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NOTICE OF SPECIAL MEETING OF UNITHOLDERS

and

MANAGEMENT INFORMATION CIRCULAR

with respect to an arrangement involving

Canso Select Opportunities Fund

and

Canso Select Opportunities Corporation

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE
IN FAVOUR OF THE ARRANGEMENT RESOLUTION**

March 16, 2018



Canso Select Opportunities Fund

March 16, 2018

Dear Unitholder:

The board of directors (the “**Board**”) of Lysander Funds Limited (“**Lysander**”), the trustee (“**Trustee**”) of Canso Select Opportunities Fund (“**CSOF**” or the “**Fund**”) is pleased to invite you to attend a Special Meeting (the “**Meeting**”) of the unitholders of CSOF (“**Unitholders**”) to be held at the offices of Borden Ladner Gervais LLP, Bay Adelaide Centre, East Tower, 22 Adelaide Street West, Toronto, Ontario, Canada M5H 4E3 on April 12, 2018 commencing at 10:30 a.m. (Toronto time). At the Meeting, Unitholders will be asked to consider, and if thought advisable, approve, a special resolution (the “**Arrangement Resolution**”) approving a plan of arrangement pursuant to section 182 of the Ontario *Business Corporations Act* (the “**Arrangement**”) whereby all of the issued and outstanding Class A units (“**Class A Units**”) and Class F units (“**Class F Units**”) of CSOF will be exchanged for Class A multiple voting shares (“**NewCo Class A Multiple Voting Shares**”) and/or Class B subordinate voting shares (“**NewCo Class B Subordinate Voting Shares**”) of Canso Select Opportunities Corporation (“**NewCo**” or the “**Corporation**”). The Arrangement Resolution would also provide approval for the replacement of Lysander as Trustee of the Fund with individual trustees for the transitional period between the effective date of the Arrangement and the date of dissolution of the Fund.

Pursuant to the Arrangement, on the effective date of the Arrangement Unitholders of Class A Units will receive, for each Class A Unit held as of the close of business on the trading day immediately preceding such effective date (the “**Determination Time**”), one NewCo Class A Multiple Voting Share and one NewCo Class B Subordinate Voting Share, unless a Class A Election or Class B Election (as described below) from the Unitholder was received by CDS prior to 5:00 p.m. (Toronto time) on May 15, 2018 (the “**Election Deadline**”). Class A Unitholders that submit a Class A Election to CDS prior to the Election Deadline shall receive two NewCo Class A Multiple Voting Shares (and nil NewCo Class B Subordinate Voting Shares) for each Class A Unit transferred. Class A Unitholders that submit a Class B Election to CDS prior to the Election Deadline shall receive two NewCo Class B Subordinate Voting Shares (and nil NewCo Class A Multiple Voting Shares) for each Class A Unit transferred. Unitholders of Class F Units will receive, for each Class F Unit held as of the Determination Time, that number of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares that is the quotient of the Net Asset Value per Unit of the Class F Units divided by the Net Asset Value per Unit of Class A Units, in each case determined as of the Determination Time (which quotient is referred to herein as the “**Class F – Class A NAV Ratio**”), unless a Class A Election or Class B Election from the Unitholder was received by CDS prior to the Election Deadline. Class F Unitholders that submit a Class A Election prior to the Election Deadline shall receive that number of NewCo Class A Multiple Voting Shares that is equal to two times the Class F – Class A NAV Ratio (and nil NewCo Class B Subordinate Voting Shares) for each Class F Unit. Class F Unitholders that submit a Class B Election prior to the Election Deadline shall receive that

number of NewCo Class B Subordinate Voting Shares that is equal to two times the Class F – Class A NAV Ratio (and nil NewCo Class A Multiple Voting Shares) for each Class F Unit.

Following completion of the Arrangement, CSOF will apply to cease being a reporting issuer and, after a transitional period, CSOF will be wound-up such that NewCo will acquire all of the property and assets and assume all of the liabilities of CSOF. NewCo will not be considered an investment fund for regulatory purposes and the specific regulatory regime applicable to investment funds like CSOF is no longer applicable. If the Arrangement is approved, the Arrangement will be carried out pursuant to the terms of an arrangement agreement dated March 12, 2018 among CSOF and NewCo (the “**Arrangement Agreement**”). The Arrangement is expected to be effected on or around June 5, 2018.

Pursuant to the annual redemption right under the declaration of trust of the Fund (the “**Declaration of Trust**”), Units may, at the option of Unitholders, be surrendered for redemption during the period commencing on March 15, 2018 and ending at 5:00 p.m. (Toronto time) on March 29, 2018. Units which are surrendered for redemption during that period will be redeemed on May 31, 2018, in respect of each class of Units, at a redemption price per Unit that is equal to 100% of the Net Asset Value per Unit of that class as of May 31, 2018, less any costs and expenses incurred by the Fund in connection with funding the redemption.

