled if convened pursuant to a request of Unitholders, but otherwise will be adjourned, and will be held at the same time and place on the day which is 14 days later (or if that date is not a Business Day, the first Business Day prior to that date). The Manager will give at least three days' notice by press release to Unitholders of the date of the reconvening of the meeting and, at the reconvened meeting, persons present in person or represented by proxy will constitute a quorum. Each Unitholder is entitled to one vote per Unit held.

Any matter to be considered at a meeting of Unitholders, other than certain matters requiring the approval of Unitholders by Extraordinary Resolution or unanimous approval of Unitholders (as discussed below), will require the approval of Unitholders by a resolution passed by holders of not less than 50% of the Units voting thereon at a meeting duly convened for the consideration of such matter.

Acts Requiring Unitholder Approval

The following matters may be undertaken only with the approval of Unitholders by an Extraordinary Resolution:

- (i) any change in the Investment Objectives, Investment Strategy, Investment Criteria or Investment Restrictions, unless such change is necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- (ii) any change of the Manager (other than to an affiliate of the Manager);
- (iii) any change of the Investment Advisor (other than to an affiliate of the Investment Advisor) or termination of the Investment Advisory Agreement other than in circumstances where the Investment Advisor has been removed by the Manager on behalf of the Trust pursuant to the Investment Advisory Agreement;
- (iv) any change in the basis of calculating fees or other expenses charged to the Trust that could result in an increase in charges to the Trust, other than a fee or expense charged by a person or company that is at arm's length to the Trust and for which

Unitholders are sent a written notice of such change at least 60 days before the effective date of such change;

- (v) a reorganization with, or transfer of assets to, a mutual fund trust, other than a Permitted Merger (as defined below), if (i) the Trust ceases to continue after the reorganization or transfer of assets; and (ii) the transaction results in Unitholders becoming securityholders in the mutual fund trust;
- (vi) a reorganization with, or acquisition of assets of, a mutual fund trust, other than a Permitted Merger, if (i) the Trust continues after the reorganization or acquisition of assets; (ii) the transaction results in the securityholders of the mutual fund trust becoming Unitholders of the Trust; and (iii) the transaction would be a significant change to the Trust;
- (vii) any amendment, modification or variation in the provisions or rights attaching to the Units that could, in the opinion of the Manager, have the potential to adversely impact the financial interests or rights of Unitholders;
- (viii) any issue of Units at a subscription price that yields net proceeds less than the net asset value (“NAV”) per Unit calculated prior to the pricing of the offering; and
- (ix) any reduction in the frequency of calculating the NAV per Unit to less often than weekly.

Except as described below, a material amendment to the Declaration of Trust may only be made with the consent of the Unitholders given by Extraordinary Resolution. However, unless all of the Unitholders consent thereto, no amendment can be made to the Declaration of Trust which would have the effect of reducing the interests in the Trust of the Unitholders, increasing the liability of any Unitholder, or changing the right of any Unitholder to vote at any meeting. No amendment may be made to the Declaration of Trust which would have the effect of reducing the fees payable to the Manager or terminating the Manager unless the Manager, in its sole discretion, consents.

The Manager may, without obtaining Unitholder approval, merge the Trust with another investment fund or funds (a “Permitted Merger”), provided that:

- (i) the investment fund(s) with which the Trust is merged must be managed by the Manager or an affiliate of the Manager (the “Affiliated Fund(s)”);
- (ii) Unitholders 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 Trust and the Affiliated Fund(s) have similar investment objectives as set forth in their respective declarations of trust, as determined in good faith by the Manager and by the manager of the Affiliated Fund(s) in their sole discretion;
- (iv) the Manager must have determined in good faith that there will be no increase in the aggregate general and administrative expenses as a result of the merger and that there will be no increase in the management expense ratio of the Trust as a result of the merger;

- (v) the merger of the Trust and the Affiliated Fund(s) is completed on the basis of an exchange ratio determined with reference to the net asset value per unit of each of the Trust and the Affiliated Fund(s); and
- (vi) the merger of the Trust and the Affiliated Fund(s) must be capable of being accomplished on a tax-deferred rollover basis under the Tax Act for Unitholders.

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 Unitholder approval for the merger or such amendments. If a decision is made to merge, the Manager will issue a press release at least 20 business days prior to the proposed effective date thereof disclosing details of the proposed merger. While the Trust and the Affiliated Fund(s) will have similar investment objectives, they may have different investment strategies, guidelines and restrictions and, accordingly, the units of the merged funds will be subject to different risk factors.

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

- (i) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law or regulation applicable to or affecting the Trust;
- (ii) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (iii) bring the Declaration of Trust into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities industry, provided that any such amendment does not adversely affect the pecuniary value of the interests of the Unitholders;
- (iv) ensure continuing compliance with applicable laws (including the Tax Act), regulations, requirements or policies of any governmental authority having jurisdiction over the Trustee or the Trust (including ensuring that the Trust continues to qualify as a “unit trust” and a “mutual fund trust”, each within the meaning of the Tax Act); or
- (v) make any change to the terms of the Declaration of Trust to provide added protection to Unitholders or which, in the opinion of the Manager having received written advice from counsel on the matter, would otherwise not be prejudicial to Unitholders.

Except for changes to the Declaration of Trust which require the approval of Unitholders or changes described above which require neither approval of nor prior notice to Unitholders, the Declaration of Trust may be amended from time to time by the Trustee at the request of the Manager upon not less than 30 days’ prior written notice to Unitholders.

Rights on Termination

The Trust may be terminated at any time upon not less than 90 days' written notice to the Manager with the approval of Unitholders by a majority vote at a meeting called for such purpose. In addition, the Manager may, in its discretion, terminate the Trust without the approval of Unitholders if, in its opinion, it is no longer economically practical to continue the Trust or the Manager determines that it would be in the best interest of Unitholders to terminate the Trust, or to terminate the Trust in connection with a Permitted Merger. On termination, the net assets of the Trust will be distributed to the Unitholders. Prior to the termination, the Manager will, to the extent practicable, convert the assets of the Trust to cash. The Manager may, in its discretion and upon not less than 30 days' prior written notice to Unitholders, extend the date on which the Trust is to be terminated by a period of up to 90 days, if the Manager would otherwise be unable to convert all the Portfolio assets to cash and the Manager determines that it would be in the best interests of the Unitholders to do so. Should the liquidation of certain securities not be practicable or should the Manager consider such liquidation not to be appropriate prior to the date on which the Trust is to be terminated, such securities will be distributed to Unitholders in kind rather than in cash subject to compliance with any securities or other laws applicable to such distributions.

Non-Resident Unitholders

At no time may non-residents of Canada, including for this purpose partnerships with one or more members that are not resident in Canada for purposes of the Tax Act, be the beneficial owners of a majority of the Units. The Trustee shall inform the transfer agent and registrar of the Trust 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. If the Trustee determines that a majority of the Units are beneficially held by non-residents, the Trustee may send a notice to such non-resident Unitholders, chosen in inverse order to the order of acquisition or in such manner as the transfer agent and registrar of the Trust may consider equitable and practicable, requiring them to sell their Units or a portion thereof to residents of Canada within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustee with satisfactory evidence that they are not non-residents within such period, the Trustee may, on behalf of such Unitholders, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units. Notwithstanding the foregoing, the Trustee may determine not to take any of the actions described above if the Trustee has been advised by legal counsel to the Trust that the failure to take any of such actions would not adversely impact the status of the Trust 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 Trust as a mutual fund trust for purposes of the Tax Act.

