

**PREFERRED SHARES AND CLASS A SHARES**  
**OF**  
**COPERNICAN WORLD BANKS SPLIT INC.**  
**ANNUAL INFORMATION FORM**  
**For the year ended December 31, 2009**

**March 30, 2010**

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## **COPERNICAN WORLD BANKS SPLIT INC.**

### **THE COMPANY**

Copernican World Banks Split Inc. (the "Company") is a mutual fund corporation established under the laws of the Province of Ontario pursuant to articles of incorporation dated September 26, 2006. Articles of amendment were filed on November 14, 2006 to increase the authorized capital of the Company by creating class A shares ("Class A Shares") and preferred shares ("Preferred Shares"). The articles of the Company were further amended on November 30, 2006.

On September 25, 2009, Manulife Mutual Funds, a division of Elliott & Page Limited became the manager (the "Manager", "EPL", "we" or "us") of the Company and MFC Global Investment Management (Canada), a division of Elliott & Page Limited became the portfolio advisor (the "Portfolio Advisor"). The registered office of the Manager, the Portfolio Advisor and the Company is 200 Bloor Street East, North Tower 3, Toronto, Ontario M4W 1E5. The principal place of business of the Company is 1375 Kerns Road, Burlington, Ontario L7R 4X8. The Manager provides administrative services to the Company pursuant to a management agreement dated November 30, 2006 (the "Management Agreement"). The Portfolio Advisor provides investment advisory services to the Company pursuant to an investment management agreement dated November 30, 2006 (the "Investment Management Agreement"). The Portfolio Advisor has retained the services of Portland Investment Counsel Inc. to act as the portfolio sub-advisor (the "Sub-Advisor") for the Company pursuant to a sub-advisory agreement dated September 25, 2009 (the "Sub-Advisory Agreement").

The Company completed its initial public offering (the "Offering") with the issuance of 4,500,000 Preferred Shares and 4,500,000 Class A Shares at an offering price of \$10.00 (the "Offering Price") per Preferred Share and Class A Share on November 30, 2006. On December 18, 2006, an additional 305,000 Preferred Shares and 305,000 Class A Shares were issued pursuant to an over-allotment option.

The Company invests in some of the world's leading global bank-based financial services companies that the Sub-Advisor believes have both attractive dividend yields and strong earnings growth momentum.

The investment objectives (the "Investment Objectives") of the Company are:

- (a) to provide the holders of Preferred Shares with fixed cumulative preferential quarterly cash distributions in the amount of \$0.13125 per Preferred Share representing a yield on the issue price of the Preferred Shares of 5.25% per annum;
- (b) to return the original issue price of the Preferred Shares at the time of redemption of such Preferred Shares on December 2, 2013;
- (c) to provide holders of Class A Shares with regular quarterly cash distributions targeted to be \$0.20 per Class A Share representing a yield on the issue price of the Class A Shares of 8.0% per annum; and
- (d) to provide the holders of the Class A Shares with the opportunity for leveraged growth in net asset value ("NAV") per Class A Share after the repayment of the original issue price of the Preferred Shares.

## INVESTMENT STRATEGY AND RESTRICTIONS

### Investment Strategy

The Company's investment strategy (the "Investment Strategy") is to invest in a diversified portfolio (the "Portfolio") that will include common shares selected by the Sub-Advisor from among the World Banks (defined below) that the Sub-Advisor believes have:

- (i) demonstrated prudent capital and risk management, including hedging and progressive dividend expansion policies, supported by robust and high credit ratings;
- (ii) strong distribution channels which will allow them to provide increasing numbers of profitable products to their growing customer base;
- (iii) efficient operating platforms and pricing power in a growing market which enables them to increase margins and enhance return on equity;
- (iv) demonstrated capabilities to take advantage of consolidation opportunities to improve market position and profitability; and
- (v) demonstrated the capability of taking advantage of new business and consolidation opportunities in existing/contiguous geographies and emerging markets to improve market position and profitability.

"Common Shares" means equity securities of World Banks that are listed on a stock exchange or traded on a stock market. "World Banks" means global bank-based financial services companies.

### Investment Restrictions

The Company is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 *Mutual Funds* ("NI 81-102"), which are designed in part to ensure that the investments of the Company are diversified and relatively liquid and to ensure the proper administration of the Company. The Company is managed in accordance with these restrictions and practices.

While the Company is technically considered to be a mutual fund as defined under the securities laws of certain provinces of Canada, the Company is not a conventional mutual fund and has received exemptions from the following requirements of NI 81-102:

- (a) Subsection 2.6(a) – to enable the Company to obtain a credit facility for working capital purposes and provide a security interest over its assets so long as the outstanding amount of any such borrowings of the Company does not exceed 5% of the total assets of the Company at the time of borrowing;
- (b) Section 10.3 – to permit the Company to calculate the redemption price for the Class A Shares and the Preferred Shares in the manner described in the prospectus dated November 10, 2006 (the "Prospectus") and on the applicable Redemption Date as defined in the Prospectus;
- (c) Subsection 10.4(1) – to permit the Company to pay the redemption price for the Preferred Shares and the Class A Shares on the Redemption Payment Date, as defined in the Prospectus;
- (d) Subsection 12.1(1) – to relieve the Company from the requirement to file the prescribed compliance reports;

- (e) Section 14.1 – to relieve the Company from the requirement relating to the record date for the payment of dividends or other distributions, provided that it complies with the applicable requirements of the Toronto Stock Exchange (“TSX”).

The Company differs from conventional mutual funds in a number of respects, most notably as follows: (i) while the Preferred Shares and Class A Shares of the Company may be surrendered at any time for redemption, the redemption price is payable monthly whereas the securities of most conventional mutual funds are redeemable daily; (ii) the Preferred Shares and Class A Shares of the Company are listed on the TSX whereas the securities of most conventional mutual funds do not have a stock exchange listing; and (iii) unlike most conventional mutual funds, the Preferred Shares and Class A Shares are not offered on a continuous basis.

The articles of incorporation contain investment restrictions (the “Investment Restrictions”) to the effect that the Company may not:

- (a) purchase any security issued by any issuer (other than short-term debt securities issued or guaranteed by the Government of Canada, any Canadian province or municipality or the United States) if as a result more than 10% of the total assets of the Company would consist of securities issued by such issuer;
- (b) invest in Common Shares of companies that have a market capitalization of less than US\$1 billion;
- (c) invest more than 10% of the total assets of the Company in a Restricted Security (as defined in NI 81-102);
- (d) borrow money in excess of 5% of the total assets of the Company after giving effect to the borrowing;
- (e) purchase or sell commodities or commodity contracts except as permitted by NI 81-102;
- (f) make loans or guarantee obligations;
- (g) invest for the purpose of exercising control over or management of any issuer;
- (h) write a call option in respect of any security unless such security is actually held by the Company at the time the option is written;
- (i) hold securities of any non-resident corporation or trust or other entity if the Company would be required to mark its investment in such securities to market in accordance with proposed section 94.2 of the *Income Tax Act* (Canada) (the “Tax Act”) or to include any amounts in income pursuant to proposed section 94.1 or 94.3 of the Tax Act, as set forth in the Notice of Way of Means Motion tabled in the House of Commons on November 9, 2006 dealing with foreign investment entities (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);
- (j) lend securities in the Portfolio except as permitted by NI 81-102;
- (k) act as an underwriter except to the extent that the Company may be deemed to be an underwriter in connection with the sale of securities in the Portfolio;
- (l) invest in a corporation that would be a controlled foreign affiliate of the Company for purposes of the Tax Act;

- (m) invest in any security that is a tax shelter investment for purposes of the Tax Act;
- (n) enter into any arrangement (including the acquisition of securities for the Portfolio and the writing of covered call options in respect thereof) which would be a dividend rental arrangement under the Tax Act and where the deductibility of dividends in computing the taxable income of the Company would be adversely affected; or
- (o) acquire or continue to hold any security that is a “specified property” as defined in subsection 18(1) of the legislative proposals to amend the Tax Act released by the Minister of Finance (Canada) on September 16, 2004, if the total of all amounts each of which is the fair market value of a specified property would exceed 10% of the total of all amounts each of which is the fair market value of a property of the Company.

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

The foregoing Investment Objectives, Investment Strategy and Investment Restrictions may not be changed without the approval of the holders of Preferred Shares and Class A Shares (collectively, the “Shareholders”), by a resolution passed by two-thirds of the votes cast at a meeting of such Shareholders called for such purpose, unless such changes are necessary to ensure compliance with all applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time.

The Company may write call options in respect of some or all of the equity securities held in the Portfolio. Such call options may be either exchange traded options or over-the-counter options. Since call options may be written only in respect of Common Shares that are in the Portfolio and because the Investment Restrictions of the Company prohibit the sale of securities subject to an outstanding call option, the call options will be covered at all times.

The amount of the option premium which the Company receives on a call option depends upon, among other factors, the volatility of the price of the underlying security; generally speaking, the higher the volatility, the higher the option premium. In addition, the amount of the option premium will depend upon the difference between the strike price of the option and the market price of the underlying security at the time the option is written. The smaller the positive difference (or the larger the negative difference), the more likely it is that the option will become in-the-money during the term and, accordingly, the greater the option premium.

If a call option is written on a security in the Portfolio, the amounts that the Company will be able to realize on the security during the term of the call option will be limited to the dividends received prior to the exercise of the call option during such period plus an amount equal to the sum of the strike price and the premium received from writing the option. In essence, the Company will forego potential returns resulting from any price appreciation of the security underlying the option above the strike price in favour of the certainty of receiving the option premium.

The Portfolio will only include Common Shares of companies that have a market capitalization, at the time of investment, of at least US\$1 billion. In addition, it is the Sub-Advisor’s intention that

under normal market conditions, the weighted average credit rating of the companies in the Portfolio, at the time of investment, will at least be equivalent to Standard & Poor's "A" rating, or such other equivalent rating by another rating agency as determined by the Sub-Advisor.

The Company may, from time to time, hold a portion of its assets in cash or cash equivalents. The Company may also, from time to time, utilize such cash equivalents to provide cover in respect of the writing (sale) of cash covered put options, which is intended to generate additional returns and to reduce the net cost of acquiring the securities subject to the put options. Such cash covered put options will only be written in respect of securities in which the Company is permitted to invest. The Company must maintain cash equivalents in an amount at least equal to the aggregate strike price of all securities underlying the outstanding put options which it has written.