The Board, after consulting with its legal and financial advisors, and after considering, among other things, the recommendation of the independent review committee of the Fund (the “IRC”) has unanimously: (i) determined that the Arrangement is in the best interests of CSOF; (ii) determined that the Consideration to be received by the Unitholders pursuant to the Arrangement and the Arrangement Agreement is fair to Unitholders; and (iii) recommended that Unitholders vote in favour of the Arrangement Resolution. For a summary of the other factors considered by the Board in determining that the Arrangement is fair to Unitholders and in the best interests of CSOF, please see “*Part I – The Arrangement – Background to the Arrangement*” and “*Part I – The Arrangement – Reasons for the Arrangement*” in the accompanying management information circular of CSOF (the “**Circular**”).

The Arrangement Resolution must be approved by at least 66 $\frac{2}{3}$ % of the votes cast by Unitholders present in person or represented by proxy at the Meeting. In addition, because NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares are “restricted shares” for purposes of OSC Rule 56-501 – *Restricted Shares* (“**OSC Rule 56-501**”), the distribution of the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares pursuant to the reorganization must also be approved by a majority of the votes cast by Unitholders other than the votes attaching at the time to Units held directly or indirectly by affiliates of CSOF and Units held directly and indirectly by control persons of CSOF.

The Arrangement may be considered a related party transaction pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). Section 5.1(d) of MI 61-101 states that Part 5 of MI 61-101 does not apply to a related party transaction if the parties to the transaction consist solely of (i) an issuer and one or more of its wholly-owned subsidiary entities or (ii) wholly-owned subsidiaries of the same issuer, therefore, the Arrangement is not subject to the requirements of MI 61-101.

Completion of the proposed Arrangement is also conditional on the approval of the Ontario Securities Commission, the Ontario Superior Court of Justice (Commercial List), the approval for listing of the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares on a stock exchange in Canada, and other customary closing conditions.

If the Arrangement Resolution is not approved, Lysander expects to terminate CSOF. In accordance with the Declaration of Trust, Lysander will provide not less than 30 days' prior written notice to Unitholders by way of a press release of any decision to terminate CSOF.

**THE BOARD UNANIMOUSLY RECOMMENDS THAT UNITHOLDERS VOTE
IN FAVOUR OF THE ARRANGEMENT RESOLUTION**

The directors and senior officers of Lysander and Canso Investment Counsel Ltd. (“**Canso**”), an affiliate of Lysander, intend to vote their Class A Units and Class F Units of CSOF **IN FAVOUR** of the Arrangement Resolution. For the purposes of minority approval pursuant to OSC Rule 56-501, the directors and senior officers of Lysander and Canso, their associates and Canso Partners II Fund will be excluded from voting on the Arrangement Resolution. As of the close of business on March 6, 2018, these persons collectively held approximately 13.10% of the outstanding Class A Units and Class F Units of CSOF.

Your vote is important regardless of how many Class A Units or Class F Units you own. We hope that you will be able to attend the Meeting. To ensure that your vote is recorded, please complete the enclosed form of proxy or voting instruction form and submit it to our transfer agent and registrar, AST Trust Company (Canada), as soon as possible but no later than 5:00 p.m. (Toronto time) on April 10, 2018 or, in the case of any adjournment or postponement of the Meeting, by no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the adjourned or postponed meeting, whether or not you plan to attend the Meeting.

The accompanying Notice of Special Meeting and Circular provide a full description of the Arrangement and include certain other information to assist you in considering how to vote on the Arrangement Resolution. **You are urged to read this information carefully and in its entirety and, if you require assistance, to consult your financial, tax, investment, legal or other professional advisors.**

AST Trust Company (Canada) has been retained to assist with communications with Unitholders and to solicit proxies in favour of the Arrangement Resolution. If you have any questions or require any assistance regarding the procedure for voting on the Arrangement Resolution, please contact AST Trust Company (Canada) at (416) 682-3860 or 1-800-387-0825 (toll free in North America) or by email at inquiries@astfinancial.com.

On behalf of the Board, we would like to thank all Unitholders for their ongoing support as we prepare to take part in this important event in the history of CSOF.

We look forward to seeing you at the Meeting.

Yours very truly,

(signed) Richard Usher-Jones

Richard Usher-Jones
President
Lysander Funds Limited, Trustee of CSOF
March 16, 2018

CANSO SELECT OPPORTUNITIES FUND

NOTICE OF SPECIAL MEETING OF UNITHOLDERS TO BE HELD ON APRIL 12, 2018

NOTICE IS HEREBY GIVEN that, pursuant to an interim order of the Ontario Superior Court of Justice (Commercial List) dated March 15, 2018, as the same may be varied (the “**Interim Order**”) a special meeting (the “**Meeting**”) of the holders (“**Unitholders**”) of Class A Units and Class F Units (collectively, the “**Units**”) of Canso Select Opportunities Fund (“**CSOF**” or the “**Fund**”) will be held at the offices of Borden Ladner Gervais LLP, Bay Adelaide Centre, East Tower, 22 Adelaide Street West, Toronto, Ontario, Canada M5H 4E3 on April 12, 2018, commencing at 10:30 a.m. (Toronto time) for the following purposes:

1. to consider, and, if thought advisable, to pass, with or without variation, a special resolution of Unitholders, voting together as a single class (the “**Arrangement Resolution**”), the full text of which is set forth in Appendix A to the accompanying management information circular of CSOF (the “**Circular**”), to approve a plan of arrangement (the “**Arrangement**”) under sections 182 and 183 of the Ontario *Business Corporations Act* (the “**OBCA**”), all as more particularly described in the Circular;
2. if the Arrangement is approved, to approve the replacement of Lysander as Trustee of the Fund with individual trustees for the transitional period between the effective date of the Arrangement and the date of dissolution of the Fund; and
3. to transact such further and other matters or business as may properly be brought before the Meeting or any adjournment or postponement thereof.