Book-Entry Only System

A book-entry only certificate representing Units was issued in registered form to The Canadian Depository for Securities Limited ("CDS"), or its nominee on its behalf, on the date of the closing of the Offering. Any purchase or transfer of Units must be made through participants in CDS ("CDS Participants"), which include securities brokers and dealers, banks and trust companies. 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 Units will receive a customer confirmation of purchase from the CDS Participant from whom such Units are purchased in accordance with the practices and procedures of such CDS Participant. Reference in this annual information form to a

Unitholder means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

No Unitholder will be entitled to a certificate or other instrument from the transfer agent or CDS for Units evidencing that person's interest in or ownership of Units, or will be shown on the records maintained by CDS, except through an agent who is a CDS Participant. All distributions in respect of Units will be made by the Trust to CDS and distributions to CDS will be forwarded by CDS to CDS Participants, and thereafter to the Unitholders.

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

The Trustee, on behalf of the Trust, has the option to terminate the book-entry only system through CDS, in which case Units in fully registered certificated form will be issued to Unitholders, as of the effective date of such termination.

VALUATION OF PORTFOLIO SECURITIES AND CALCULATION OF NAV

The NAV per Unit of the Trust will be calculated by the Manager or its agent as of 4:00 p.m. (Toronto time) or such other time the Manager or its agent deems appropriate (the "Valuation Time") on the following days (each, a "Valuation Date"): (i) each Thursday during the year (or, if a Thursday is not a business day, then on the business day following such Thursday); (ii) the last business days of March, June, September and December; (iii) each Annual Redemption Date (as defined herein); and (iv) any other date on which the Manager elects, in its discretion, to calculate the NAV per Unit. Such information will be provided by the Manager to Unitholders on request by calling 1-866-626-3707 or via the Internet at www.marklandstreet.com.

Pursuant to the terms of an exemptive relief order issued by the securities regulatory authorities in each of the provinces, for so long as the Units of the Trust are listed on the TSX and the Trust calculates its net asset value weekly the Trust is exempt from the requirement in section 14(3)(b) of National Instrument 81-106 – Investment Fund Continuous Disclosure ("NI 81-106") to calculate its net asset value daily.

The NAV on a particular date will be equal to the aggregate value of the assets of the Trust, less the aggregate value of the liabilities of the Trust, including any income, net realized capital gains or other amounts made payable to Unitholders on or before such date which have not been paid as of such date, expressed in Canadian dollars. The NAV per Unit on any day will be obtained by dividing the NAV of the Trust on such day by the number of Units then outstanding.

In determining the NAV of the Trust at any time:

- (a) the value of any cash on hand or on deposit, prepaid expenses, cash distributions declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Trustee determines that any such asset is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Trustee determines to be the fair value thereof;
- (b) bonds and other debt securities shall be valued by taking the bid price;
- (c) effective on or about May 15, 2010, the Manager may implement fair value pricing at its discretion. Fair value pricing is designed to provide a more accurate NAV by making fair

value factor adjustments to quoted or published prices of non-North American securities for significant events occurring between the earlier close of non-North American markets and the time at which NAV is determined;

- (d) on any Valuation Date other than the Annual Redemption Date, the value of any security which 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, or lacking any recent sales or any record thereof, the last MID price (average of BID and ASK), as at the applicable date on which the value of the assets of the Trust is being determined, all as reported by any means in common use;
- (e) on the Annual Redemption Date, the value of any security which 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 volume weighted average trading price of the security on the three consecutive trading days ending on such Annual Redemption Date, or lacking any sales on such dates or any record thereof, the last mid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the fair market value as determined by the Manager shall be used), as at that date, all as reported by any means in common use;
- (f) the value of any security which is not listed or traded on a stock exchange or the resale of which is restricted by reason of a representation, undertaking or agreement by the Trust (or by the Trust's predecessor in title) or by law shall be determined on the basis of such price or yield equivalent quotations (which may be public quotations or may be obtained from major market makers) as the Manager reasonably determines best reflects fair value;
- (g) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, shall be treated as a liability of the Trust;
- (h) any security sold but not delivered, pending receipt of the proceeds, shall be valued at the net sale price;
- (i) where a covered clearing corporation option or an over-the-counter option is written, the option premium received by the Trust will, so long as the option is outstanding, be reflected as a deferred credit which will be valued at an amount equal to the current market value of an option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV;
- (j) the value of a forward contract shall be the gain or loss with respect thereto that would be realized as if the position in the forward contract were to be closed out;
- (k) margin paid or deposited in respect of forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (l) short-term investments (excluding bonds with a term to maturity that is less than one year) are valued at cost plus accrued interest which approximates their market value;

- (m) if any date on which NAV is determined is not a business day, then the securities comprising the Portfolio and other property of the Trust will be valued as if such date were the preceding business day;
- (n) the value of all assets of the Trust quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable to the Trust in foreign currency and the value of all liabilities and contractual obligations payable by the Trust in foreign currency shall be determined using the applicable rate of exchange current at, or as nearly as practicable to, the applicable date on which NAV is determined; and
- (o) estimated operating expenses of the Trust shall be accrued to the date as of which the NAV is being determined.

If an investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding such rules, the Manager shall make such valuation as it considers fair and reasonable. The Manager has exercised its discretion in determining the fair market value of certain securities in the past three years, including the following:

- the Toronto Stock Exchange closure on December 17, 2008 due to technical problems

Pursuant to NI 81-106, investment funds calculate their NAV using fair value (as defined therein) for the purposes of securityholder transactions. The Manager has established the policies to determine the fair value of the securities held by the Trust in accordance with NI 81-106 and such policies have been approved by the Board of Directors of the Manager. Net assets of the Trust will continue to be calculated in accordance with Canadian generally accepted accounting principles (“GAAP”) for the purposes of its financial statements, resulting in the use of bid prices for long positions and ask prices for short positions, unless such value is determined to be unreliable or not readily available by the Manager, in which case the fair value will be estimated using certain valuation techniques on such basis and in such manner as may be determined by the Manager in accordance with CICA Handbook Section 3855 for such purpose. The financial statements of the Trust will include a reconciliation of the net assets per Unit contained in the financial statements to the NAV per Unit, used for other purposes.

PURCHASES AND TRANSFERS

Units of the Trust are traded on the Toronto Stock Exchange (the “TSX”) under the ticker symbol of OSF.UN. Each purchaser of Units receives a customer confirmation of purchase from the CDS Participant from whom such Units are purchased in accordance with the practices and procedures of such CDS Participant.

REDEMPTION OF UNITS

Annual Redemption

Units may be surrendered for redemption during the period from July 15th until 5:00 p.m. (Toronto time) on the 20th business day before the last business day in August in each year (the “Notice Period”). Units surrendered for redemption by a Unitholder during the Notice Period will be redeemed only on the last business day in August of each year (the “Annual Redemption Date”) and the Unitholder will receive payment on or before the 15th business day following such Annual Redemption Date (the “Annual Redemption Payment Date”). The foregoing is subject to the Trust’s right to suspend redemptions (as described below).

Unitholders whose Units are redeemed are entitled to receive a redemption price per Unit equal to the Redemption Amount. “Redemption Amount” means the NAV per Unit determined as of the Annual Redemption Date less (i) the aggregate of all brokerage fees, commissions and other costs relating to the disposition of securities in the Portfolio necessary to fund such redemptions and (ii) if the Manager determines that it is not practicable or necessary for the Trust to effect all or part of such disposition, then the aggregate of all brokerage fees, commissions and other transaction costs that the Manager estimates would have resulted from such disposition. The redemption proceeds will be paid net of any amount required to be withheld therefrom under applicable law.