In addition to writing covered call options and cash covered put options, to the extent permitted by Canadian securities regulators from time to time, the Company may also purchase call options and put options with the effect of closing out existing call options and put options written by the Company. The Company may also purchase put options or use other derivative instruments in order to seek to protect the Company from declines in the market prices of the individual securities in the Portfolio or in the value of the Portfolio as a whole. The Company may enter into trades to close out positions in such permitted derivatives.

From time to time, the Company may purchase and hold debt obligations (including bonds, debenture or other obligations and certificates of deposits, bankers' acceptances and fixed income deposits).

The Company is authorized to borrow an amount not exceeding 5% of the total assets of the Company at the time of borrowing, for the purpose of paying redemptions and working capital purposes, and to pledge its assets to secure the borrowings. The interest rate, fees and expenses under the loan facility that the Company enters into are expected to be typical of similar credit facilities and prime brokerage accounts of this nature. To date, the Company has not entered into any such loan facility.

Provided that the Preferred Shares and the Class A Shares are listed on a designated stock exchange under the Tax Act (which included the Toronto Stock Exchange), the Preferred Shares and Class A Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts ("Registered Plans").

The Company has not deviated in the last year from the rules under the Tax Act that apply to the status of the Preferred Shares and Class A Shares as qualified investments under the Tax Act for Registered Plans.

## **DESCRIPTION OF SHARE CAPITAL**

The Company is authorized to issue an unlimited number of Preferred Shares, Class A Shares and class J shares of the Company (the "Class J Shares"). The attributes of the Preferred Shares and the Class A Shares are described below under the headings "Certain Provisions of the Preferred Shares" and "Certain Provisions of the Class A Shares."

There are 100 Class J Shares issued and outstanding. The holders of the Class J Shares are not entitled to receive dividends. The holders of the Class J Shares are entitled to one vote per share. The Class J Shares are redeemable at a price of \$1.00 per share and retractable at either (i) a price of \$1.00 per share if any of the Class A Shares or Preferred Shares are then outstanding, or (ii) the NAV of the Company divided by the number of Class J Shares outstanding if none of the Class A Shares or Preferred Shares are then outstanding. The Class J Shares rank

subsequent to both the Preferred Shares and the Class A Shares with respect to distributions on the dissolution, liquidation or winding up of the Company.

Copernican World Banks Split Trust (the "Trust"), established for the benefit of the holders from time to time of the Preferred Shares and the Class A Shares, owns all of the issued and outstanding Class J Shares. The Class J Shares are held in escrow by Computershare Investor Services Inc. (the "Registrar and Transfer Agent"), in its capacity as escrow agent, pursuant to an escrow agreement between the Trust, the Registrar and Transfer Agent and the Company dated as of November 30, 2006 (the "Escrow Agreement") and will not be disposed of or dealt with in any manner until all the Preferred Shares and Class A Shares have been retracted or redeemed.

## **Certain Provisions of the Preferred Shares**

### ***Distributions***

Part of the Company's Investment Objectives is to pay quarterly distributions. Holders of record of Preferred Shares at 5:00 p.m. (Toronto time) on the last business day of March, June, September and December will be entitled to receive fixed cumulative preferential quarterly cash distributions of \$0.13125 per share to yield 5.25% in each year on the issue price of the Preferred Shares. Such distributions will be paid on or before the eighth business day following the end of the period for which the distribution is made. Such distributions may consist of dividends other than capital gains dividends ("Ordinary Dividends"), capital gains dividends or non-taxable returns of capital or any combination thereof. There can be no assurance that the Company will be able to pay distributions to the holders of Preferred Shares.

All cash distributions are paid through the book-entry only system of CDS Clearing and Depository Services Inc. ("CDS") or may be paid in such other manner as may be agreed to by the Company. As registrations of interest in the Preferred Shares are made through the book-entry only system, the Company will, prior to March 1 of each year, provide CDS with the information necessary to enable holders to complete an income tax return with respect to amounts paid or payable by the Company to such holders in the preceding calendar year. Each holder will in turn receive such information from its applicable CDS participant. See "Purchases and Transfers - Book-Entry Only System" and "Income Tax Considerations".

### ***Redemption Privileges***

#### ***Final Redemption***

The Preferred Shares will be redeemed on December 2, 2013 (the "Final Redemption Date"). The redemption price payable by the Company for a Preferred Share on that date will be equal to the lesser of (i) \$10.00, plus any accrued and unpaid distributions thereon and (ii) the NAV on that date divided by the total number of Preferred Shares then outstanding.

Notice of redemption will be given to CDS participants holding Preferred Shares on behalf of the beneficial owners thereof at least 30 days prior to the Final Redemption Date.

#### ***Monthly Redemption***

Preferred Shares may be surrendered at any time for redemption by the Company, but will be redeemed only on the last business day of each month (a "Redemption Date"). Preferred Shares surrendered for redemption by a Shareholder at least five business days prior to a Redemption Date (a "Monthly Redemption") will be redeemed on such Redemption Date and the Shareholder will receive payment on or before the eighth business day following the applicable Redemption Date (the "Monthly Redemption Payment Date"). If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the fifth business day immediately preceding a Redemption Date, the Preferred Shares will be redeemed on the Redemption Date in the following month and the

Shareholder will receive payment for the redeemed Preferred Shares on the Monthly Redemption Payment Date in respect of such Redemption Date. Such redemptions are subject to a redemption fee (the "Redemption Fee") as described below under the heading "Redemption Fee".

Except as noted below, under the heading "Resale of Preferred Shares Tendered for Redemption", holders of Preferred Shares whose shares are surrendered for redemption will be entitled to receive the Preferred Share Net Amount Receivable on Monthly Redemption. The "Preferred Share Net Amount Receivable on Monthly Redemption" in respect of a Redemption Date is equal to the Preferred Share Redemption Price (as defined below) minus the applicable Redemption Fee. The "Preferred Share Redemption Price" in respect of a Redemption Date means the redemption price per Preferred Share equal to the lesser of (i) (a) 95% of the NAV per Unit (defined below) determined as of such Redemption Date less (b) the cost to the Company of the purchase of a Class A Share in the market for cancellation (for this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share, and commissions and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A Share); and (ii) \$10.00. "Unit" means a notional unit consisting of one Preferred Share and one Class A Share. The number of Units outstanding at any time will be equal to the sum of the number of Preferred Shares and Class A Shares then outstanding divided by two. If on any Redemption Date, Class A Shares are not required to be purchased in the market for cancellation in connection with the redemption of some or all of the Preferred Shares to be redeemed, then the amount in clause (i) (b) above shall be such amount as the Manager determines is fair in the circumstances minus the applicable Redemption Fee. Any declared and unpaid distributions payable on or before a Redemption Date in respect of Preferred Shares tendered for redemption on such Redemption Date will also be paid on the Monthly Redemption Payment Date.

### ***Annual Redemption***

Holders of Preferred Shares also have an annual redemption right under which they may concurrently redeem an equal number of Preferred Shares and Class A Shares on the Redemption Date in November of each year. The amount received per Unit by the redeeming Shareholder for such a concurrent redemption will be equal to the NAV per Unit on the applicable Redemption Date minus the amount which is the aggregate of all brokerage fees, commissions and other costs relating to the disposition of Portfolio securities of the Company necessary to fund such redemption and minus the applicable Redemption Fee (the "Net Amount Receivable on Concurrent Annual Redemption"), except as described below under the heading "Resale of Units Tendered for Concurrent Annual Redemption". In the event of a recirculation as described below, the brokerage fees, commissions and other costs relating to the disposition of Portfolio securities of the Company necessary to fund such redemptions will be such amount as the Manager determines is fair in the circumstances. To be redeemed in this manner, the Preferred Shares and Class A Shares must both be surrendered for redemption at least five business days prior to the Redemption Date in November of the applicable year. Payment of the proceeds of redemption will be made on or before the eighth business day following the Redemption Date in November of the applicable year (the "Annual Redemption Payment Date").

As disclosed below under the heading "Resale of Units Tendered for Concurrent Annual Redemption", where the holder of Preferred Shares tendered for redemption has not withheld his or her consent thereto in the manner provided in the redemption notice delivered to CDS through a CDS participant, the Company may, but is not obligated to, require CIBC World Markets Inc. (the "Recirculation Agent") to use commercially reasonable efforts to find purchasers for any Preferred Shares tendered for redemption prior to the relevant Monthly Redemption Payment Date or Annual Redemption Payment Date pursuant to a recirculation agreement entered into between the Company and the Recirculation Agent on November 30, 2006 (the "Recirculation Agreement"). In such event, the amount to be paid to the holder of the Preferred Shares on the applicable Monthly Redemption Payment Date or Annual Redemption Payment Date will be an amount equal to the proceeds of the sale of the Preferred Shares less any applicable

commission. Such amount will not be less than the Net Amount Receivable on Concurrent Annual Redemption described above. Holders of Preferred Shares are free to withhold their consent to such treatment and to require the Company to redeem their Preferred Shares in accordance with their terms.

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

The redemption right must be exercised by causing written notice to be given within the notice periods prescribed herein and in the manner described under "Purchases and Transfers - Book-Entry Only System". Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS participant, except with respect to those Preferred Shares which are not redeemed by the Company on the relevant Redemption Date.

If any Preferred Shares are tendered for redemption and are not resold in the manner described below under the heading "Resale of Preferred Shares Tendered for Redemption", the Company has directed the Recirculation Agent to purchase for cancellation on behalf of the Company that number of Class A Shares which equals the number of Preferred Shares so redeemed. Any Class A Shares so purchased for cancellation will be purchased in the market.

#### ***Resale of Preferred Shares Tendered for Redemption***

Pursuant to the terms of the Recirculation Agreement, if requested to do so by the Company, the Recirculation Agent will use commercially reasonable efforts to find purchasers for any Preferred Shares tendered for redemption prior to the relevant Monthly Redemption Payment Date or Annual Redemption Payment Date, provided that the holder of the Preferred Shares so tendered has not withheld consent thereto. The Company is not obligated to require the Recirculation Agent to seek such purchasers but may elect to do so. In the event that a purchaser for such Preferred Shares is found in this manner, the amount to be paid to the holder of the Preferred Shares on the relevant Monthly Redemption Payment Date or Annual Redemption Payment Date will be an amount equal to the holder's pro rata share of the aggregate proceeds realized in connection with the sale of all the recirculated shares of that class sold in connection with that Monthly Redemption less any applicable commission. Such amount will not be less than the Preferred Share Net Amount Receivable on Monthly Redemption.