Specific details of the matters to be put before the Meeting are set forth in the accompanying Circular. If the Arrangement Resolution is not approved, Lysander expects to terminate CSOF and in accordance with the declaration of trust of the Fund (the “**Declaration of Trust**”), Lysander will provide not less than 30 days’ prior written notice to Unitholders by way of a press release.

The board of directors (the “**Board**”) of Lysander Funds Limited (“**Lysander**”), the trustee of CSOF, has fixed March 6, 2018, as the record date for determining Unitholders who are entitled to receive notice of and to vote at the Meeting (the “**Record Date**”). Only Unitholders whose names appear in the register of Unitholders maintained by or on behalf of CSOF at the close of business on the Record Date (“**Registered Unitholders**”) will be entitled to receive notice of the Meeting and to attend and vote at the Meeting.

Each outstanding Unit will entitle the holder thereof to one vote at the Meeting. The Arrangement Resolution must be approved by at least 66 $\frac{2}{3}$ % of the votes cast by Unitholders present in person or represented by proxy at the Meeting. In addition, because NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares are “restricted shares” for purposes of OSC Rule 56-501 – *Restricted Shares* (“**OSC Rule 56-501**”), the distribution of the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares pursuant to the reorganization must also be approved by a majority of the votes cast by Unitholders other than the votes attaching at the time to Units held directly or indirectly by affiliates of CSOF and Units held directly and indirectly by control persons of CSOF.

The Arrangement may be considered a related party transaction pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). Section 5.1(d) of MI 61-101 states that Part 5 of MI 61-101 does not apply to a related party transaction if the parties to the transaction consist solely of (i) an issuer and one or more of its wholly-owned subsidiary entities or (ii)

wholly-owned subsidiaries of the same issuer, therefore, the Arrangement is not subject to the requirements of MI 61-101.

Completion of the proposed Arrangement is also conditional on the approval of the Ontario Securities Commission, the Ontario Superior Court of Justice (Commercial List) and other customary closing conditions.

A Registered Unitholder may attend the Meeting in person or may be represented by proxy. Registered Unitholders who are unable to attend the Meeting or any adjournment or postponement thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof. To be effective, the proxy must be received by AST Trust Company (Canada), by mail: 1 Toronto Street, Suite 1200 I, Toronto, ON M5C 2V6, or by facsimile: 1-866-781-3111, no later than 5:00 p.m. (Toronto time) on April 10, 2018 or, in the case of any adjournment or postponement of the Meeting, by no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the adjourned or postponed meeting. Notwithstanding the foregoing, CSOF may, with the consent of NewCo acting reasonably, waive the proxy cut-off time.

The Arrangement and the Arrangement Resolution are described in the Circular. The Circular is your guide to the business to be conducted at the Meeting and provides additional information relating to the matters to be dealt with at the Meeting. Any adjourned or postponed meeting resulting from an adjournment or postponement of the Meeting will be held at a time and place to be specified either by CSOF before the Meeting or by the Chair at the Meeting.

Pursuant to the annual redemption right under the Declaration of Trust, Units may, at the option of Unitholders, be surrendered for redemption during the period commencing on March 15, 2018 and ending at 5:00 p.m. (Toronto time) on March 29, 2018. Units which are surrendered for redemption during that period will be redeemed on May 31, 2018, in respect of each class of Units, at a redemption price per Unit that is equal to 100% of the Net Asset Value per Unit of that class as of May 31, 2018, less any costs and expenses incurred by the Fund in connection with funding the redemption. See “Part I – The Arrangement – Annual Redemption Right of Registered Unitholders” in the Circular.

The form of proxy and the voting instruction form confer discretionary authority with respect to (i) amendments or variations to the matters of business to be considered at the Meeting; and (ii) other matters that may properly come before the Meeting. As of the date hereof, management of CSOF knows of no amendments, variations or other matters to come before the Meeting other than the matters set forth in this Notice of Meeting. Unitholders who are planning on returning the accompanying form of proxy or voting instruction form are encouraged to review the Circular carefully before submitting the form of proxy or the voting instruction form.

If you have any questions or require any assistance regarding the procedure for voting of your Units, please contact AST Trust Company (Canada) at (416) 682-3860 or 1-800-387-0825 (toll free in North America) or by email at inquiries@astfinancial.com.

YOUR VOTE IS IMPORTANT REGARDLESS OF HOW MANY UNITS YOU OWN – AS A UNITHOLDER, IT IS VERY IMPORTANT THAT YOU READ THE CIRCULAR CAREFULLY AND THEN VOTE YOUR UNITS.

Dated at the City of Toronto, in the Province of Ontario, this 16th day of March, 2018.