The Redemption Amount payable by the Trust in respect of any Units surrendered for redemption shall be satisfied by way of a cash payment; provided that the entitlement of Unitholders to receive cash upon redemption of their Units is subject to the limitation that if the Manager determines in good faith that satisfying redemptions with cash will be materially detrimental to the remaining Unitholders of the Trust, then redeeming Unitholders will receive, to the extent reasonably determined by the Manager to be necessary, any assets of the Trust other than cash. Such *in specie* payments may include securities and/or undivided interests in securities in the Portfolio that the Trust holds. While the Trust intends to invest in publicly listed securities, it is possible that assets delivered to Unitholders in connection with a redemption will not be listed on any stock exchange and that no market will develop for such assets. Assets so distributed may be subject to resale restrictions under applicable securities laws and may not be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans or tax-free savings accounts which would have adverse tax consequences to such plans and/or their annuitants or beneficiaries. Unitholders who hold Units through such plans should consult their tax advisors in the event that such *in specie* payment is to be made. Any capital gain realized by the Trust on a cash or an *in specie* payment will generally be made payable to the redeeming Unitholder as a distribution of the capital gain, and the taxable portion of the capital gain will thereby be included in that Unitholder’s income.

Exercise of Redemption Rights

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

Except as provided under the heading “Suspension of Redemptions”, by causing a CDS Participant to deliver to CDS a notice of the owner’s intention to redeem Units, an owner shall be deemed to have irrevocably surrendered his or her Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any Redemption Notice delivered by a CDS Participant regarding an owner’s intent to redeem which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the redemption privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give

effect to the settlement thereof in accordance with the owner's instructions will not give rise to any obligations or liability on the part of the Trust to the CDS Participant or to the owner.

Suspension of Redemptions

The Manager may direct the Trustee to suspend the redemption of Units or payment of redemption proceeds: (i) during any period when the Investment Advisor advises the Manager that normal trading is suspended on a market where more than 50% of the securities in the Portfolio (in terms of dollar value) trade and, if those securities are not traded on any other exchange that represents a reasonably practical alternative for the Trust; or (ii) with the prior permission of the securities regulatory authorities (where required), for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Trust or which impair the ability of the Trustee to determine the value of the assets of the Trust. The suspension shall apply to all requests for redemption received prior to the suspension date but for which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first business day following the termination of the suspension. All such Unitholders shall have, and shall be advised that they have, the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Trust, any declaration of suspension made by the Manager shall be conclusive.

Mandatory Market Purchase Program

To enhance liquidity and to provide market support for the Units, the Trust has a mandatory market purchase program under which the Trust will, subject to certain exceptions contained in the Declaration of Trust (as described below) and in compliance with any applicable regulatory requirements, be obligated to purchase Units for cancellation on and subject to the terms below. If, on any Business Day following the Closing, the closing price of the Units on the TSX (or such other exchange or market on which the Units are then listed if the Units are no longer listed on the TSX) is less than 95% of the NAV per Unit on such Business Day, on the following Business Day the Trust will offer to purchase for cancellation certain of the Units listed on the TSX (or such other exchange or market on which the Units are then listed if the Units are no longer listed on the TSX) at prices that are less than 95% of the latest NAV per Unit in one or more trades in order to seek to increase the last trade price so that it is equal to or greater than 95% of the latest NAV per Unit. Commencing with the first full calendar quarter following the Closing, the maximum number of Units to be purchased in any three month calendar quarter will be 1.25% of the number of Units outstanding at the beginning of such period; provided that a pro rata number of Units may be purchased during the period from the Closing until the day prior to beginning of the first full calendar quarter following the Closing. The Declaration of Trust provides that the Trust will not be obligated to make such purchases if, among other things: (i) in the opinion of the Manager, the Trust lacks the cash, debt capacity or other resources to make such purchases; (ii) in the opinion of the Manager, such market purchases would adversely affect the ongoing activities of the Trust or the remaining Unitholders; or (iii) the Manager reasonably believes that the Trust would be required to make an additional distribution in respect of the year to Unitholders of record on the last Valuation Date in December of a year in order that the Trust will generally not be liable to pay income tax after making such purchase.

In addition, the Declaration of Trust provides that the Trust has the right (but not the obligation), exercisable in its sole discretion, at any time, to purchase Units for cancellation in the market at a price not exceeding the NAV per Unit at that time, subject to any applicable regulatory requirements and limitations. It is expected that such purchases, if made, will be made as normal course issuer bids through

the facilities and under the rules of the exchange or market on which the Units are listed, if applicable, as provided for in the Declaration of Trust or as otherwise permitted by applicable securities laws.

RESPONSIBILITY FOR THE TRUST OPERATIONS

The Manager

Markland Street Asset Management Inc. acts as the Manager of the Trust in accordance with the Declaration of Trust. The registered office of the Manager is TD Waterhouse Tower, TD Centre, 79 Wellington Street West, Suite 2402, Toronto, Ontario M5K 1A2. The Manager can be contacted by telephone at 1-866-626-3707 and by email at info@marklandstreet.com.

Elliott & Page Limited (“EPL”), an indirect wholly-owned subsidiary of The Manufacturers Life Insurance Company (“Manulife”), is the beneficial owner of 100% of the issued and outstanding securities of the Manager.

The Manager is a promoter of the Trust within the meaning of applicable securities legislation.

Pursuant to the Declaration of Trust, the Manager has been given the authority to manage the activities and day to day operations of the Trust, including providing or arranging for the following services:

- (i) marketing and administrative services for the Trust;
- (ii) maintaining accounting records for the Trust;
- (iii) authorizing the payment of operating expenses incurred on behalf of the Trust;
- (iv) preparing financial statements, income tax forms and financial and accounting information as required by the Trust;
- (v) calculating the NAV of the Trust;
- (vi) ensuring that Unitholders are provided with financial statements and other reports as are required by applicable law from time to time;
- (vii) monitoring the Trust’s compliance with regulatory requirements and any applicable stock exchange listing requirements;
- (viii) preparing the Trust’s reports to Unitholders, the Canadian securities regulatory authorities and any stock exchange on which the Units are listed;
- (ix) administering the redemption of Units;
- (x) administering the market purchases of Units; and
- (xi) negotiating contractual agreements with third party providers of services, including custodians, transfer agents, auditors and printers.

Under the Declaration of Trust, the Manager may delegate certain of its duties to third parties (including parties related to the Manager).

The Manager is required to exercise its powers and discharge its duties as manager honestly, in good faith and in the best interests of the Trust and to exercise the care, diligence and skill of a reasonably prudent person in the circumstances. The Declaration of Trust provides that the Manager will not be liable for any default, failure or defect in any of the securities comprising the Portfolio if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence, disregard of the Manager’s standard of care or by any material breach or default by it of its obligations under the Declaration of Trust.

Unless the Manager resigns or is removed as described below, the Manager will continue as manager until the termination of the Trust. The Manager may resign as manager of the Trust upon 60 days’ written notice to the Unitholders. 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 the Unitholders. The Manager may also resign if the Trust is in breach or default of the provisions of the Declaration of Trust and, if capable of being cured, any such breach or default has not been cured within 30 days’ notice of such breach or default to the Trust and the Manager is deemed to have resigned if the Manager becomes bankrupt or insolvent or in the event the Manager ceases to be resident in Canada for the purposes of the Tax Act. In the event that the Manager is in material breach or default of its obligations under the Declaration of Trust and, if capable of being cured, any such breach or default has not been cured within 30 days’ notice of such breach or default to the Manager, the Trustee shall give notice thereof to Unitholders and the Unitholders (by Extraordinary Resolution) may direct the Trustee to remove the Manager and appoint a successor manager.

The Manager is entitled to fees for its services as manager under the Declaration of Trust as described under the heading “Fees and Expenses” and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Trust. In addition, the Manager and each of its directors, officers, employees and agents will be indemnified by the Trust for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made against, the Manager, or any of its officers, directors, employees 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.

The management services to be provided by the Manager under the Declaration of Trust are not exclusive to the Trust and nothing in the Declaration of Trust prevents the Manager from providing similar management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Trust) or from engaging in other activities. See “Conflicts of Interest”.