#### ***Priority***

The Preferred Shares rank in priority to the Class A Shares and the Class J Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Company.

#### **Certain Provisions of the Class A Shares**

##### ***Distributions***

Part of the Investment Objectives of the Company is to pay quarterly non-cumulative cash distributions to the holders of Class A Shares in an amount targeted to be \$0.20 per Class A Share per quarter (\$0.80 per Class A Share per annum), representing a yield on the issue price of the Class A Shares of 8.00% per annum based on the \$10.00 per Class A Share price. On December 19, 2007, the Company announced that it was suspending payment of the regular quarterly distributions on the Class A Shares in order to protect the Company's NAV and to

preserve the Company's ability to rebuild and meet its Investment Objectives in the long term. Currently, distributions remain suspended. If the Company has net realized capital gains which would otherwise be subject to tax after taking into account all relevant distributions, the Company will pay a special capital gains dividend to the holders of Class A Shares in order to effectively eliminate that tax liability. The Company may make additional special distributions provided certain conditions are met and the Manager considers it appropriate in the circumstances at such time. There can be no assurance that the Company will be able to pay distributions to the holders of Class A Shares.

No distributions will be paid on the Class A Shares if (i) the distributions payable on the Preferred Shares are in arrears, or (ii) after the payment of the distribution by the Company, the NAV per Unit would be less than \$15.00. In addition, the Company will not pay special distributions, meaning distributions in excess of the targeted distribution of \$0.20 per Class A Share per quarter, on the Class A Shares if the Manager determines, on a determination date selected by the Manager prior to the monthly distribution date and based on the NAV per Class A Share as of that determination date, that if after payment of the distribution the NAV per Unit would be less than \$20.00 unless the Company would need to pay a capital gains dividend in order to effectively eliminate tax on the net capital gains realized by the Company.

The distributions received by the Company from issuers whose securities are held in the Portfolio may vary from month to month and certain of these issuers pay distributions less frequently than every month, with the result that the cash available for distribution to Shareholders could vary substantially and there can be no assurance that the Company will make any distribution in any particular month or months.

In the event that the Company realizes capital gains, the Company may, at its option either before the year end or within 60 days thereof, pay a special capital gains dividend in certain circumstances in Class A Shares, and/or cash, and/or cash reinvested in additional Class A Shares. Any capital gains dividend payable in, or reinvested in additional Class A Shares will increase the aggregate adjusted cost base to holders of Class A Shares. Immediately following payment of such a dividend payable in, or reinvested in additional Class A Shares, the number of Class A Shares outstanding will be automatically consolidated such that the number of Class A Shares outstanding after such distribution will be equal to the number of Class A Shares outstanding immediately prior to such distribution. The Company may also at its option pay a special year end dividend from dividends it receives (or for tax purposes is deemed to receive) from Canadian issuers.

All cash distributions are paid through CDS' book-entry only system or may be paid in such other manner as may be agreed to by the Company. As registrations of interests in the Class A Shares are made through the book-entry only system, the Company will, prior to March 1 of each year, provide CDS with the information necessary to enable holders to complete an income tax return with respect to amounts paid or payable by the Company to such holders in the preceding calendar year. Each holder will in turn receive such information from its applicable CDS participant. See "Purchases and Transfers - Book-Entry Only System" and "Income Tax Considerations".

### ***Redemption Privileges***

#### ***Final Redemption***

All Class A Shares will be redeemed on the Final Redemption Date. The redemption price payable for a Class A Share on that date will be equal to the greater of (i) the NAV per Unit on that date minus \$10.00 and any accrued and unpaid distributions on a Preferred Share, and (ii) nil.

Notice of redemption will be given to CDS participants holding Class A Shares on behalf of the beneficial owners thereof at least 30 days prior to the Final Redemption Date.

### ***Monthly Redemptions***

Class A Shares may be surrendered at any time for redemption by the Company, but will be redeemed only on the monthly Redemption Date. Class A Shares surrendered for redemption by a Shareholder at least five business days prior to the monthly Redemption Date will be redeemed on such Redemption Date and the Shareholder will receive payment on or before the Monthly Redemption Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the fifth business day immediately preceding a Redemption Date, the Class A Shares will be redeemed on the Redemption Date in the following month and the Shareholder will receive the Class A Shares Net Amount Receivable on Monthly Redemption (except as described below under the heading “Resale of Class A Shares Tendered for Monthly Redemption”) for the redeemed Class A Shares on the Monthly Redemption Payment Date in respect of such Redemption Date. Such redemptions are subject to the Redemption Fee as described below under the heading “Redemption Fee”.

Except as noted below, holders of Class A Shares whose shares are surrendered for redemption will be entitled to receive the Class A Share Net Amount Receivable on Monthly Redemption for the redeemed Preferred Shares on the Monthly Redemption Payment Date of such Redemption Date. The “Class A Share Net Amount Receivable on Monthly Redemption” is equal to the Class A Share Redemption Price (as defined below) minus the applicable Redemption Fee. The “Class A Share Redemption Price” in respect of a Redemption Date means the redemption price per Class A Share equal to (i) 95% of the NAV per Unit determined as of such Redemption Date, less (ii) the cost to the Company of the purchase of a Preferred Share in the market for cancellation (for this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, and commissions and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Preferred Share). If on any Redemption Date, Preferred Shares are not required to be purchased in the market for cancellation in connection with the redemption of some or all of the Class A Shares to be redeemed, then the amount in clause (ii) above shall be such amount as the Manager determines is fair in the circumstances. Any declared and unpaid distributions payable on or before a Redemption Date in respect of Preferred Shares tendered for redemption on such Redemption Date will also be paid on the Monthly Redemption Payment Date.

### ***Annual Redemption***

Holders of Class A Shares also have an annual redemption right under which they may concurrently redeem an equal number of Preferred Shares and Class A Shares on the Redemption Date in November of each year. The amount received per Unit by the redeeming Shareholder for such a concurrent redemption will be equal to the Net Amount Receivable on Concurrent Annual Redemption. To be redeemed in this manner, the Preferred Shares and Class A Shares must both be surrendered for redemption at least five business days prior to the Redemption Date in November of the applicable year. Payment of the proceeds of redemption will be made on or before the applicable Annual Redemption Payment Date in November of the applicable year.

As disclosed below under the heading “Resale of Units Tendered for Concurrent Annual Redemption”, where the holder of Class A Shares tendered for redemption has not withheld his or her consent thereto in the manner provided in the redemption notice delivered to CDS through a CDS participant, the Company may, but is not obligated to, require the Recirculation Agent to use commercially reasonable efforts to find purchasers for any Class A Shares tendered for redemption prior to the relevant Monthly Redemption Payment Date or Annual Redemption Payment Date pursuant to the Recirculation Agreement. In such event, the amount to be paid to the holder of the Class A Shares on the applicable Monthly Redemption Payment Date or Annual

Redemption Payment Date will be an amount equal to the proceeds of the sale of the Class A Shares less any applicable commission. Such amount will not be less than the Net Amount Receivable on Concurrent Annual Redemption described above. Holders of Class A Shares are free to withhold their consent to such treatment and to require the Company to redeem their Class A Shares in accordance with their terms.

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

The redemption right must be exercised by causing written notice to be given within the notice periods prescribed herein and in the manner described under "Purchases and Transfers - Book-Entry Only System". Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS participant, except with respect to those Class A Shares which are not redeemed by the Company on the relevant Redemption Date.

If any Class A Shares are tendered for redemption and are not resold in the manner described below under "Resale of Class A Shares Tendered for Redemption", the Company has directed the Recirculation Agent to purchase for cancellation on behalf of the Company that number of Preferred Shares which equals the number of Class A Shares so redeemed. Any Preferred Shares so purchased for cancellation will be purchased in the market.

#### ***Resale of Class A Shares Tendered for Redemption***

Pursuant to the terms of the Recirculation Agreement, if requested to do so by the Company, the Recirculation Agent will use commercially reasonable efforts to find purchasers for any Class A Shares tendered for redemption prior to the relevant Monthly Redemption Payment Date or Annual Redemption Payment Date, provided that the holder of the Class A Shares so tendered has not withheld consent thereto. The Company is not obligated to require the Recirculation Agent to seek such purchasers but may elect to do so. In the event that a purchaser for such Class A Shares is found in this manner, the amount to be paid to the holder of the Class A Shares on the relevant Monthly Redemption Payment Date or Annual Redemption Payment Date will be an amount equal to the holder's pro rata share of the aggregate proceeds realized in connection with the sale of all of the recirculated shares of that class sold in connection with that Monthly Redemption less any applicable commission. Such amount will not be less than the Class A Share Net Amount Receivable on Monthly Redemption.

#### ***Priority***

The Class A Shares rank subsequent to the Preferred Shares but in priority to the Class J Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Company.

#### **Redemption Fee**

If a redemption of Preferred Shares or Class A Shares occurs prior to 2013, a redemption fee payable to the Manager by the redeeming Shareholder (the "Redemption Fee") will be deducted by the Manager from the amount otherwise receivable by the redeeming Shareholder in order to compensate the Manager, in part, for paying the agent's fees and expenses of the Offering, as follows:

<u>Year of Redemption</u>	<u>Redemption Fee per Unit</u>
2010.....	\$0.75
2011.....	\$0.65
2012.....	\$0.55
2013.....	Nil

The Redemption Fee is based on each Unit (a Preferred Share and a Class A Share) redeemed as per the table above. The Redemption Fee payable in 2010 is equal to 3.75% of the original issue price of \$20.00 per Unit and decreases by 0.5% each year thereafter until 2012 when the Redemption Fee is equal to 2.75% of the original issue price of \$20.00 per Unit. A Shareholder is deemed to have redeemed a Unit for each Class A Share or Preferred Share redeemed unless shares of the other class have also been redeemed as of the same Redemption Date, in which case the Redemption Fee will be calculated on a pro-rata basis between all redeeming Shareholders.