By Order of the Board

(signed) Richard Usher-Jones

Richard Usher-Jones
President
Lysander Funds Limited, Trustee of CSOF

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MANAGEMENT INFORMATION CIRCULAR

See “*Glossary of Terms*” beginning on page 63 of this Circular for the meaning assigned to certain capitalized terms used in this Circular.

Introduction

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of the Fund for use at the Meeting and any adjournment(s) or postponement(s) thereof.

All summaries of, and references to, the Arrangement and the Arrangement Agreement in this Circular are qualified in their entirety by reference to, in the case of the Arrangement, the complete text of the Plan of Arrangement, which is attached as Appendix D to this Circular and in the case of the Arrangement Agreement, the complete text of the Arrangement Agreement, which is available on SEDAR at www.sedar.com. **You are urged to read carefully and in its entirety the full text of the Plan of Arrangement and the Arrangement Agreement.**

Information Contained in this Circular

The information contained in this Circular is given as at February 28, 2018, except where otherwise noted.

No Person has been authorized to give information or to make any representations in connection with the Arrangement or any other matters described herein other than those contained in this Circular and, if given or made, any such information or representations should not be relied upon in making a decision as to how to vote on the Arrangement Resolution or be considered to have been authorized by the Fund or NewCo.

This Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any Person in any jurisdiction in which such an offer or solicitation is not authorized or in which the Person making such an offer or solicitation is not qualified to do so or to any Person to whom it is unlawful to make such an offer or solicitation.

Unitholders should not construe the contents of this Circular as legal, tax, investment or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, investment, financial or other matters contained in this Circular.

If you hold Units through a broker, trustee, financial institution, investment dealer, bank, trust company, custodian, nominee or other Intermediary, you should contact your Intermediary for instructions and assistance in voting and surrendering the Units that you beneficially own.

Cautionary Notice Regarding Forward-Looking Statements and Information

Certain statements included herein constitute “forward-looking statements”. All statements, other than statements of historical fact, included in this Circular that address future activities, events, developments or financial performance are forward-looking statements. These forward-looking statements can be identified by the use of forward-looking words such as “may”, “should”, “will”, “could”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “future” or “continue” or the negative thereof or similar variations. In particular, statements about the proposed Arrangement between the Fund and NewCo, including the expected timetable for completing the transaction, the receipt of Unitholder, Court and regulatory approvals, the ability of the Fund and NewCo to satisfy the other conditions to, and complete,

the Arrangement, the de-listing of Units and the timing thereof, the listing of NewCo securities and the timing thereof, the treatment of Unitholders under tax laws and any other statements regarding the Fund's or NewCo's future expectations, beliefs, goals or prospects are or involve forward-looking statements. These forward-looking statements are based on certain assumptions and analyses made by the Fund and its management, in light of their experiences and their perception of historical trends, current conditions and expected future developments, as well as other factors they believe are appropriate in the circumstances. Unitholders are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties, assumptions and other factors, many of which are outside the control of the Fund and NewCo and that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among other things, the Parties' ability to consummate the Arrangement; the Parties' respective abilities to satisfy the conditions to the completion of the Arrangement, including the fact that the receipt of approval by Unitholders, approval by the Court may not be obtained on the terms expected or on the anticipated schedule; occurrence of an event which could give rise to termination of the Arrangement Agreement; general economic and market factors (including changes in global, national or regional financial, credit, currency or securities markets), changes or developments in global, national or regional political conditions (including any act of terrorism or war), changes in government laws or regulations (including tax laws) and changes in IFRS or regulatory accounting requirements.

Readers are cautioned that the foregoing is not exhaustive. Readers should carefully review and consider the risk factors described under "*Part I – The Arrangement – Risk Factors Related to the Arrangement*", "*Part I – The Arrangement – Certain Canadian Federal Income Tax Considerations*", and other risks described elsewhere in this Circular (or in the documents incorporated by reference herein). Additional risks and uncertainties affecting the operations or financial results of the Fund are included in reports on file with applicable securities regulatory authorities and may be accessed by going to SEDAR at www.sedar.com or Lysander's website at www.lysanderfunds.com.

The (i) audited annual financial statements of CSOF for the years ended December 31, 2016 and 2015, together with the report of the independent auditor thereon dated March 22, 2017; (ii) annual management report of fund performance as at December 31, 2016; (iii) audited annual financial statements of CSOF for the years ended December 31, 2015 and 2014, together with the report of the independent auditor thereon dated March 29, 2016; (iv) annual management report of fund performance as at December 31, 2015; (v) unaudited interim financial statements of CSOF for the six-month periods ended June 30, 2017 and 2016; and (vi) semi-annual management report of fund performance as at June 30, 2017, as filed on SEDAR, are incorporated by reference into the Circular. Otherwise, information contained in or accessible through Lysander's website does not form a part of this Circular and is not incorporated by reference into this Circular.

Such forward-looking statements should, therefore, be construed in light of such factors. If any of these risks or uncertainties were to materialize or if the factors and assumptions underlying the forward-looking statements were to prove incorrect, actual results could vary materially from those that are expressed or implied by the forward-looking statements contained herein. All forward-looking statements attributable to the Fund, or Persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements set forth above. Readers of this Circular are cautioned not to place undue reliance on forward-looking statements contained in this Circular, which reflect the analysis of the management of the Fund only as of the date of this Circular. The Fund is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable Law.