The name and municipality of residence of each of the directors and officers of the Manager and their principal occupations are as follows:

Name and Municipality of Residence	Position with Manager	Principal Occupation
Robert D. Levis Vancouver, British Columbia	Director and Managing Director	Director and Managing Director of the Manager and Deputy Chairman of Manulife Securities Incorporated

Clive Anderson Mississauga, Ontario	Director and Secretary	Chief Counsel, Individual Wealth Management, The Manufacturers Life Insurance Company
Sean Robitaille Toronto, Ontario	President and Chief Executive Officer	President and Chief Executive Officer of the Manager and Managing Director and Deputy Head of Manulife Capital Markets, a division of Manulife Securities Incorporated

Each of the directors and officers of the Manager has been engaged in his or her present principal occupation for more than five years except as follows:

Mr. Robitaille who prior to August 2005 was an investment banker and Head of Equity Private Placements with Scotia Capital Inc.

Mr. Levis who prior to November 2003 was CEO of TWC Group of Companies Ltd.

The Investment Advisor

Pursuant to the Investment Advisory Agreement, the Investment Advisor has been retained by the Manager to provide investment advisory and portfolio management services to the Trust. The Investment Advisor's principal place of business is located at 65 Wellington Street West, 31st Floor, TD Bank Tower, TD Centre, Toronto, Ontario M5K 1E9.

The employees of the Investment Advisor involved in the provision of investment management services by the Investment Advisor to the Manager under the Investment Advisory Agreement are as follows:

Name and Municipality of Residence	Length of Service with Investment Advisor	Business Experience
W. Robert Farquharson	46 years	Mr. Farquharson serves as Vice-Chairman and Portfolio Manager for AGF Investments Inc.. He joined AGF in 1963 as an analyst and has over four decades of experience. He is Chairman of AGF Asset Management Asia Ltd. and a director of AGF International Advisors Company Limited. He is a past chair of the Investment Funds Institute of Canada (IFIC) and a former director of the Toronto Stock Exchange. He earned a Bachelor of Commerce degree from the University of Toronto and holds the Chartered Financial Analyst designation.
Robert Lyon	21 years	Mr. Lyon serves as Senior Vice-President and Portfolio Manager for AGF Investments Inc. He joined AGF in 2008 and has over two decades of experience. He earned a Bachelor of Commerce degree from Carleton University and holds the

Chartered Financial Analyst designation.

The Investment Advisor's investment management decisions are made by the individuals listed above. The Investment Advisor is wholly responsible for the management of the investment portfolio of the Trust.

The Investment Advisory Agreement

Pursuant to the Investment Advisory Agreement, the Investment Advisor manages the Portfolio in a manner consistent with the Investment Objectives, Investment Strategy, Investment Criteria and Investment Restrictions of the Trust. The services provided by the Investment Advisor pursuant to the Investment Advisory Agreement include providing investment advice in respect of the Portfolio in accordance with the investment objectives, strategy and criteria of the Trust, and subject to the Investment Restrictions. In the purchase and sale of securities for the Trust, the Investment Advisor will select exchanges, dealers or brokers on the basis of overall services and prompt execution of orders.

Under the Investment Advisory Agreement, the Investment Advisor is required to act at all times on a basis which is fair and reasonable to the Trust, to act honestly and in good faith and in the best interests of the Trust and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in the circumstances. The Investment Advisory Agreement provides that the Investment Advisor will not be liable in any way for any default, failure or defect in any of the securities of the Trust if it has satisfied the duties and standard of care, diligence and skill set forth above. The Investment Advisor may, however, incur liability in cases of wilful misconduct, bad faith, negligence, reckless disregard of the Investment Advisor's duties or standard of care or material breach or default by the Investment Advisor of its obligations under the Investment Advisory Agreement.

The Investment Advisory Agreement, unless terminated as described below, will continue in effect until the termination of the Trust. The Manager may terminate the Investment Advisory Agreement upon 90 days' written notice; or immediately if the Investment Advisor has committed certain events of bankruptcy or insolvency, has lost any required registration, license or authorization, has breached its standard of care or acted with willful misconduct, fraud or negligence which results in a material adverse effect on the Portfolio or the Trust, or if the Manager establishes in a court of competent jurisdiction that the Investment Advisor has committed any fraudulent act in the performance of its duties; or on 30 days' written notice if the Investment Advisor is in material breach or default of the provisions thereof and, if capable of being cured, such breach has not been cured within 30 days after written notice thereof has been given to the Investment Advisor by the Manager. Except as described above, the Investment Advisor cannot be terminated as the investment advisor to the Trust without Unitholder approval.

The Investment Advisor may terminate the Investment Advisory Agreement upon 120 days' written notice; or immediately if the Manager or the Trust has committed certain events of bankruptcy or insolvency, if the Investment Advisor establishes in a court of competent jurisdiction that the Manager has committed any fraudulent act in the performance of its duties, or on termination of the Manager pursuant to the Declaration of Trust; or on 30 days' written notice if the Manager or the Trust is in material breach or default of the provisions thereof and, if capable of being cured, such breach or default has not been cured within 30 days of notice of same to the Manager or to the Trust. If the Investment Advisory Agreement is terminated, the Manager will promptly appoint one or more successor investment managers to carry out the activities of the Investment Advisor until a meeting of Unitholders is held to confirm such appointment.

The Investment Advisor is entitled to fees for its services which are payable by the Manager under the Investment Advisory Agreement as described under the heading "Fees and Expenses" and will be

reimbursed for all reasonable costs and expenses incurred by the Investment Advisor on behalf of the Trust. In addition, the Investment Advisor and its directors, officers, employees and agents, will be indemnified by the Trust for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made against the Investment Advisor or any of its officers, directors, employees or agents, in the exercise of its duties as an investment advisor, except those resulting from the Investment Advisor's wilful misconduct, bad faith, negligence, reckless disregard of the Investment Advisor's duties or standard of care or material breach or default by the Investment Advisor of its obligations under the Investment Advisory Agreement.

The services of the Investment Advisor under the Investment Advisory Agreement are not exclusive to the Trust and nothing in the Investment Advisory Agreement prevents the Investment Advisor from providing similar services to other investment vehicles (whether or not their investment objectives and policies are similar to those of the Trust) or from engaging in other activities.

Brokerage Arrangements

Allocation of business to brokers of the Trust is made on the basis of best execution and the brokers' ability to execute trades in a timely manner at the best price under the circumstances.

The Manager and the Investment Advisor do not participate in any soft dollar arrangements in respect of the Trust. Commissions paid to brokers are for execution purposes only. Any research or investment decision-making tools required by the Manager and the Investment Advisor or its portfolio managers, research analysts and traders are paid for using "hard dollars". Note however that some brokers, whether trades have been placed with them or not, provide research to the Manager and the Investment Advisor at no cost.

Manulife Securities Investment Services Inc. and Manulife Securities Incorporated, each a subsidiary of Manulife, may trade in securities of the Trust in the normal course of business.

The Trustee

The Manager will act as Trustee of the Trust. For the registered office and a list of the officers and directors of the Manager see "The Manager", above.

The Trustee may resign upon 60 days' written notice to Unitholders. The Trustee is deemed to have resigned if the Trustee ceases to be a resident in Canada for the purposes of the Tax Act. The Trustee may be removed with the approval of a majority of the votes cast at a meeting of Unitholders called for such purpose or by the Manager (if the Manager is then not the Trustee) in certain circumstances. Any such resignation or removal shall become effective only upon the appointment of a successor trustee. If the Trustee resigns or is removed, its successor may be appointed by the Manager. If the Trustee is removed by Unitholders, the appointment of its successor must be approved by Unitholders. If, after the resignation of the Trustee, no successor has been appointed within 60 days, the Trustee or any Unitholder may apply to a court of competent jurisdiction for the appointment of a successor trustee.