### **Resale of Units Tendered for Concurrent Annual Redemption**

Pursuant to the Recirculation Agreement, the Recirculation Agent has agreed to use commercially reasonable efforts to find purchasers for any Units tendered for redemption prior to the relevant Monthly Redemption Payment Date or Annual Redemption Payment Date, provided that the Shareholder that has tendered Units has not withheld consent thereto. The Company may, but is not obligated to, require the Recirculation Agent to seek such purchasers. In the event that a purchaser for such Units is found in this manner, the amount to be paid to the holder of the Units on the relevant Monthly Redemption Payment Date or Annual Redemption Payment Date will be an amount equal to the holder's pro-rata share of the aggregate proceeds realized in connection with the sale of all of the recirculated Units sold in connection with that annual redemption less any applicable commission. Such amount will not be less than the Net Amount Receivable on Concurrent Annual Redemption. Holders may withhold their consent to any proposed resale and to require the Company to redeem their Units in accordance with their terms.

### **Voting Rights of Shareholders**

Only Shareholders of record are entitled to vote at meetings of Shareholders. Each Preferred Share and Class A Share entitles the holder or holders thereof to one vote on a poll. At any meeting of Shareholders, any Shareholders entitled to vote thereat may vote by proxy and a proxyholder need not be a Shareholder. The Manager may solicit proxies from Shareholders in any matter requiring or permitting the Shareholders' approval or consent. When any Preferred Share or Class A Share is held jointly by several persons, any one of them may vote at any meeting in person or by proxy in respect of such Preferred Share or Class A Share. However, if more than one of them shall be present at such meeting in person or by proxy, and such joint owners so present disagree as to any vote to be cast, such vote shall not be received in respect of such Preferred Share or Class A Share.

### **Meetings of Shareholders**

Except as required by law or set out below, holders of Preferred Shares and Class A Shares will not be entitled to receive notice of, to attend or to vote at any meeting of Shareholders of the Company.

### **Acts Requiring Shareholder Approval**

The following matters require the approval of the holders of Preferred Shares and Class A Shares by a two-thirds majority vote (other than item (c) which requires approval by a simple majority vote) at a meeting called and held for such purpose:

- (a) a change in the fundamental Investment Objectives and Investment Strategy of the Company;
- (b) a change in the Investment Restrictions of the Company unless such change is necessary to ensure compliance with all applicable laws, regulations or other requirements by the applicable regulatory authority from time to time;
- (c) any change in the basis of calculating fees or other expenses that are charged to the Company which could result in an increase in charges to the Company other than a fee or expense charged by a person or company that is at arm's length to the Company and for which Shareholders are sent a written notice of such change at least 60 days before the effective date of such change;
- (d) except as described herein, a change of the Portfolio Advisor or Manager of the Company, other than a change resulting in an affiliate of such person assuming such position;
- (e) a decrease in the frequency of calculating the NAV per Unit or of Shareholders' redemption privileges;
- (f) a reorganization with, or transfer of assets to, another mutual fund corporation, if
  - (i) the Company ceases to continue after the reorganization or transfer of assets; and
  - (ii) the transaction results in Shareholders becoming securityholders in the other mutual fund corporation;
- (g) a reorganization with, or acquisition of assets of, another mutual fund corporation, if
  - (i) the Company continues after the reorganization or acquisition of assets;
  - (ii) the transaction results in the securityholders of the other mutual fund corporation becoming Shareholders of the Company; and
  - (iii) the transaction would be a material change to the Company;
- (h) a termination of the Investment Management Agreement (except as described under "Responsibility for the Company's Operations – The Investment Management Agreement");
- (i) an amendment, modification or variation in the provisions or rights attaching to the Preferred Shares, Class A Shares or Class J Shares which adversely affects the holders of those shares; and
- (j) a change of the Final Redemption Date.

Each Preferred Share and each Class A Share will have one vote at such a meeting. 10% of the outstanding Preferred Shares and Class A Shares, respectively, represented in person or by proxy at the meeting will constitute a quorum. If no quorum is present, the holders of Preferred Shares and Class A Shares then present will constitute a quorum at an adjourned meeting.

#### **VALUATION OF PORTFOLIO SECURITIES AND CALCULATION OF NET ASSET VALUE**

The NAV on a particular date will be equal to (i) the aggregate value of the assets of the Company, less (ii) the aggregate value of the liabilities of the Company, including any distributions declared and not paid, less (iii) the stated capital of the Class J Shares (\$100). For

greater certainty, the Preferred Shares will not be treated as liabilities for these purposes. The Manager will calculate the “NAV per Unit” on any day by dividing the NAV on such day by the number of Units outstanding on that day. A “Unit” is a notional unit comprised of one Preferred Share and one Class A Share.

The NAV per Unit will be calculated daily, and published once each week, as at the close of trading on the TSX on that day. In the last week of the month, the NAV per Unit will be published on the last business day of the month. Such information will be provided by the Manager to Shareholders on request by calling toll-free 1-888-333-3240 or through the internet at [www.copernicancapital.com](http://www.copernicancapital.com).

Unless otherwise required by law, in determining the NAV at any time, the Company will take into account:

- (a) the value of any cash on hand or on deposit, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Manager 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 Manager determines to be the fair value thereof;
- (b) 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;
- (c) bonds and other debt securities shall be valued by taking the bid price;
- (d) the value of any securities which is listed or dealt with upon a stock exchange or traded on an over-the-counter market; shall be determined by taking the exchange specific closing price published by the exchange as of the date on which NAV is being determined. If there has been no trade, the MID price (average of BID and ASK) as of the close of business on the day the NAV is being determined shall be used to value the security. However, if in the opinion of the Manager, such prices do not properly reflect the prices which would be received by the Manager upon disposal of securities necessary to effect any redemption of Units, the Manager may place such value upon such securities as appears to the Manager to most closely reflect the fair value of such securities;
- (e) on a Valuation Date, for the purposes of calculating the NAV for annual redemptions, 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 Valuation 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 Company (or by the Company’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 Company;
- (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 Company 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 on the Valuation Date, 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 a Valuation Date is not a business day, then the securities comprising the Portfolio and other property of the Company will be valued as if such Valuation Date were the preceding business day;
- (n) the value of all assets of the Company quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable to the Company in foreign currency and the value of all liabilities and contractual obligations payable by the Company in foreign currency shall be determined using the applicable rate of exchange current at, or as nearly as practicable to, the date as of which the NAV is computed; and
- (o) estimated operating expenses of the Company shall be accrued to the date as of which the NAV is being determined.

"Valuation Date" means the last business day of November, as applicable, or such other additional dates as the Manager shall determine from time to time.

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 the securities of the following number of companies in the past three years:

- a) 35 companies as a result of the closure in the U.S. on January 21, 2008 for Martin Luther King Day and other markets being down;

- b) 35 companies as a result of the closure in the U.S. on November 26, 2009 for Thanksgiving Day and other markets being down; and
- c) 12 companies in the normal course.

Pursuant to National Instrument 81-106 – *Investment Fund Continuous Disclosure* (“NI 81-106”), investment funds calculate their NAV using fair value (as defined therein) for the purposes of securityholder transactions. The Manager has established policies to determine the fair value of the securities held by the Company in accordance with NI 81-106. Net assets of the Company 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 Company 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**

The Preferred Shares and Class A Shares of the Company trade on the TSX under the stock symbols CBW.PR.A and CBW, respectively.

#### **Book-Entry Only System**

Registration of interests in and transfers of the Preferred Shares and Class A Shares may be made only through CDS’s book-entry only system. Preferred Shares and Class A Shares must be purchased, transferred and surrendered for retraction or redemption through a CDS participant. All rights of an owner of Preferred Shares or Class A Shares must be exercised through, and all payments or other property to which such owner is entitled may only be made or delivered by, CDS or the CDS participant through which the owner holds such Preferred Shares or Class A Shares. References in this annual information form to a holder of Preferred Shares or Class A Shares means, unless the context otherwise requires, the owner of the beneficial interest in such shares.

Neither the Company, the Custodian (as hereinafter defined), the Manager, the Portfolio Advisor nor the Sub-Advisor will have any liability for (i) records maintained by CDS relating to the beneficial interests in the Preferred Shares or Class A Shares or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS participants.

The ability of a beneficial owner of Preferred Shares or Class A Shares to pledge such shares or otherwise take action with respect to such owner’s interest in such shares (other than through a CDS participant) may be limited due to the lack of a physical certificate.

An owner of Preferred Shares or Class A Shares who desires to exercise redemption privileges thereunder must do so by causing a CDS participant to deliver to CDS (at its office in Toronto) on behalf of the owner a written notice of the owner’s intention to redeem such shares, no later than 5:00 p.m. (Toronto time) on the relevant notice date. An owner who desires to redeem Preferred Shares or Class A Shares should ensure that the CDS participant is provided with a notice of intention to exercise a redemption privilege (“Redemption Notice”) sufficiently in advance of the relevant notice date so as to permit the CDS participant to deliver notice to CDS by the required time. The 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.

By causing a CDS participant to deliver to CDS a notice of the owner's intention to redeem Preferred Shares or Class A Shares, an owner shall be deemed to have irrevocably surrendered such shares for redemption and appointed such CDS participant to act as his 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 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 Company to the CDS participant or to the owner.

The Company has the option to terminate registration of the Preferred Shares or Class A Shares through the book-entry only system in which case certificates for Preferred Shares or Class A Shares in fully registered form would be issued to beneficial owners of such shares or to their nominees.

### **Suspension of Redemptions**

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

### **Purchase for Cancellation**

Subject to applicable law, the Company may at any time or times purchase Preferred Shares and Class A Shares for cancellation at prices per Unit not exceeding the NAV per Unit on the Valuation Date immediately prior to such purchase.

## **RESPONSIBILITY FOR THE COMPANY'S OPERATIONS**

### **The Manager**

Manulife Mutual Funds, a division of Elliott & Page Limited, acts as the Manager of the Company in accordance with the Management Agreement. The Manager's principal place of business is located at 200 Bloor Street East, North Tower 3, Toronto, Ontario M4W 1E5. The Manager can be contacted by telephone at 1-800-263-2144, by e-mail at [manulifemutualfunds@manulife.com](mailto:manulifemutualfunds@manulife.com) or at the website address at [www.manulifemutualfunds.ca](http://www.manulifemutualfunds.ca).