Enquiries

This document is important and requires your immediate attention. Enquiries concerning information in this document should be directed to AST Trust Company (Canada) at (416) 682-3860 or 1-800-387-0825 (toll free in North America) or by email at inquiries@astfinancial.com.

Currency

All currency amounts referred to in this Circular are in Canadian dollars, unless otherwise indicated.

SUMMARY

The following is a summary of certain information contained elsewhere in this Circular, including the Appendices hereto, which is provided for convenience only and is qualified in its entirety by reference to the more complete and detailed information contained or referred to elsewhere in this Circular or in the Appendices hereto. Terms with initial capital letters used in this summary are defined in the “Glossary of Terms”.

The Arrangement

The purpose of the Arrangement and the related transactions is to reorganize CSOF into a corporate issuer that will hold public and private investments. The Arrangement will result in, among other things, Unitholders holding all of the outstanding NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares.

Parties to the Arrangement

The Fund

CSOF is a closed-end investment fund established under the laws of the Province of Ontario by way of a Declaration of Trust made as of September 25, 2013. Lysander is the trustee and manager of the Fund. The Fund’s principal office is 100 York Boulevard, Suite 501, Richmond Hill, Ontario, L4B 1J8. The beneficial interest in the net assets and net income of the Fund are divided into units of two classes, the Class A Units and the Class F Units. The Class A Units trade on the TSX under the symbol SCW.UN. Class F Units are designed for fee-based and/or institutional accounts and are not listed on a stock exchange, but are convertible into Class A Units on a monthly basis.

The Fund completed its initial public offering of Units on October 22, 2013, issuing 8,445,844 Class A Units and 789,156 Class F Units (including Units issued on October 31, 2013 pursuant to the over-allotment option granted to the agents) at \$10 per Unit for total gross proceeds of \$92,350,000. In 2015, the Fund received approval from the TSX for a normal course issuer bid for the period from April 15, 2015 to April 14, 2016. Pursuant to the issuer bid, the Fund was permitted to purchase up to 846,875 Class A Units for cancellation and during that period the Fund repurchased 192,000 Class A Units at a weighted average price of \$10.84. In 2016, the Fund received approval from the TSX for a further normal course issuer bid for the period from April 15, 2016 to April 14, 2017. Pursuant to the issuer bid, the Fund was permitted to purchase up to 822,773 Class A Units for cancellation; however, no purchases were made by the Fund during this period. In 2017, the Fund received approval from the TSX for a further normal course issuer bid for the period from July 17, 2017 to July 16, 2018. Pursuant to the issuer bid, the Fund is permitted to purchase up to 324,507 Class A Units for cancellation, and the Fund has repurchased 25,400 Class A Units at a weighted average price of \$10.77 from July 17, 2017 to February 28, 2018. The Fund may only repurchase Units when the Net Asset Value per Unit exceeds its trading price. The Fund invests in a diversified Portfolio consisting primarily of Canadian and global debt and equity securities. The Portfolio is actively managed by Canso, an affiliate of the Manager, pursuant to the Investment Advisory Agreement with the Fund dated October 22, 2013.

NewCo

NewCo is a corporation incorporated under the laws of the Province of Ontario. NewCo will not be considered an investment fund for regulatory purposes and the specific regulatory regime applicable to investment funds like CSOF is not applicable to NewCo. For a comparison of the differences between the two regimes, please refer to Appendix G to this Circular.

The authorized capital of NewCo consists of an unlimited number of shares of a class designated as Class A Multiple Voting Shares, an unlimited number of shares of a class designated as Class B Subordinate Voting Shares, and an unlimited number of shares of a class designated as Preference Shares, issuable in series. As of the date hereof, one NewCo Class A Multiple Voting Share is issued and outstanding and is held by CSOF. No Class B Subordinate Voting Shares or Preference Shares have been issued or are outstanding. NewCo is a wholly owned subsidiary of CSOF.

Attributes of NewCo Class A Multiple Voting Shares

The rights, privileges, restrictions and conditions attaching to the NewCo Class A Multiple Voting Shares are as follows:

Dividends

Holders of NewCo Class A Multiple Voting Shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared from time to time by the NewCo Board out of moneys of the Corporation properly applicable to the payment of dividends, dividends in such amount as the Board of Directors shall in its sole discretion determine. Provided, however, that the NewCo Board may not declare a dividend on the Class A Multiple Voting Shares without also concurrently declaring a dividend on the Class B Subordinate Voting Shares, and provided further that any time that a dividend is declared on the Class A Multiple Voting Shares and the Class B Multiple Voting Shares, the dividend on the Class B Subordinate Voting Shares shall be in an amount per share which is \$0.05 per share higher than the amount of the dividend declared on the Class A Multiple Voting Shares.

Conversion

The NewCo Class A Multiple Voting Shares are convertible, at any time, at the option of the holder and without payment of additional consideration, into NewCo Class B Subordinate Voting Shares on the basis of one NewCo Class B Subordinate Voting Share for each one NewCo Class A Multiple Voting Share so converted. A holder of NewCo Class A Multiple Voting Shares may convert less than all of the NewCo Class A Multiple Voting Shares held, but only a whole number of NewCo Class A Multiple Voting Shares may be converted.