The Declaration of Trust provides that the Trustee shall not be liable in carrying out its duties thereunder except in cases of wilful misconduct, bad faith, negligence or material breach or default by the Trustee of its obligations under the Declaration of Trust or in cases where the Trustee fails to act honestly and in good faith and in the best interests of Unitholders to the extent required by laws applicable to trustees, or fails to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the

liability of the Trustee and indemnifying the Trustee, or any of its officers, directors, employees or agents, in respect of certain liabilities incurred by it in carrying out its duties.

The Trustee will be reimbursed by the Trust for all costs and expenses which are properly incurred by the Trustee in connection with its duties as Trustee.

Custodian

CIBC Mellon Global Securities Services Company is the custodian (the “Custodian”) of the assets of the Trust pursuant to a custodian agreement (the “Custodian Agreement”) dated April 30, 2007. The Custodian is located at 320 Bay Street, Toronto, Ontario M5H 4A6. The Custodian may employ sub-custodians as considered appropriate in the circumstances.

Auditors

The auditors of the Trust are PricewaterhouseCoopers LLP, Chartered Accountants located at Suite 3000, Royal Trust Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1G8.

Registrar and Transfer Agent

The registrar and transfer agent of the Units is CIBC Mellon Trust Company (the “Registrar and Transfer Agent”) and the register of Units is maintained at its principal offices located in Toronto, Ontario.

Fund Accounting

CIBC Mellon Global Securities Services Company provides fund accounting and portfolio valuation services to the Trust and is located at 320 Bay Street, Toronto, Ontario M5H 4A6.

Other Service Providers

Manulife Securities Incorporated, an affiliate of the Manager, provides administrative services to the Trust and is located at 1375 Kerns Road, Burlington, Ontario L7R 4X8.

CONFLICTS OF INTEREST

The Managers services are not exclusive to the Trust and The Manager may in the future act as the manager to other funds which may invest in various asset classes and which may be considered competitors of the Trust. In addition, the directors and officers of the Manager may be directors, officers, shareholders or unitholders of one or more issuers in which the Trust may acquire securities or of corporations which act as the manager of other investment funds that invest primarily in various asset classes and which may be considered competitors of the Trust. The Manager or its affiliates may be managers or portfolio managers of one or more issuers in which the Trust may acquire securities and may be managers or portfolio managers of investment funds that invest in the same securities as the Trust. Affiliates and associates of the Manager may be shareholders or unitholders of one or more issuers in which the Trust may acquire securities. A decision to invest in such issuers will be made independently by the Investment Advisor and without consideration of the Manager’s relationship with such issuers.

An affiliate of the Manager may provide services to the Trust, provided that the terms of any such arrangements are no less favourable to the Trust than those which would be obtained from parties which are at arm’s length for comparable services.

The Investment Advisor is engaged in a broad range of portfolio management, investment advisory and other business activities. The services of the Investment Advisor under the Investment Advisory Agreement are not exclusive and nothing in the Investment Advisory Agreement prevents the Investment Advisor or any of its affiliates from providing similar services to other investment funds and other clients (whether or not their investment objectives, strategies or criteria are similar to those of the Trust) or from engaging in other activities. The Investment Advisor's investment decisions for the Trust will be made independently of those made for its other clients and independently of its own investments. On occasion, however, the Investment Advisor may make the same investments for the Trust and for one or more of its other clients. If the Trust and one or more of the other clients of the Investment Advisor are engaged in the purchase or sale of the same securities, the transactions will be effected on an equitable basis.

The Declaration of Trust acknowledges that the Trustee will provide services to the Trust in other capacities, provided that the terms of any such arrangements are no less favourable to the Trust than those which would be obtained from other parties for comparable services. The services of the Trustee to the Trust are not exclusive.

Principal Holders of Units

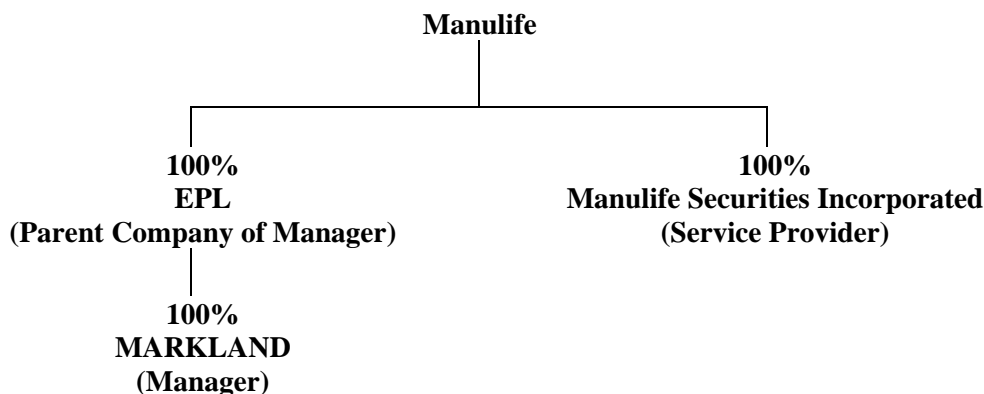
As of March 30, 2010, the Trust, after making reasonable inquiries, is not aware of any person or company, including any director or senior officer of the Manager that owns, directly or indirectly, more than 10% of the Units of the Trust.

As of March 30, 2010, EPL owns 1,000,000 common shares of the Manager, representing 100% of the issued and outstanding voting securities of the Manager.

The IRC members in aggregate do not beneficially own, directly or indirectly, more than 10% of the Units of the Trust. The IRC members also do not own securities in the Manager or in any person or company that provides services to the Trust or the Manager.

Affiliated Entities

The following companies that provide services to the Trust or to the Manager in relation to the Trust are affiliated with the Manager as follows:



Fees paid by the Trust to the Manager, if any, are available in the audited financial statements of the Trust.

The following individuals are directors or executive officers of Markland and also an affiliated entity of Markland:

<i>Name</i>	<i>Position with Markland</i>	<i>Position with Affiliate</i>
Robert D. Levis	Director and Managing Director	Director and Vice Chair of Manulife Securities Incorporated and Head of Manulife Capital Markets, a division of Manulife Securities Incorporated
Sean Robitaille	President and Chief Executive Officer	Deputy Head of Manulife Capital Markets, a division of Manulife Securities Incorporated
Clive Anderson	Director and Secretary	Chief Counsel, Individual Wealth Management of The Manufacturers Life Insurance Company; General Counsel, Chief Compliance Officer and Secretary of EPL; and Corporate Secretary of Manulife Securities Incorporated

FUND GOVERNANCE

Fund governance refers to the policies, practices and guidelines of the Trust that relate to:

- business practices
- sales practices
- internal conflicts of interest.

The board of directors of the Manager of the Trust has adopted appropriate policies, procedures and guidelines to ensure the proper management of the Trust. These include fiduciary duty guidelines and policies and procedures required by National Instrument 81-107 *Independent Review Committee for Investment Funds* (“NI 81-107”) relating to conflicts of interest, including policies on personal conflicts of interest, prohibited related party transactions, best execution practices, soft dollar arrangements, brokerage arrangements, trade allocation practices, cross trading, record keeping and personal investing. In addition, the Manager has adopted sales, marketing, advertising and accounting policies relating to the Trust. The systems that have been implemented monitor and manage the business and sales practices, risk and internal conflicts of interest relating to the Trust while ensuring compliance with regulatory and corporate requirements. The reporting systems in place ensure that these policies and guidelines are communicated to the persons responsible for these matters and monitor their effectiveness.

The Independent Review Committee

On behalf of the Trust, the Manager has established an independent review committee (“IRC”) pursuant to the requirements set out in NI 81-107.

The IRC oversees decisions relating to actual or perceived conflicts of interest involving the Trust. The IRC is comprised of the following three members:

Robert S. Robson
Managing Partner, Bilingual Solutions Inc.

R. Warren Law (Chair)
Sr. Vice President of ICICI Bank Canada

William J. L. Swirsky
Chartered Accountant and former Vice President of the Canadian Institute of Chartered Accountants.