The Manager is an indirect wholly-owned subsidiary of The Manufacturers Life Insurance

Company (“Manulife”).

The Manager is responsible for providing or arranging for required administrative services to the Company including, without limitation:

- (a) authorizing the payment of operating expenses incurred on behalf of the Company;
- (b) preparing financial statements and financial and accounting information as required by the Company;
- (c) ensuring that the Company’s Shareholders are provided with financial statements (including interim and annual financial statements) and other reports as are required by applicable law from time to time;
- (d) ensuring that the Company complies with regulatory requirements and applicable stock exchange listing requirements;
- (e) preparing the Company’s reports to Shareholders and the Canadian securities regulatory authorities;
- (f) providing the Custodian with information and reports necessary for it to fulfill its fiduciary responsibilities;
- (g) determining the amount of distributions to be made by the Company;
- (h) obtaining the services of dealers in exchange for payment by the Manager of the service fee; and
- (i) negotiating contractual agreements with third party providers of services, including registrars, transfer agents, auditors and printers.

The Manager currently out-sources its fund accounting and custodial functions in respect of the Company to Citigroup Fund Services Canada Inc. Effective on or about May 15, 2010, the Manager intends to out-source the fund accounting and custodial functions in respect of the Company to RBC Dexia Investor Services Trust.

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

The Manager may resign as manager of the Company upon 60 days’ written notice to the Shareholders of the Company. If the Manager is in material default of its obligations under the Management Agreement and such default has not been cured within 30 days after written notice of same has been given to the Manager, the Company shall give notice thereof to the Shareholders and the Shareholders may remove the Manager.

The Manager is entitled to fees for its services under the Management Agreement as described under “Fees and Expenses” and will be reimbursed by the Company for all reasonable costs and expenses incurred by the Manager on behalf of the Company. The Manager is also entitled to the applicable Redemption Fees as described under the heading “Description of Share Capital – Redemption Fee.”

The name, municipality of residence, office and principal occupation of each of the directors and executive officers of the Manager are as follows:

Name and municipality of residence	Office with EPL	Principal occupation
J. Roy Firth Toronto, Ontario	Director, Chairman, Chief Executive Officer and Ultimate Designated Person	Executive Vice-President, Manulife
Richard B. Coles Toronto, Ontario	Director	Retired executive
Kevin Adolphe Toronto, Ontario	Director and President	Senior Vice-President and Chief Financial Officer, Investments, Manulife
Bruce Gordon Waterloo, Ontario	Director	Retired executive
Warren Thomson Toronto, Ontario	Director	Senior Executive Vice-President and Chief Investment Officer, Manulife
Paul Rooney Kitchener, Ontario	Director	Senior Executive Vice-President and General Manager, Canada, Manulife
Jean-François Courville Toronto, Ontario	Director and Chief Operating Officer	President and Chief Executive Officer, MFC Global Investment Management
Massimo Testani Toronto, Ontario	Chief Financial Officer	Chief Financial Officer, EPL
Mark Schmeer Oakville, Ontario	Senior Vice-President and Managing Director	Chief Investment Officer, Asset Allocation, Strategy & Research, MFC Global Investment Management
Michael Laman Dundas, Ontario	Vice-President	Vice-President, EPL
Jeff Ray Toronto, Ontario	Vice-President	Assistant Vice President, Product Development, Manulife
Guy Vaillant Waterloo, Ontario	Vice-President, Operations	Vice-President Operations, Individual Wealth Management, Manulife
Robert Tillmann Oakville, Ontario	Vice-President, Marketing and Business Development	Vice-President, Product and Marketing Services, Manulife
Clive Anderson Mississauga, Ontario	General Counsel, Chief Compliance Officer and Secretary	Chief Counsel, Individual Wealth Management, Manulife
J. Alex F. Macdonald Toronto, Ontario	Executive Vice President	Executive Vice President, Canadian Investments and Global Investment Strategy, Manulife

Except as indicated below, each of the directors and executive officers listed above holds the office noted opposite his or her name or has held a similar office in a predecessor company or an affiliate during the five years preceding the date of this annual information form.

Mr. Kevin Adolphe joined Manulife in March 2006 after a successful career with a Canadian chartered bank that included a broad range of experiences from trading derivatives to managing the middle office, serving as CFO and Chief Administrative Officer of the bank's investment dealer subsidiary and, most recently, Chief Control Officer for the entire bank.

Prior to joining Manulife in 2007, Mr. Alex Macdonald was President of Laketon Investment Management. Prior to that, he was Vice President, Investments Canada at Canada Life Assurance Company.

Mr. Jean-François Courville was employed by State Street Canada since 1996 prior to joining Manulife in August, 2007. At State Street Canada, he occupied a number of positions, including President and Chief Executive Officer since 2005.

### **Directors and Officers of the Company**

General oversight of the affairs of the Company is the responsibility of the directors of the Company. The name, municipality of residence, office and principal occupation of each of the directors and officers of the Company are as follows:

<b>Name and Municipality of Residence</b>	<b>Office with the Company</b>	<b>Principal Occupation</b>
J. Roy Firth* Toronto, Ontario	Director, President and Chief Executive Officer	Executive Vice-President, Manulife
Clive Anderson* Mississauga, Ontario	Director and Secretary	Chief Counsel, Individual Wealth Management, Manulife
Michael Laman* Dundas, Ontario	Director and Chief Financial Officer	Vice-President, EPL
Warren Law* Toronto, Ontario	Director	Financial Services Lawyer

\*Members of the audit committee

Except as indicated below, each of the directors and officers listed above holds the office noted opposite his or her name or has held a similar office in a predecessor company or an affiliate during the five years preceding the date of this annual information form.

From January 2008, Warren Law has been a Senior Vice-President of ICICI Bank Canada. Prior to his current role, Mr. Law was a Senior Vice-President of the Canadian Bankers Association.

### **The Portfolio Advisor**

Pursuant to the Investment Management Agreement, the Portfolio Advisor is MFC Global Investment Management (Canada), a division of Elliott & Page Limited. The Portfolio Advisor's principal place of business is located at 200 Bloor Street East, North Tower 3, Toronto, Ontario M4W 1E5.

## **The Investment Management Agreement**

The services provided by the Portfolio Advisor pursuant to the Investment Management Agreement include overseeing all investment decisions for the Company. All investment decisions are made in accordance with the Investment Objectives, investment strategy and investment restrictions of the Company. Decisions as to the purchase and sale of securities and as to the execution of all Portfolio and other transactions will be made by the Sub-Advisor.

Under the Investment Management Agreement, the Portfolio Advisor is required to act at all times on a basis which is fair and reasonable to the Company, to act honestly and in good faith with a view to the best interests of the Shareholders of the Company and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The Investment Management Agreement provides that the Portfolio Advisor shall not be liable in any way for any default, failure or defect in any of the securities of the Company, nor shall it be liable if it has satisfied the duties and standard of care, diligence and skill set forth above. The Portfolio Advisor will, however, incur liability in cases of wilful misconduct, bad faith, negligence or breach of its obligations under the Investment Management Agreement.

The Investment Management Agreement, unless terminated as described below, will continue in effect until the termination of the Company. The Company may terminate the Investment Management Agreement only if the Portfolio Advisor has committed certain events of bankruptcy or insolvency, has lost any registration or other authorization required to perform its services or is in material breach or default of the provisions thereof and such breach has not been cured within 30 days after written notice thereof has been given to the Portfolio Advisor by the Company.

Except as set out below, the Portfolio Advisor may not terminate the Investment Management Agreement or assign the same except to an affiliate of the Portfolio Advisor, without approval of the Shareholders of the Company. The Portfolio Advisor may terminate the Investment Management Agreement if the Company is: in material breach or default of the provisions thereof and such breach or default has not been cured within 30 days of written notice of same to the Company; the Manager is in material breach or default of the provisions thereof and such breach or default has not been cured within 30 days of written notice of same to the Manager; or if there is a material change in the fundamental Investment Objectives, Investment Strategy or Investment Restrictions of the Company that has not been approved by the Portfolio Advisor.

The Portfolio Advisor is entitled to fees for its services under the Investment Management Agreement as described under "Fees and Expenses" and will be reimbursed for all reasonable fees incurred on behalf of the Company.

## **The Sub-Advisor**

Pursuant to the Sub-Advisory Agreement, the Portfolio Advisor has retained Portland Investment Counsel Inc. ("Portland") as Sub-Advisor to provide investment analysis and recommendations, make investment decisions and arrange for the acquisition and disposition of portfolio investments, including all necessary brokerage arrangements for the Company, and managing the writing (selling) of call options and put options by the Company. The Portfolio Advisor maintains responsibility for the overall management of the investment portfolio of the Company at all times.

The following individuals employed by Portland are principally responsible for the day-to-day investment decisions of the portfolio of the Company:

<b><i>Name of Individual</i></b>	<b><i>Title</i></b>	<b><i>Length of Service</i></b>
Christopher Wain-Lowe	Executive Vice-President and Portfolio	7 years

	Manager, Portland	
Greg Placidi	Senior Vice President and Portfolio Manager, Portland	8 years

Each individual listed above holds the office noted opposite his or her name or has held a similar office in a predecessor company or an affiliate during the five years preceding the date of this annual information form.

### **The Sub-Advisory Agreement**

The services provided by the Sub-Advisor pursuant to the Sub-Advisory Agreement include making all investment decisions for the Company including managing the writing (selling) of call options and put options by the Company. All investment decisions are made in accordance with the Investment Objectives, Investment Strategy and Investment Restrictions of the Company. Decisions as to the purchase and sale of securities and as to the execution of all Portfolio and other transactions are made by the Portfolio Advisor.

Under the Sub-Advisory Agreement, the Sub-Advisor is required to act at all times on a basis which is fair and reasonable to the Company, to act honestly and in good faith with a view to the best interests of the Shareholders of the Company and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The Sub-Advisory Agreement provides that the Sub-Advisor shall not be liable in any way for any default, failure or defect in any of the securities of the Company, nor shall it be liable if it has satisfied the duties and standard of care, diligence and skill set forth above. The Sub-Advisor will, however, incur liability for all losses resulting from its negligence, wilful misconduct or lack of good faith and for all acts or omissions of its officers, employees and agents in breach of its duties, obligations or representations and warranties under the Sub-Advisory Agreement.