Voting

The holders of the NewCo Class A Multiple Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation, in person or by proxy, save and except meetings at which only holders of another class or series of shares are entitled to vote, and each such NewCo Class A Multiple Voting Share shall confer the right to thirty (30) votes.

Liquidation

The holders of the NewCo Class A Multiple Voting Shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for purposes of winding-up its affairs, but subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Corporation ranking in priority to the NewCo Class A Multiple Voting Shares in respect of return of capital on dissolution or winding-up, to share rateably, on a share for share basis, with the holders of NewCo Class B Subordinate Voting Shares, in such assets of the Corporation as are available for distribution.

Attributes of NewCo Class B Subordinate Voting Shares

The rights, privileges, restrictions and conditions attaching to the NewCo Class B Subordinate Voting Shares are as follows:

Dividends

Holders of NewCo Class B Subordinate Voting Shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared from time to time by the NewCo Board out of moneys of the Corporation properly applicable to the payment of dividends, dividends in such amount as the Board of Directors shall in its sole discretion determine. Provided, however, that the NewCo Board may not declare a dividend on the Class B Subordinate Voting Shares without also concurrently declaring a dividend on the Class A Multiple Voting Shares, and provided further that any time that a dividend is declared on the Class A Multiple Voting Shares and the Class B Multiple Voting Shares, the dividend on the Class B Subordinate Voting Shares shall be in an amount per share which is \$0.05 per share higher than the amount of the dividend declared on the Class A Multiple Voting Shares.

Conversion

In the event that an Exclusionary Offer is made for the NewCo Class A Multiple Voting Shares, the NewCo Class B Subordinate Voting Shares are, subject to certain conditions, convertible at the option of the holder into NewCo Class A Multiple Voting Shares on a one for one basis for purposes of the holder tendering such converted shares to the Exclusionary Offer. See the detailed description of the conversion right under “*Part III – Information Concerning NewCo – Description of Share Capital*”.

Voting

The holders of the NewCo Class B Subordinate Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation, save and except meetings at which only holders of another class or series of shares are entitled to vote, and each such NewCo Class B Common share shall confer the right to one (1) vote in person or by proxy.

Liquidation

The holders of the NewCo Class B Subordinate Voting Shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for purposes of winding-up its affairs, but subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Corporation ranking in priority to the NewCo Class B Subordinate Voting Shares in respect of return of capital on dissolution or winding-up, to share rateably, on a share for share basis, with the holders of NewCo Class A Multiple Voting Shares, in such assets of the Corporation as are available for distribution.

Attributes of NewCo Preference Shares

The NewCo Preference Shares may at any time and from time to time be issued in one or more series, to consist of such number of shares as may, before issuance of such series, be fixed by the NewCo Board by Articles of Amendment in accordance with the procedure set forth in the OBCA respecting the issuance of shares in series. The NewCo Board may, subject to the limitations set forth in the OBCA, fix

by Articles of Amendment the designation of each series of NewCo Preference Shares and the rights, privileges, restrictions and conditions assigned to such series.

The Meeting

Meeting and Record Date

The Meeting will take place at the offices of Borden Ladner Gervais LLP, Bay Adelaide Centre, East Tower, 22 Adelaide Street West, Toronto, Ontario, Canada M5H 4E3 on April 12, 2018 commencing at 10:30 a.m. (Toronto time). The Board has fixed the end of business on March 6, 2018 as the Record Date for determining Unitholders who are entitled to receive notice of and vote at the Meeting.

Arrangement Resolution

At the Meeting, Unitholders will be asked to approve the Arrangement pursuant to which NewCo will acquire all of the outstanding Units of CSOF.

Pursuant to the Arrangement, on the Effective Date of the Arrangement Unitholders of Class A Units will receive, for each Class A Unit held as of the Determination Time (being the close of business on the trading day immediately preceding such Effective Date, one NewCo Class A Multiple Voting Share and one NewCo Class B Subordinate Voting Share, unless a Class A Election or Class B Election from the Unitholder was received by CDS prior to 5:00 p.m. (Toronto time) on May 15, 2018 (the “**Election Deadline**”). Class A Unitholders that submit a Class A Election to CDS prior to the Election Deadline shall receive two NewCo Class A Multiple Voting Shares (and nil Newco Class B Subordinate Voting Shares) for each Class A Unit transferred. Class A Unitholders that submit a Class B Election to CDS prior to the Election Deadline shall receive two NewCo Class B Subordinate Voting Shares (and nil Newco Class A Multiple Voting Shares) for each Class A Unit transferred. Unitholders of Class F Units will receive, for each Class F Unit held as of the Determination Time, that number of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares that is equal to the Class F – Class A NAV Ratio, unless a Class A Election or Class B Election from the Unitholder was received by CDS prior to the Election Deadline. Class F Unitholders that submit a Class A Election prior to the Election Deadline shall receive that number of NewCo Class A Multiple Voting Shares that is equal to two times the Class F – Class A NAV Ratio (and nil Newco Class B Subordinate Voting Shares) for each Class F Unit. Class F Unitholders that submit a Class B Election prior to the Election Deadline shall receive that number of NewCo Class B Subordinate Voting Shares that is equal to two times the Class F – Class A NAV Ratio (and nil Newco Class A Multiple Voting Shares) for each Class F Unit.