The members of the IRC are independent and must act in the best interests of the Trust and the Trust's investors.

The initial IRC of the Trust consisted of Basile Papaevangelou, Ralph Ulmer and John Wilson. In accordance with the provisions of NI 81-107 the term of the initial members of the IRC ended with the change of control of the Manager of the Trust resulting from the acquisition by EPL of the Manager on September 30, 2009. On this date, the three members of the Manulife Mutual Funds' IRC were appointed pursuant to NI 81-107 as the members of the IRC for the Trust. Each member is independent from the Manager, the Trust and entities related to the Manager including Manulife Financial and its affiliates.

In accordance with NI 81-107, the IRC considers and provides recommendations to the Manager on conflicts of interest to which the Manager is subject when managing the Trust. The Manager is required under NI 81-107 to identify conflicts of interest inherent in its management of the Trust, and to request input from the IRC into how it manages those conflicts of interest, as well as its written policies and procedures in respect of those conflicts of interest.

The IRC provides its recommendations to the Manager with a view to the best interests of the Trust. The IRC reports annually to Unitholders of the Trust as required by NI 81-107. It also must advise the securities regulatory authorities if it determines that an investment decision was not made in accordance with the foregoing requirements or if any condition of its approval or recommendation has not been satisfied.

The IRC also prepares an annual report that describes its activities as the independent review committee of the Trust. The former IRC shall prepare the annual report for the Trust for the period from January 1, 2009 to September 29, 2009 and the current IRC shall prepare the annual report for the period from September 30, 2009 to December 31, 2009. For a free copy of this report, call us at 1-866-626-3707 or ask your dealer. You can also get a copy of this report on our website at www.marklandstreet.com or by sending an e-mail to info@marklandstreet.com. This report and other information about the Trust are also available at www.sedar.com.

Prior to September 30, 2009, the former IRC members of the Trust were paid a total of \$10,000 each per annum. In addition to this amount, the Chair of the IRC was paid an additional \$2,000 per annum. The following fees and expenses were paid by the Manager to members of the IRC for the 2009 fiscal year of the funds: Basile Papaevangelou - \$7,500; Ralph Ulmer - \$9,000; and John Wilson - \$7,500. These amounts were allocated across the various Markland funds to cover the period from January 1, 2009 to September 30, 2009.

Effective September 30, 2009, when Manulife Mutual Fund's IRC became the IRC of the Trust, each IRC member receives \$2,000 plus expenses for each meeting (\$2,500 plus expenses in the case of the Chair) of the IRC that the member attends in excess of four meetings per year as well as an annual retainer of \$20,000 (\$21,000 for the Chair) for the Manulife Mutual Funds including the Markland Funds. IRC

members are also reimbursed for travel expenses in connection with meeting attendance. Other fees and expenses payable in connection with the IRC include insurance costs, legal fees, and attendance fees for educational seminars. All such fees are allocated among the funds managed by Manulife Mutual Funds in a manner that is considered by the IRC to be fair and reasonable to such funds. These amounts are allocated equally among the funds and, secondly, pro rata among the different series of securities of each fund, on the basis of assets under management if applicable. The following fees and expenses were allocated across the Markland funds to cover the period from September 30, 2009 to December 31, 2009: Robert S. Robson - \$501; William J.L. Swirsky - \$501; and R. Warren Law - (Chair) \$506.

Risk Management

Various measures to assess risk are used including mark to market security valuation, fair value accounting and monthly reconciliations of security and daily reconciliations of cash positions. Compliance monitoring of the Portfolio is ongoing.

Use of Derivative Instruments

While there is no present intent to do so, the Trust may invest in or use derivative instruments, other than commodity derivatives, for hedging purposes consistent with its Investment Objectives, Investment Strategy and Investment Criteria and subject to its Investment Restrictions, as permitted by Canadian securities regulators from time to time. For example, the Trust may use derivatives, including interest rate and foreign exchange hedges with the intention of offsetting or reducing risks associated with an investment or group of investments. These risks include currency value fluctuations, commodity price fluctuations, stock market risks and interest rate changes. No assurance can be given that the Trust will be hedged from any particular risk from time to time.

While there is no present intent to do so, the Trust may, from time to time, generate additional income for the Trust by writing covered call options on securities in the Portfolio. Such covered call options may be either exchange traded options or over-the-counter options. Because covered call options will be written only in respect of equity securities that are in the Portfolio, the call options will be covered call options at all times.

Proxy Voting Policies and Procedures

The Manager has delegated to the Investment Advisor responsibility for establishing, monitoring and amending (if necessary) the policies and procedures governing proxy voting. Generally speaking, such policies and procedures have been designed to ensure that proxies received by the Investment Advisor in good order and in a timely fashion are voted in the best interests of the Trust. The Investment Advisor's standing policy with respect to dealing with routine, uncontested matters is generally to vote in accordance with management's recommendations.

The Investment Advisor has adopted written proxy voting guidelines (the "Guidelines") to assist in voting proxies received by the Trust. The Guidelines provide a framework for the Investment Advisor on how to approach the voting of securities held by the Trust.

Under the Guidelines, the primary responsibility of the Investment Advisor in respect of proxy voting is to maximize positive economic effect on the Trust's value and to protect the Trust's rights as a shareholder or unitholder, as the case may be, in the best interests of the Trust. The Guidelines include discussion regarding particular matters brought to a vote, but are not exhaustive. The Investment Advisor may depart from the Guidelines on specific matters where the Investment Advisor believes it is necessary to do so in the best interests of the Trust and Unitholders.

The Guidelines set out various considerations that the Investment Advisor will address when voting, or refraining from voting, proxies, including that:

- (i) the Investment Advisor will generally vote with management on routine matters related to the operation of an issuer that are not expected to have a significant economic impact on the issuer and/or its shareholders;
- (ii) the Investment Advisor will review and analyze on a case-by-case basis, non-routine proposals, such as changes in capital structure, executive compensation, employee stock purchase plans and corporate restructurings, mergers and acquisitions, that are more likely to affect the structure and operation of the issuer and to have a greater impact on the value of the investment;
- (iii) the Investment Advisor may abstain from voting a proxy if the proxy is not received by the Investment Advisor within sufficient time to execute a vote; and
- (iv) any material conflicts that may arise will be resolved in the best interests of the Unitholders. In situations where a conflict of interest between the Trust and the Investment Advisor is identified, the Investment Advisor's Proxy Committee, comprised of members from Investment Advisor's legal, compliance, investment management and trading operations, shall meet to consider the matter, and make a determination, based upon representations to it, as to how to vote the proxy. The Proxy Committee will consider independent third party research in addition to other public information. It may recommend that the portfolio advisor or Investment Advisor abstain from voting the security if the Proxy Committee is unable to reach an objective, independent decision. Any decision will be recorded. This record shall form part of the annual record keeping of all proxy voting records for each portfolio managed by the Investment Advisor.

The current proxy policies and procedures that the Trust follows when voting proxies relating to Portfolio securities are available on request, at no cost by calling 1-866-626-3707 or by writing to the Investment Advisor at TD Waterhouse Tower, TD Centre, 79 Wellington Street West, Suite 2402, Toronto, Ontario M5K 1A2.

The Trust's proxy voting record for the annual period ending June 30 of each year will be available any time after August 31 of that year, at no charge, to any Unitholder upon request made to the Manager or on the Manager's website at www.marklandstreet.com.

Short-Term Trading

As the Trust is a closed-end trust and its Units are not continuously offered for sale, the Trust has no policies and procedures which relate to the monitoring, detection and deterrence of short-term trades.

Investment in Securities Lending, Repurchase and Reverse Repurchase Agreements

The Trust may enter into securities lending arrangements or repurchase and reverse repurchase agreements.