The Company may terminate the Sub-Advisory Agreement immediately if the Sub-Advisor has committed certain events of bankruptcy or insolvency, has lost any registration or other authorization required to perform its services or is in material breach or default of the provisions thereof and such breach has not been cured within 30 days after written notice thereof has been given to the Sub-Advisor by the Company. The Sub-Advisory Agreement may also be terminated by either party for any reason upon 30 days written notice to the other party.

The Sub-Advisor is entitled to fees for its services under the Sub-Advisory Agreement and will be reimbursed for all reasonable fees incurred on behalf of the Company.

### **Brokerage Arrangements**

We have no contractual arrangement with any person or company:

- for any exclusive right to purchase or sell the investment portfolio of the Company, or
- which provides any dealer or trader a material competitive advantage over other dealers or traders when buying or selling for the investment portfolio of the Company.

We conduct continuous studies of the factors that affect the market price and prospects of various industries, companies and individual securities. In this work, we use reports and statistics from a wide variety of sources, including brokers and dealers who may execute portfolio transactions for the Company and for our clients, but investment decisions are based primarily on investigations and critical analyses by our own professional staff.

In buying and selling the Company's portfolio securities, we will consider quality of service, commission rates and other services offered by dealers. The Portfolio Advisor or the Sub-Advisor

of the Company may allocate brokerage business to affiliates. Any trades allocated in this manner will be done at competitive brokerage fee rates. Subject to regulatory approval (where necessary), the Portfolio Advisor or the Sub-Advisor of the Company may act as agent for the purchase or sale of securities of the Company. No brokerage fees are paid on such transactions.

Manulife Securities Investment Services Inc. and Manulife Securities Incorporated, each a subsidiary of Manulife, which is the parent company of the Manager, may trade in securities of the Company in the normal course of business.

The following companies provided investment decision-making services in the nature of research reports, quotes, news and wire services, statistical and quantitative analysis, and similar services to the Manager in respect of the Company since April, 2009: Thomson Financial LLC; MorningStar; FactSet Data Systems; Thomson Reuters Corporation; Standard & Poor's and MSCI.

### **CUSTODIAN**

Citibank Canada (the "Custodian") is the Custodian of the Company. The Custodian acts as custodian of the assets of the Company pursuant to the global custodial services agreement dated July 31, 2007, as amended between the Manager and the Custodian (the "Global Custodial Services Agreement"). Under the Global Custodial Services Agreement, the Custodian has the power to appoint sub-custodians. The Custodian is located at 123 Front Street West, Toronto, Ontario M5J 2M3. The Custodian holds, for the account of the Company, all securities other than non-cash property (other than securities which are held by CDS). All cash property received for the Company may be held by the Custodian at specified banks or trust companies. Upon certain instructions, the Custodian shall release and deliver securities of the Company held by the Custodian. The Global Custodial Services Agreement may be terminated by the Manager, on behalf of the Company, by giving a minimum of 30 days' prior written notice or by the Custodian giving a minimum of 180 days' prior written notice.

Effective on or about May 15, 2010, RBC Dexia Investor Services Trust shall become the new custodian of the Company.

### **AUDITORS**

The auditors of the Company are PricewaterhouseCoopers LLP, Chartered Accountants located at Suite 3000, Box 82, Royal Trust Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1G8.

### **REGISTRAR AND TRANSFER AGENT**

The Registrar and Transfer Agent of the Preferred Shares and Class A Shares is Computershare Investor Services Inc. The Registrar and Transfer Agent's principal office is located at 1500 University Street, Suite 700, Montreal, Quebec H3A 3S8. The Company entered into a Transfer Agent, Registrar and Distribution Disbursing Agent Agreement (the "Transfer Agent Agreement") dated November 20, 2006 with the Registrar and Transfer Agent. Under the terms of the Transfer Agent Agreement, the Company appointed the Registrar and Transfer Agent as its transfer agent, registrar and distribution disbursing agent to keep the register of holders and the register of transfers at its principal office in the City of Montreal, and with a co-agency office in the City of Toronto. The Registrar and Transfer Agent may appoint one or more sub-agents to maintain branch registers of transfers kept in cities outside of Canada, if any. The Registrar and Transfer Agent's liability is limited under the Transfer Agent Agreement and the Registrar and Transfer Agent is indemnified by the Company. The Company pays the Registrar and Transfer Agent fees for its services and reimburses it for all costs and expenses provided in connection with the Transfer Agent Agreement.

## FUND GOVERNANCE

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

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

The board of directors of the Manager of the Company has adopted appropriate policies, procedures and guidelines to ensure the proper management of the Company. 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 Company. The systems that have been implemented monitor and manage the business and sales practices, risk and internal conflicts of interest relating to the Company 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.

In addition to the oversight of the Company’s operations required to be carried out by the Manager, the Company also has a Board of Directors, with all of the regular duties imposed upon directors of a business corporation under the *Business Corporations Act* (Ontario). Under that Act, the directors must act honestly, in good faith and in the best interests of the investors in the Company, and must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances. To help them carry out their obligations to the Company’s investors, the directors have engaged the Manager.

### **The Independent Review Committee**

On behalf of the Company, we have 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 Company. 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 Company and the Company’s investors.

The initial IRC of the Company consisted of David Sharpless as Chairman, John Doma and W. James F. O’Donnell. 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 former manager of the Company resulting from the acquisition by EPL of AIC Limited's Canadian retail investment fund business on September 25, 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 Company and each member is independent from us, the Company and entities related to us 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 Company. The Manager is required under NI 81-107 to identify conflicts of interest inherent in its management of the Company, 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 Company. The IRC reports annually to Shareholders of the Company 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 Company. The former IRC shall prepare the annual report for the Company for the period from January 1, 2009 to September 24, 2009 and the current IRC shall prepare the annual report for the period from September 25, 2009 to December 31, 2009. For a free copy of this report, call us at 1-888-333-3240 or ask your dealer. You can also get a copy of this report on our website at [www.copernicancapital.com](http://www.copernicancapital.com) or by sending an e-mail to [info@aic.com](mailto:info@aic.com). This report and other information about the Company are also available at [www.sedar.com](http://www.sedar.com).

Prior to September 25, 2009, the former IRC members of the Company were paid \$25,000 each per annum. In addition to this amount, the Chair of the IRC was paid an additional \$5,000 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: David Sharpless - \$30,000; John Doma - \$25,561; and W. James F. O'Donnell - \$25,561.

Effective September 25, 2009, when Manulife Mutual Fund's IRC became the IRC of the Company, 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 AIC 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. The following fees and expenses were allocated across the AIC Funds to cover the period from September 25, 2009 to December 31, 2009: Robert S. Robson - \$11,835; William J.L. Swirsky - \$11,835; and R. Warren Law - (Chair) \$11,938.

### **Investments in Derivatives**

The Company may invest in or use derivatives for hedging and non-hedging purposes in a manner consistent with the investment objectives of the Company and as permitted by applicable securities legislation and exemptions therefrom.

The board of directors of the Manager of the Company, has adopted policies and practice guidelines applicable to the Company to manage the risks associated with the use of derivative instruments. Such policies and practice guidelines require that:

- the use of derivative instruments be consistent with the Company's investment objectives and policies
- the operational, monitoring and reporting procedures in place ensure that all derivatives transactions are completely and accurately recorded, in accordance with their approved use, and within the limits and regulatory restrictions prescribed for the Company.

These policies and practice guidelines are reviewed as necessary by a Senior Officers' Committee of the Manager. In addition, the Manager's compliance department has oversight over all use of derivative instruments by the Company and reports thereon at least quarterly to the board of directors of the Manager.

### **Investment in Securities Lending, Repurchase and Reverse Repurchase Agreements**

The Company may enter into securities lending arrangements or repurchase and reverse repurchase agreements. The Company is subject to the provisions of NI 81-102 with respect to lending Portfolio securities. An affiliate of the Custodian shall be responsible for the ongoing administration of the securities loans, including the obligation to mark to market the collateral on a daily basis.

The board of directors of the Manager of the Company has adopted policies and practice guidelines applicable to the Company 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 Company'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 Company 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 Company
- 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 Company 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 Company 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 Company 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. The Company engages the securities lending agent to determine on a daily basis, the market value of the securities loaned under a securities lending transaction. If on any day the market value of the

cash or collateral is less than 102% of the market value of the security loaned, on the next day the counterparty will be required to provide additional cash or collateral to the Company to make up the shortfall. The Manager monitors this process on a monthly basis.

### **Foreign Currency Hedging**

The Company may also use derivatives permitted under NI 81-102 to hedge all or a portion of the Company's foreign currency exposure. Such permitted derivatives may include exchange traded options, over-the-counter options and forward contracts. The Sub-Advisor expects that at least 80% of the Company's non-Canadian dollar currency exposure or the non-Canadian dollar currency exposure of the issuers whose securities comprise the portfolio will be hedged back, directly or indirectly, to the Canadian dollar. The Sub-Advisor will be reviewing the currency exposure and will adjust hedging levels from time to time as it considers appropriate.

### **Proxy Voting Policies and Procedures**

As Manager of the Company, we have a fiduciary responsibility to act in the best interests of the Company and its Shareholders. One significant aspect of this duty is ensuring that the securities held by the Company are voted in a timely manner that serves the best interests of the Company and its Shareholders. We have delegated to the Portfolio Advisor and the Sub-Advisor voting authority with respect to the portfolio securities of the Company, subject to the Manager's review from time to time.

The Sub-Advisor is expected to take reasonable steps to vote all proxies received. However, the Sub-Advisor may refrain from voting where administrative or other procedures result in the costs of voting outweighing the benefits. The Sub-Advisor may also refrain from voting if in its opinion abstaining or otherwise withholding its vote is in the best interests of the Company's Shareholders.

We have established a proxy voting policy (the "Proxy Voting Policy") that has been designed to provide general guidance, in compliance with applicable legislation, for the voting of proxies. We expect the Sub-Advisor to comply with the stated policies, which, in general, must meet standards similar to our Proxy Voting Policy and applicable legislation. We reserve the right to retract voting authority in respect of the Sub-Advisor at any time.