No fractional shares of NewCo will be issued. Fractional shares will be rounded up or down to the nearest whole number of shares. The Arrangement Resolution would also approve the replacement of Lysander as Trustee of the Fund with individual trustees for the transitional period between the effective date of the Arrangement and the date of dissolution of the Fund. The Arrangement Resolution must be approved by at least 66 $\frac{2}{3}$ % of the votes cast by Unitholders present in person or represented by proxy at the Meeting. The full text of the Arrangement Resolution is set forth in Appendix A to this Circular.

Voting at the Meeting

Each Unit is entitled to one vote at the Meeting. If your Units are not registered in your name, but are held in the name of an Intermediary (usually a bank, trust company, securities broker or other financial institution) then you are a Beneficial Unitholder and your Intermediary is required to seek your instructions as to how to vote your Units in advance of the Meeting. Every Intermediary has its own procedures, which should be carefully followed in order to ensure that your Units are voted at the Meeting. If your name is

registered in the Fund's unit register, then you are a Registered Unitholder and you are entitled to receive notice of and vote at the Meeting.

Background to the Arrangement

See "*Part I – The Arrangement – Background to the Arrangement*" for a description of the background to the Arrangement.

Reasons for the Arrangement

In evaluating and approving the Arrangement and in making its recommendation, the Board, with its legal and financial advisors, considered the recommendation of the independent review committee of the Fund, and carefully evaluated the terms of the proposed Arrangement and the Fund's current business, financial position and future plans and prospects and the associated risks and uncertainties. In reaching these determinations and making these approvals, the Board considered, among other things, the following factors and potential benefits of the Arrangement:

- ***Conversion to Efficient Corporate Model*** – the Arrangement provides CSOF with an effective and efficient method of converting from a mutual fund trust to an Ontario corporation, allowing NewCo to have greater financial flexibility, reduce overhead and administrative costs, increase its access to capital and permit the pursuit of a more effective long term investment strategy;
- ***Illiquidity of Investments*** – CSOF currently invests in some illiquid investments that have been performing well to date, but it is not sustainable for CSOF in its current form as an investment fund to continue to hold such illiquid investments and fund monthly and annual redemptions by Unitholders;
- ***Active Investing*** – a corporate structure will better enable NewCo to be actively involved in corporate activities, activist investing, potentially taking large private positions and holding increased illiquid investments including private equity and debt, loans, real estate and infrastructure;
- ***Elimination of Management Fees and Performance Fees*** – the Fund currently pays the Manager a management fee equal to 1.00% per annum of the net asset value of the Fund, calculated and payable monthly in arrears, plus applicable taxes, and may pay a performance fee to the Manager. The Fund also currently pays for all of its expenses incurred in connection with its operation and administration, including costs of portfolio transactions and any extraordinary expenses that may be incurred from time to time. NewCo will only be responsible for paying its own operating expenses including, but not limited to, the remuneration to the board of directors, fees of service providers and professional advisors, audit, legal, custodial, brokerage commissions, fees on portfolio transactions, interest, rent, systems, insurance, recordkeeping, regulatory, reporting and other operating costs. Canso has agreed, pursuant to an operational services agreement, to provide any day-to-day operational services to carry out the business and affairs of NewCo. Under such operational services agreement, Canso may charge NewCo on a cost recovery basis for services, including overhead expenses of Canso that are related to the daily operating functions of NewCo, such as employee salaries, rent and utilities;
- ***Preferential Dividend Entitlement for NewCo Class B Subordinate Voting Shares*** – Unitholders who convert to NewCo Class B Subordinate Voting Shares will have a preferential dividend entitlement: specifically, declaration of dividends shall be at the discretion of the NewCo Board, but dividends may only be declared on the NewCo Class A Multiple Voting Shares or NewCo Class

B Subordinated Voting Shares if dividends are concurrently declared on both classes of shares, and in such case the dividend declared on the NewCo Class B Subordinated Voting Shares shall be \$0.05 per share higher than the dividend declared on the NewCo Class A Multiple Voting Shares;

- **Annual Redemption Right** – Registered Unitholders who oppose the Arrangement may, upon compliance with certain conditions, exercise their annual redemption right and receive the fair value of their Units. See “*Part I – The Arrangement – Annual Redemption Right of Registered Unitholders*”;
- **Removal of Restrictions Relating to Tax Status** – In order to maintain its status as a “mutual fund trust” and to avoid becoming a “SIFT trust”, both within the meaning of the Tax Act, CSOF is required to comply with specific restrictions regarding its activities and investments. NewCo will not have to comply with these restrictions, including restrictions on foreign ownership, the requirement to provide its investors with monthly redemption rights, and restrictions on investments in “non-portfolio properties” as defined in the Tax Act.
- **Removal of 10% Ownership Concentration Restriction** – NewCo will not have to restrict its investments to no more than 10% of its net assets in the securities of any single issuer.
- **Required Unitholder Approval** – the fact that Unitholders will have an opportunity to vote on the Arrangement Agreement, which requires that the Arrangement Resolution be approved by at least 66 $\frac{2}{3}$ % of the votes cast by Unitholders present in person or represented by proxy at the Meeting (voting together as a class) and by the majority of the minority Unitholders pursuant to OSC Rule 56-501; and
- **Court Approval** – the fact that the Arrangement must be approved by the Court, which will consider, among other things, the fairness and reasonableness of the Arrangement.