The board of directors of the Manager of the Trust, has adopted policies and practice guidelines applicable to the Trust to manage the risks associated with investments in securities lending, repurchase and reverse repurchase agreements. Such policies and practice guidelines require that:

- investments in securities lending, repurchase and reverse repurchase agreements be consistent with the Trust's investment objectives and policies
- authorized officers or directors of the Manager approve the parameters, including transaction limits, under which securities lending and repurchase transactions are to be permitted for the Trust and that such parameters comply with applicable securities legislation
- the operational, monitoring and reporting procedures in place ensure that all securities lending and repurchase transactions are completely and accurately recorded, in accordance with their approved use, and within the limits and regulatory restrictions prescribed for the Trust
- the Manager must review at least annually all securities lending and repurchase transactions to ensure that they are being conducted in accordance with applicable securities legislation.

The Trust may not commit more than 50% of its securities in securities lending or repurchase transactions at any time. Securities lending transactions may be terminated at any time and all repurchase transactions must be completed within 30 days.

The Manager has delegated the custodian to act as agent for the Trust in administering securities lending transactions. The risks associated with these transactions will be managed by requiring that the agent enter into such transactions for the Trust with reputable counterparties that meet the Manager's quantitative and qualitative criteria regarding market making and creditworthiness, and are in good standing with all applicable regulators.

FEES AND EXPENSES

Management and Advisory Fees

Pursuant to the terms of the Declaration of Trust, the Manager is entitled to a management fee at an annual rate of 1.10% of the NAV plus an amount equal to the service fee payable by the Manager to registered dealers of 0.40% of NAV per annum, plus applicable taxes. Pursuant to the terms of the Investment Advisory Agreement, the Investment Advisor is entitled to an advisory fee which the Manager is responsible for paying.

Fees payable to the Manager and the Investment Advisor will be calculated daily and payable monthly based on the daily NAV.

Ongoing Expenses

The Trust will pay for all expenses incurred in connection with the operation and administration of the Trust. It is expected that these expenses will include, without limitation: (a) costs and expenses incurred in connection with the continuous public disclosure requirements of the Trust; (b) mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses; (c) fees payable to the custodian for acting as custodian of the assets of the Trust; (d) fees payable to the Trustee for acting as trustee of the Trust; (e) fees payable to CIBC Mellon Trust Company at normal market rates for acting as registrar and transfer agent with respect to Units; (f) fees payable to the members of the IRC; (g) any additional fees payable to the Manager for performance of extraordinary services on behalf of the Trust; (h) fees payable to the auditors and legal advisors of the Trust; (i) regulatory filing, stock exchange and licensing fees; (j) expenses associated with the preparation of tax filings; (k) consulting fees and other administrative expenses (including the calculation of NAV);

(l) website maintenance costs; and (m) expenditures incurred upon the termination of the Trust. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Investment Advisor or the Trustee is entitled to indemnity by the Trust. See “Management of the Trust”. The Trust will be subject to an independent audit and report thereon to the Trustee and the Manager will provide reasonable access to its books and records for such purpose. The Trust will also be responsible for all commissions and other costs of securities transactions, debt service and any extraordinary expenses which it may incur from time to time.

INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a summary of the principal income tax considerations generally applicable to a holder of Units who is an individual (other than a trust) and who, for the purposes of the Tax Act, is resident in Canada, deals at arm’s length with and is not affiliated with the Trust or any of the Agents and holds Units, as capital property (each a “Unitholder”).

Generally, the Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholder who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have such Units and all other “Canadian securities” owned or subsequently acquired by such Unitholder treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the “Regulations”), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) (“Minister”) prior to the date hereof (the “Proposed Amendments”), and the current published administrative practices and assessing policies of the Canada Revenue Agency (“CRA”) made publicly available prior to the date hereof. This summary assumes that the Proposed Amendments will be enacted as currently proposed although no assurance can be given in that regard. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in the law or administrative practice, whether by way of legislative, governmental or judicial decision or action, nor does it take into account provincial or foreign tax legislation or considerations.

This summary assumes that the Trust will qualify at all times as a “unit trust” and a “mutual fund trust” within the meaning of the Tax Act. In order to so qualify, the Trust must comply on a continuous basis with certain investment criteria referred to under the heading “Investment Restrictions” and certain minimum dispersal requirements relating to the Units. In addition, the Trust may not reasonably at any time be considered to be established or maintained primarily for the benefit of non-resident persons. If the Trust were not to qualify as a mutual fund trust at all times, the income tax consequences described below and under the heading “Eligibility for Investment” would in some respects be materially different.

This summary is also based on the assumption that the Trust will at no time be a “SIFT trust” as defined in the SIFT Rules. The SIFT Rules are the provisions of the Tax Act providing for a tax on certain income earned by a specified investment flow through trust or partnership. Provided that the Trust does not hold “non-portfolio property” as defined in the SIFT Rules, it will not be a SIFT trust. Based upon its investment objectives and investment restrictions, as described above, the Trust should not hold any “non-portfolio properties”.

This summary is not exhaustive of all possible income tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the investor’s particular circumstances including the

province or provinces in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.

Taxation of the Trust

The Trust is subject to tax under Part I of the Tax Act in each taxation year on its income for the year, including net realized taxable capital gains, less the option thereof that it deducts in respect of the amount paid or payable to Unitholders in the year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Trust or the Unitholder is entitled in that year to enforce payment of the amount.

With respect to each issuer included in the Portfolio that is a Canadian resident trust, the Trust will be required to include in the calculation of its income the net income and net taxable capital gains paid or payable to the Trust by the issuer in the year, notwithstanding that certain of such amounts may be reinvested in additional units of such issuer. Provided that appropriate designations are made by the issuer, net taxable capital gains and taxable dividends from taxable Canadian corporations paid or payable by the issuer to the Trust will effectively retain their character in the hands of the Trust.

The Trust will be required to reduce the adjusted cost base of units of an issuer in the Portfolio that is a Canadian resident trust by any amount paid or payable by such issuer to the Trust except to the extent that the amount was included in calculating the income of the Trust or was the Trust's share of the non-taxable portion of capital gains of such issuer, the taxable portion of which was designated in respect of the Trust. If the adjusted cost base to the Trust of such units becomes a negative amount at any time in a taxation year of the Trust, that negative amount will be deemed to be a capital gain realized by the Trust in that taxation year and the Trust's adjusted cost base of such units will be increased by the amount of such deemed capital gain.

With respect to each issuer in the Portfolio that is a limited partnership (other than a SIFT partnership), the Trust will be required, in computing its income, to include or will be entitled to deduct, as the case may be and subject to the "at risk rules" and other provisions in the Tax Act, its share of net income, capital gains, losses and capital losses for tax purposes of the issuer allocated to the Trust for the fiscal year of the issuer ending in the Trust's taxation year, whether or not a distribution is received in respect thereof from the issuer.

The Trust may have investments in SIFT trusts or SIFT partnerships, as defined in the Tax Act. Certain distributions and allocations of income and capital gains from such SIFT trusts and SIFT partnerships, which are subject to tax in the SIFT trust or SIFT Partnership, will be deemed to be received by the Trust as a taxable dividend from a taxable Canadian corporation that qualifies as an "eligible dividend".

In general, the adjusted cost base at a particular time to the Trust of units of a limited partnership will be equal to the cost of such units to the Trust plus its share of income and capital gains of the limited partnership allocated to it for fiscal years of the limited partnership ending before the particular time less the total of its share of losses and capital losses of the limited partnership allocated to it for fiscal years of the partnership ending before the particular time and the Trust's share of any distributions received from the limited partnership before the particular time. If the adjusted cost base to the Trust of units of a limited partnership is negative at the end of a fiscal year of the partnership, that negative amount will be deemed to be a capital gain realized by the Trust at that time and the Trust's adjusted cost base of such units will be increased by the amount of such deemed capital gain.

The Trust will also be required to include in its income for each taxation year all interest on the debt securities it holds that accrues or is deemed to accrue to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

The Trust will be required to include in its income for a taxation year all dividends received in the year on shares of corporations.