The Proxy Voting Policy summarizes our position on various issues and provides a general indication as to how the Sub-Advisor is expected to vote proxies on each issue. The Sub-Advisor will usually vote proxies in accordance with the Proxy Voting Policy. However, the Sub-Advisor reserves the right to vote on certain issues counter to the Proxy Voting Policy if, after a review of the matter (which analysis will be documented in writing), the Sub-Advisor believes that the Company's best interests would be better served by such counter vote.

Issuers' proxies most frequently contain proposals to elect corporate directors, to appoint external auditors and fix their compensation, to amend the capitalization of the company and to adopt or amend management compensation plans. Consistent with our Proxy Voting Policy, it is expected that the Sub-Advisors would cause the Company to vote on these matters as follows:

- Board of Directors - We vote for management nominees unless the board fails to meet minimum corporate governance standards, such as being comprised of a majority of independent directors or there are records of abuse against the interests of minority shareholders.
- Appointment of Auditors and Compensation - We vote for the election of auditors and proposals authorizing the board to fix the auditors' compensation unless we have concerns about the accounts presented or the audit procedures used or if questions are raised regarding the independence of the auditors.

- Changes in Capital Structure - We vote for resolutions that seek to maintain, or convert into, a one vote for one share capital structure and generally vote against resolutions authorizing a multiple class voting structure or the creation or addition of shares with superior voting rights.
- Management Compensation - We vote for proposals to compensate non-executive directors unless the amounts are excessive relative to other companies in the industry. We will vote on equity compensation plans and other proposals relating to management compensation on a case-by-case basis having regard to the best interests of the Shareholders of the Company.

Other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are addressed on a case-by-case basis with a focus on the best interests of the Shareholders of the Company and the potential impact of the vote on shareholder value.

### **Short-Term Trading**

As the Company's securities are not continuously offered for sale, the Company has no policies and procedures which relate to the monitoring, detection and deterrence of short-term trades.

### **CONFLICTS OF INTEREST**

A conflict of interest may arise when we (or the Portfolio Advisor or the Sub-Advisor to the Company) vote a proxy solicited by an issuer with whom we and/or the Portfolio Advisor and/or the Sub-Advisor has a material business or personal relationship that may affect the vote. To avoid conflicts of interest we, and the Sub-Advisor, will adhere to the following procedures:

- All votes will be cast according to the Proxy Voting Policy, in the best interests of the Company and its Shareholders. If votes are cast otherwise, they will be documented and explained
- All persons involved in the proxy voting process must disclose any potential conflict of which they are aware. Voting recommendations must be made according to the best interests of the Company and its Shareholders and without any other considerations
- A proxy committee consisting of members of our legal and compliance departments maintains procedures to identify material relationships that could result in potential conflicts
- When a possible conflict of interest is encountered, our legal department will determine whether a conflict of interest does in fact exist and where a conflict of interest has been determined, the proxy committee shall consider the matter for final determination

We will review the Portfolio Advisor's and the Sub-Advisor's policies for addressing conflicts of interest from time to time to ensure that they offer substantially similar protection.

The current proxy voting policies and procedures of the Portfolio Advisor and the Sub-Advisor are available to Shareholders on request, at no cost, by calling toll-free 1-888-333-3240. The Company's proxy voting record for the annual period ending June 30 in each year will be available at any time after August 31 of that year to any Shareholder on request, at no cost, and will also be available on the web at [www.copernicancapital.com](http://www.copernicancapital.com).

### **Principal Holders of Shares**

As at March 30, 2010, all of the issued and outstanding Class J Shares of the Company are owned by the Trust as described under "Description of Share Capital".

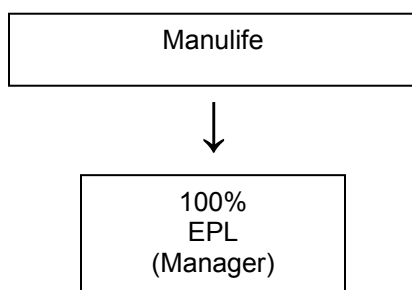
As at March 30, 2010, the Company, after making reasonable inquiries, is not aware of any person or company including any director or senior officer of the Company or the Manager that owns, directly or indirectly, more than 10% of the voting shares of the Company, the Manager or any person or company that provides services to the Company or the Manager other than as follows:

As at March 30, 2010, FNA Financial Inc., a wholly-owned subsidiary of Manulife, owned all of the 217,152 voting common shares of the Manager then outstanding.

The IRC members in aggregate do not beneficially own, directly or indirectly, more than 10% of each of the Class A Shares and Preferred Shares of the Company. The IRC members also do not own securities in the Manager or in any person or company that provides services to the Company or the Manager.

### Affiliated Entities

The affiliated entities that provide services to the Company or the Manager in relation to the Company are set out in the diagram below.



You can review the fees, if any, paid to the Manager by the Company in the audited financial statements of the Company.

The following individuals are directors or executive officers of the Company or EPL and also an affiliated entity of the Company or EPL as described above:

<b>Name</b>	<b>Position with the Company</b>	<b>Position with EPL</b>	<b>Position with Affiliate</b>
J. Roy Firth	Director, President and Chief Executive Officer	Director, Chairman, Chief Executive Officer and Ultimate Designated Person	Executive Vice-President, Manulife
Paul Rooney	N/A	Director	Senior Executive Vice President, General Manager, Canada, Manulife
Kevin Adolphe	N/A	Director and President	Senior Vice-President and Chief Financial Officer, Investments, Manulife

<b>Name</b>	<b>Position with the Company</b>	<b>Position with EPL</b>	<b>Position with Affiliate</b>
Warren Thomson	N/A	Director	Senior Executive Vice-President and Chief Investment Officer, Manulife
Guy Valliant	N/A	Vice-President, Operations	Vice-President Operations, Individual Wealth Management, Manulife
Jeff Ray	N/A	Vice-President	Assistant Vice President, Product Development, Manulife
Clive Anderson	Director and Secretary	General Counsel, Chief Compliance Officer and Secretary	Chief Counsel, Individual Wealth Management, Manulife

## **FEES AND EXPENSES**

### **Management Fee**

Pursuant to the terms of the Management Agreement, the Manager is entitled to a fee of 1.95% per annum of the NAV calculated daily and payable monthly plus an amount calculated daily and payable quarterly equal to the service fee (the "Service Fee") payable to the registered dealers, plus applicable taxes. The Manager is responsible for the payment of the Portfolio Advisor's and the Sub-Advisor's fees.

### **Service Fee**

The Manager calculates and pays to registered dealers whose clients hold Class A Shares a Service Fee calculated daily and payable quarterly in arrears at an annual rate equal to 0.40% annually of the value of the Class A Shares held by clients of the sales representatives of such registered dealers, plus applicable taxes. For these purposes, the value of a Class A Share on any given business day will be the NAV per Unit less \$10.00 and less the amount of any accrued and unpaid distributions on a Preferred Share.

### **Ongoing Expenses**

In addition to the Manager's fee, the Service Fee and any debt service costs under any loan facility, the Company will pay all of its own expenses and the Manager's expenses incurred in connection with its duties as the Manager, including custodial fees, directors' fees and insurance, the preparation of tax filings, taxes (other than the Manager's own corporate taxes), legal, accounting, audit and valuation fees, Shareholder reporting costs, website maintenance costs, registrar and transfer agency costs, printing and mailing costs, listing fees and expenses, salaries, benefits and consulting fees and other administrative expenses (including the calculation of NAV), costs to be incurred in connection with the Company's continuous public filings and other obligations, all reasonable costs and expenses reasonably incurred by the Manager, the Company or the Independent Review Committee in their compliance with NI 81-107 and commissions, fees and other expenses associated with the execution of transactions in respect of the portfolio securities of the Company. In addition, the Company will pay the costs associated with the currency hedge.

## **Redemption Fee**

A Redemption Fee may be payable by holders of Preferred Shares and Class A Shares on the redemption of their shares. See “Description of Share Capital – Redemption Fee”.

## **INCOME TAX CONSIDERATIONS**

The following is, as of the date hereof, a summary of the principal income tax considerations generally relevant to investors who, for purposes of the Tax Act, are resident in Canada, hold their Preferred Shares and their Class A Shares as capital property, and deal at arm’s length with and are not affiliated with the Company. This summary is based upon the facts set out in this annual information form, the current provisions of the Tax Act, the regulations thereunder, and the current publicly available published administrative policies and assessing practices of the Canada Revenue Agency (“CRA”). This summary is based on the assumption that the Class A Shares and the Preferred Shares will at all times be listed on a designated stock exchange in Canada (which currently includes the TSX). This summary is based on the assumption that the Company was not established and will not be maintained primarily for the benefit of non-residents of Canada and that at no time will the total fair market value of shares of the Company held by persons who are non-residents of Canada and/or partnerships (other than Canadian partnerships under the Tax Act) exceed 50% of the fair market value of all outstanding shares of the Company. This summary is based upon the assumption that the Investment Objectives and permitted investments will at all relevant times be as set out under the headings “The Company” and “Investment Strategy and Restrictions”, that the Company will at all times comply with such Investment Objectives and hold only permitted investments, and that no issuer of Portfolio securities will be a “foreign affiliate” (as defined in the Tax Act) of the Company. This summary also takes into account any specific proposals to amend the Tax Act and the regulations thereunder announced prior to the date hereof by the Minister of Finance (Canada) (the “Proposed Amendments”). There is no certainty that the Proposed Amendments will become law as proposed or at all.

This summary is not exhaustive of all possible income tax considerations and, in particular, does not describe income tax considerations relating to the deductibility of interest on money borrowed to acquire Preferred Shares or Class A Shares. This summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, other than the Proposed Amendments.

This summary does not deal with foreign or provincial income tax considerations, which may differ from the Canadian federal considerations described herein. This summary does not apply to shareholders that are “financial institutions” as defined in section 142.2 of the Tax Act or “specified financial institutions” as defined in section 248 of the Tax Act.

This summary is of a general nature only and does not constitute legal or tax advice to any particular investor. Accordingly, prospective investors are advised to consult their own tax advisors with respect to their individual circumstances.

## **Tax Treatment of the Company**

The Company qualifies as a “mutual fund corporation” and a “financial intermediary corporation” as defined in the Tax Act. The Company intends to continue to qualify as a mutual fund corporation throughout each taxation year in which any Preferred Shares or Class A Shares are outstanding and this summary assumes that will be the case. As a mutual fund corporation, the Company is entitled in certain circumstances to a refund of tax paid by it in respect of its net realized capital gains. Also, as a mutual fund corporation, the Company is entitled to maintain a capital gains dividend account in respect of its realized net capital gains and from which it may elect to pay dividends (“capital gains dividends”) which are treated as capital gains in the hands of the Shareholders of the Company (see “Tax Treatment of Shareholders”).

In computing income for a taxation year, the Company will be required to include in income the amount of all dividends received by the Company in the year. In computing taxable income, the Company will generally be permitted to deduct the amount of all dividends received by it from taxable Canadian corporations. The Company will generally not be permitted a deduction in computing taxable income for dividends received by it from other corporations, including non-resident corporations.

As a “financial intermediary corporation” the Company is not subject to tax under Part IV.1 of the Tax Act on dividends received by the Company and is not generally liable to tax under Part VI.1 of the Tax Act on dividends paid by the Company on “taxable preferred shares” under the Tax Act. As a mutual fund corporation (which is not an “investment corporation” as defined in the Tax Act), the Company is generally subject to a refundable tax of 33<sup>1/3</sup>% under Part IV of the Tax Act on taxable dividends received by the Company during the year to the extent that such dividends were deductible in computing the Company’s taxable income for the year. This tax is refundable upon payment by the Company of sufficient dividends other than capital gains dividends (“Ordinary Dividends”).

Premiums received on covered call options and cash covered put options written by the Company which are not exercised prior to the end of the year will constitute capital gains of the Company in the year received, unless such premiums are received by the Company as income from a business or the Company has engaged in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Company will purchase the Portfolio with the objective of earning dividends thereon over the life of the Company, will write covered call options with the objective of increasing the yield on the Portfolio beyond the dividends received on the Portfolio and will write cash covered put options to increase returns and to reduce the net cost of purchasing securities upon the exercise of such cash covered put options. Having regard to the foregoing, and in accordance with the CRA’s published administrative policies, transactions undertaken by the Company in respect of shares comprising the Portfolio and options on such shares will be treated and reported by the Company as arising on capital account.

Premiums received by the Company on covered call (or cash covered put) options written by the Company which are subsequently exercised will be added in computing the proceeds of disposition (or deducted in computing the adjusted cost base) to the Company of the securities disposed of (or acquired) by the Company upon the exercise of such call (or put) options. In addition, where the premium was in respect of an option granted in a previous year so that it constituted a capital gain of the Company in the previous year, such capital gain will be excluded from the computation of income for the previous year. In the event that the Company enters into other permitted derivatives, the income or loss thereon may be on income account.

To the extent that the Company earns net income, after expenses, from sources other than taxable capital gains (including dividends from non-Canadian sources and interest income on interim investment of its reserves), the Company will be subject to income tax on such income at full corporate income tax rates and no refund of such tax will be available.

The Company is required to compute all amounts, including interest, dividends, cost of property and proceeds of disposition, in Canadian dollars for purposes of the Tax Act. As a consequence, the amount of income, expenses and capital gains or capital losses may be affected by changes in the value of foreign currency relative to the Canadian dollar.

Generally, the Company will include gains and deduct losses in connection with investments made through derivative securities on income account except where such derivatives are used to hedge securities held on capital account, and the Company will recognize such gains and losses for tax purposes at the time that they are realized.

Generally, in computing the amount of its Canadian income taxes, the Company will be entitled to claim credits in respect of foreign taxes paid by the Company and foreign taxes withheld at source to the extent permitted by the detailed rules in the Tax Act. To the extent a tax credit is not claimed, the Company will be able to deduct any foreign withholding taxes paid.

On October 31, 2003, the Department of Finance released, for public consultation, draft proposed amendments to the Tax Act (the "October 2003 Tax Proposals") that would require, for taxation years commencing after 2004, that there be a reasonable expectation of profit from a business or property for a taxpayer to realize a loss from such business or property, and that make it clear that profit in this sense does not include capital gains. As part of the February 23, 2005 Federal Budget, the Department of Finance announced that it has developed a more modest legislative initiative and that it will, at an early opportunity, release an alternative tax proposal for comment. No such proposal has been publicly released to date. Under the October 2003 Tax Proposals, a taxpayer will have a loss for a taxation year from a particular source that is a business or property only if, in that year, it is reasonable to expect that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer carried on and can reasonably be expected to carry on the business, or has held and can reasonably be expected to hold the property. If the deduction of losses of the Company was limited in a particular year under the October 2003 Tax Proposals or any alternative tax proposals, the taxable income of the Company in future years would be increased, and the Company may increase the amount of capital gains dividends paid to Shareholders in order to obtain a refund of tax with respect to net realized capital gains.

### **Dividend Distributions**

The policy of the Company is to pay fixed cumulative preferential quarterly cash distributions to holders of Preferred Shares and quarterly distributions to holders of Class A Shares. The policy of the Company is to pay a special capital gains dividend to holders of Class A Shares if necessary in order to fully recover refundable taxes of the Company on net realized capital gains (other than taxable capital gains realized on the writing of certain options that are outstanding at year-end).

### **Tax Treatment of Shareholders**

Shareholders of the Company must include in income Ordinary Dividends paid to them by the Company.

For individual Shareholders, Ordinary Dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends paid by taxable Canadian corporations. An enhanced gross-up and dividend tax credit is available for "eligible dividends" received from the Company which are so designated by the Company. For corporate Shareholders, Ordinary Dividends will normally be deductible in computing the taxable income of the corporation.

Ordinary Dividends received by a corporation (other than a "private corporation" or a "financial intermediary corporation", as defined in the Tax Act) on Preferred Shares will generally be subject to a 10% tax under Part IV.1 of the Tax Act to the extent that such dividends are

deductible in computing the corporation's taxable income. Corporations (other than a "private corporation" or a "financial intermediary corporation" as defined in the Tax Act) should consult their own advisors regarding the application of Part IV.1 tax to Ordinary Dividends paid on Class A Shares.

A Shareholder which is a private corporation or any other corporation controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable to pay a 33  $\frac{1}{3}$ % refundable tax under Part IV of the Tax Act on Ordinary Dividends received on the shares to the extent that such dividends are deductible in computing the corporation's taxable income. Where Part IV.1 tax also applies to an Ordinary Dividend received by a corporation, the rate of Part IV tax payable by the corporation is reduced to 23  $\frac{1}{3}$ %.

The amount of any capital gains dividend received by a Shareholder from the Company will be considered to be a capital gain of the Shareholder from the disposition of capital property in the taxation year of the Shareholder in which the capital gains dividend is received.

Where a special capital gains dividend is paid in Class A Shares, or paid in cash and reinvested in Class A Shares, the cost of such Class A Shares acquired by a Shareholder will be equal to the amount of the dividend, or the amount of cash so reinvested, as the case may be. For the purposes of determining the adjusted cost base to a Shareholder of Class A Shares, when Class A Shares are acquired, the cost of the newly acquired Class A Shares will be averaged with the adjusted cost base of all Class A Shares owned by the Shareholder as capital property immediately before that time.

The amount of any payment received by a holder from the Company as a return of capital on a Preferred Share or Class A Share will not be required to be included in computing income. Instead, such amount will reduce the adjusted cost base of the relevant share to the holder. To the extent that the adjusted cost base to the holder would otherwise be a negative amount, the Shareholder will be considered to have realized a capital gain from the disposition of the shares at that time, equal to the negative amount and the adjusted cost base of the shares will be increased to nil.

Having regard to the dividend policy of the Company, a person acquiring shares may become taxable on income or capital gains accrued or realized before such person acquired such shares.

### **Disposition of Shares**

Upon the redemption or other disposition of a Share by a Shareholder, a capital gain (or a capital loss) will be realized by the Shareholder to the extent that the proceeds of disposition of the Share exceed (or are less than) the aggregate of the adjusted cost base of the Share and any reasonable costs of disposition (including any Redemption Fees payable by the Shareholder). Where Shares are redeemed by a Shareholder, the proceeds of disposition of the Shares are not reduced by the amount of the Redemption Fee paid to the Manager by the Shareholder. Generally, one half of a capital gain (a taxable capital gain) is included in computing income and one half of a capital loss (an allowable capital loss) is deductible against taxable capital gains in accordance with the provisions of the Tax Act.

Where the holder of a Share is a corporation, a trust of which a corporation is a beneficiary or a partnership of which a corporation is a member, in certain circumstances the amount of any capital loss otherwise determined may be reduced by the amount of Ordinary Dividends previously received on the Share. These rules may also apply where a trust or partnership is a member of a partnership or a beneficiary of a trust that owns Preferred Shares or Class A Shares.

Individuals (other than certain trusts) who realize net capital gains, or receive dividends, may be subject to an alternative minimum tax under the Tax Act. A “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6<sup>2/3</sup>% on its “aggregate investment income” for a taxation year, which includes taxable capital gains.

### **MATERIAL CONTRACTS**

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

- (a) the Management Agreement.
- (b) the Investment Management Agreement.
- (c) the Global Custodial Services Agreement.
- (d) the Transfer Agent, Registrar and Distribution Disbursing Agent Agreement.
- (e) the Recirculation Agreement.
- (f) the Escrow Agreement.
- (g) the Sub-Advisory Agreement.

Copies of the foregoing agreements may be inspected during business hours at the principal office of the Company located at 1375 Kerns Road, Burlington, Ontario L7R 4X8.

### **LEGAL PROCEEDINGS**

There are no outstanding legal proceedings to which the Company or the Manager are a party, nor are there any such proceedings known to be contemplated.

## **COPERNICAN WORLD BANKS SPLIT INC.**

Additional information about the Company is available in the Company'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 collect 1-888-333-3240, e-mailing us at [info@aic.com](mailto:info@aic.com), or from your financial advisor. The management reports of fund performance and financial statements are also available on the Copernican Capital Corp. internet site at [www.copernicancapital.com](http://www.copernicancapital.com). These documents and other information about the Company, 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](http://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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