In computing its income for tax purposes, the Trust may deduct reasonable administrative and other expenses incurred to earn income, including interest on the Loan Facility generally to the extent borrowed funds are used to purchase Portfolio securities.

On October 31, 2003, the Department of Finance released, for public consultation, draft proposed amendments (the "October 31 Proposals") to the Tax Act that would require, for taxation years commencing after 2004, that a taxpayer will be considered to have a loss from a business or property for a taxation year if it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property, during the time the taxpayer carried on the business or owned the property, and that for the purpose of making this determination, "profit" will not include capital gains. The October 31 Proposals could, among other things, limit the deductibility of losses available to the Trust, arising from its management fees and issue expenses, and thereby increase the taxable portion of distributions made to Unitholders. On February 23, 2005, the Department of Finance announced that it has developed an alternative proposal to the October 31 Proposals which it intends to release at the earliest opportunity for comment (the "Alternative Proposal"). No such Alternative Proposal has yet been released, and the October 31 Proposals are not expected to be enacted in their current form. No assurance can be given that any such Alternative Proposal will not adversely affect the Trust or a Unitholder in respect of an investment in the Trust.

The CRA has expressed a view that, in certain circumstances, the deductibility of interest on money borrowed to invest in an income trust may be reduced on a pro rata basis in respect of distributions from the income trust that are a return of capital which are not reinvested for an income earning purpose. If the CRA's view were to apply to the Trust, part of the interest payable by the Trust on money borrowed under the Loan Facility to acquire units of certain income trusts in the Portfolio could be non-deductible, increasing the net income of the Trust for tax purposes and the taxable component of distributions to Unitholders. Income of the Trust that is not distributed to Unitholders would be subject to non-refundable income tax in the Trust.

In determining its income for tax purposes, the Trust will treat option premiums received on the writing of covered call options and any losses sustained on closing out options as capital gains and capital losses, as the case may be, in accordance with its understanding of the CRA's published administrative practice. Gains or losses realized upon dispositions of Portfolio securities of the Trust will constitute capital gains or capital losses of the Trust in the year realized unless the Trust is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Trust has acquired the securities in a transaction or transactions considered to be an adventure in the nature of trade. The Trust will purchase the Portfolio securities with the objective of earning distributions and income thereon and will take the position that gains and losses realized on the disposition thereof are capital gains and capital losses. In addition, the Trust has elected in accordance with the Tax Act to have each of its "Canadian securities" (as defined in the Tax Act) treated as capital property. Such election is intended to ensure that gains or losses realized by the Trust on the disposition of Canadian securities, including most units of income trusts structured as mutual fund trusts, are taxed as capital gains or capital losses.

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

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

The Trust will be entitled for each taxation year throughout which it is a mutual fund trust 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 ("capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Trust for such taxation year which may arise upon the sale of Portfolio securities in connection with redemptions of Units.

The Trust generally intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year. Therefore, provided the Trust makes distributions in each year of its net income for tax purposes and net realized capital gains as described under "Distributions", it will generally not be liable in such year for income tax under Part 1 of the Tax Act other than such tax on net realized capital gains that would be recoverable by it in such year by reason of the capital gains refund.

Taxation of Unitholders

A Unitholder generally will be required to include in computing income for a taxation year the amount of the Trust's net income for the taxation year, the taxable portion of the Trust's net realized capital gains, paid or payable, or deemed to be paid or payable, to the Unitholder in the taxation year whether received in cash, in additional Units or otherwise. The non-taxable portion of the net realized capital gains of the Trust paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year. Any amount in excess of the Unitholder's share of the net income and the net realized capital gains of the Trust for a taxation year that is paid or becomes payable to the Unitholder in such year generally will not be included in the Unitholder's income for the year but will reduce the adjusted cost base of the Unitholder's Units. It is expected that the adjusted cost base of a Unitholder's Units will be less than \$10.00 per Unit at the date of termination of the Trust. To the extent that the adjusted cost base of a Unit becomes less than zero, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Unitholder will then be increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by the Trust, such portion of (i) the net realized taxable capital gains of the Trust; (ii) the foreign source income of the Trust; and (iii) the taxable dividends received, or deemed to be received, by the Trust on shares of taxable Canadian corporations, as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that the Trust so designates in accordance with the Tax Act, Unitholders will for the purpose of computing their foreign tax credits, be entitled to treat their

proportionate share of foreign taxes paid by the Trust as foreign taxes paid by the Unitholders. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply, including the enhanced gross-up and dividend tax credit in respect of “eligible dividends”. Any loss of the Trust for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

A Unitholder who acquires additional Units may become taxable on the Unitholder’s share of any income and gains of the Trust that have accrued or been realized but have not been made payable at the time the additional Units are acquired.

On the disposition or deemed disposition of Units (whether on a sale, redemption or otherwise), the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder’s proceeds of disposition (other than any amount payable by the Trust which represents an amount that is otherwise required to be included in the Unitholder’s income as described above — See “Redemption of Units”) exceed (or are less than) the aggregate of the adjusted cost base of the Units and any reasonable costs of disposition.

For the purpose of determining the adjusted cost base to a Unitholder of the Units, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property at that time. The cost of Units acquired as a distribution of income or capital gains or on a reinvestment of distributions from the Trust will be equal to the amount of the distribution. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units and will not affect the aggregate adjusted cost base to a Unitholder of Units.

Where the redemption price for Units is paid by the transfer by the Trust of property of the Trust to the redeeming Unitholder, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of such property so transferred and the amount of any cash received less any gain realized by the Trust as a result of the transfer of property on the redemption of Units which is made payable by the Trust to the redeeming Unitholder. The cost of any property distributed by the Trust to a Unitholder upon redemption of Units will be equal to the fair market value of that property at the time of the distribution.

Generally one-half of any capital gain (a “taxable capital gain”) realized by a Unitholder in a taxation year must be included in computing the income of the Unitholder for that year and one-half of any capital loss (an “allowable capital loss”) realized by a Unitholder in a taxation year must be deducted from capital gains realized by the Unitholder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, against taxable capital gains realized in those years, including taxable capital gains realized on the disposition of Units or amounts designated by the Trust to a Unitholder as taxable capital gains.

Generally, net income of the Trust paid or payable to a Unitholder that is designated as taxable dividends from taxable Canadian corporations or as net taxable capital gains, and capital gains realized on the disposition of Units, may increase the Unitholder’s liability for alternative minimum tax.

Eligibility for Investment

Provided that the Units are listed on a designated stock exchange under the Tax Act (which includes the TSX), the Units will be qualified investments for trusts governed by registered retirement savings plans,

registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts.

MATERIAL CONTRACTS

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

1. the Declaration of Trust.
2. the Investment Advisory Agreement.
3. the Custodian Agreement.
4. the Transfer Agency Agreement

Copies of the foregoing agreements may be inspected during normal business hours at the principal office of the Trust located at TD Waterhouse Tower, TD Centre, 79 Wellington Street West, Suite 2402, Toronto, Ontario M5K 1A2.

OTHER MATTERS

Effective on or about June 15, 2010, it is intended that Markland will be wound-up by, or amalgamated with, its parent company, Elliott & Page Limited. As a result, EPL would become the Manager and Trustee of the Trust.

OIL SANDS SECTOR FUND

Additional information about the Trust is available in the Trust's most recently filed management reports of fund performance and financial statements. You can get a copy of these documents, at no cost, by calling toll-free at 1-866-626-3707, e-mailing us at info@marklandstreet.com or from your financial advisor. The management reports of fund performance and financial statements are also available on the Manager's internet site at www.marklandstreet.com. These documents and other information about the Trust, such as information circulars and material contracts, are also available on the Internet site of SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com. This Annual Information Form is available in French, upon request. La présente notice annuelle est disponible en français sur demande.

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