In the course of its deliberations, the Board also identified and considered a number of risks and other potentially negative factors relating to the Arrangement, including those listed under “*Part I – The Arrangement - Risk Factors Related to the Arrangement*”.

Recommendations of the Board and the IRC

The IRC has considered all conflicts of interest matters relating to the Arrangement and after reasonable inquiry, the IRC’s recommendation is in favour of the Arrangement based on the following factors: (i) the Arrangement is proposed by the Trustee free from any influence by an entity related to it and without taking into account any consideration relevant to an entity related to it; (ii) the Arrangement represents the business judgement of the Trustee uninfluenced by considerations other than the best interests of the Fund; and (iii) the Arrangement achieves a fair and reasonable result for the Fund.

After consideration, and based on, among other things, the recommendation of the IRC, the Board unanimously: (i) determined that the Arrangement is in the best interests of the Fund; (ii) determined that the Consideration to be received by the Unitholders pursuant to the Arrangement and the Arrangement Agreement is fair to Unitholders; and (iii) recommended that Unitholders vote in favour of the Arrangement Resolution.

Each of the directors and the senior officers of Lysander and Canso intends to vote their Units in favour of the Arrangement Resolution. As of the close of business on the Record Date, the directors and senior officers of Lysander and Canso, collectively held approximately 11.79% of the outstanding Class A Units and Class F Units of CSOF.

Consideration to be Received under the Arrangement

If the Arrangement is completed, NewCo will acquire all Units of the Fund for NewCo Class A Multiple Voting Shares and/or NewCo Class B Subordinate Voting Shares, as the Unitholder so elects.

Delivery of Consideration

Following receipt of the Final Order and prior to the Fund filing the Articles of Arrangement, NewCo shall deliver or cause to be delivered sufficient NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares to enable CDS to provide in full the aggregate Consideration payable to Unitholders, subject to the satisfaction or waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set out in the Arrangement Agreement (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties of those conditions).

All Units are registered in the name of CDS, a clearing agency, in which securities dealers or brokers are participants. As the Units trade in the “book entry” system and no certificates are issued to unregistered holders, no certificates for NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares will be issued to beneficial holders of NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares following completion of the Arrangement. Beneficial holders of Units do not need to take any action involving their Units, except to the extent that they wish to submit a Class A Election or a Class B Election, in which case they must instruct their broker, securities dealer, bank, trust company or other nominee to submit such election form to CDS prior to the Election Deadline. If CDS does not receive a Class A Election or a Class B Election prior to the Election Deadline on behalf of a Unitholder, the default exchange option will be administered for the Unitholder.

The records of the broker, securities dealer, bank, trust company or other nominee through whom a Unitholder holds his, her or its Units will reflect the ownership of the NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares, as applicable, instead of the Units shortly after the Effective Date.

On or about the Effective Date, NewCo will deliver to CDS certificates evidencing the aggregate number of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares issued to former Unitholders in connection with the Arrangement. The Fund reserves the right to permit the procedure for the exchange of Units pursuant to the Arrangement to be completed other than as set forth above.

If the Arrangement is approved by Unitholders and the Final Order is issued by the Court, from and after the Effective Time, Units outstanding immediately prior to the Effective Time will be owned by NewCo, and Unitholders will have the right to receive the Consideration pursuant to the Plan of Arrangement.

To the extent that amounts are so withheld or deducted and are remitted to the applicable Governmental Authority, such withheld or deducted amounts will be treated for all purposes of the Arrangement as having been paid to the Person in respect of which such deduction and withholding was made.

Particulars of the Arrangement

Commencing on or around June 5, 2018, each of the events set out below shall occur and shall be deemed to occur in the following order, without any further act or formality except as otherwise provided in the Arrangement Agreement:

- (a) the Declaration of Trust shall be amended:
 - (i) to replace Lysander as Trustee of the Fund with individual trustees;
 - (ii) to the extent necessary to provide for the dissolution of the Fund following a transitional period; and
 - (iii) otherwise to the extent necessary to facilitate the Arrangement as provided in the Arrangement Agreement;
- (b) simultaneously, the following transactions will occur:
 - (i) the Class A Units held by Unitholders shall be transferred to NewCo, free and clear of any claims, solely in consideration for the issuance to the Unitholder, for each Class A Unit so transferred, of:
 - A. in the case of Unitholders who did not submit either a Class A Election or a Class B Election prior to the Election Deadline, one NewCo Class A Multiple Voting Share and one NewCo Class B Subordinate Voting Share;
 - B. in the case of Unitholders who submitted a Class A Election prior to the Election Deadline, two NewCo Class A Multiple Voting Shares; and
 - C. in the case of Unitholders who submitted a Class B Election prior to the Election Deadline, two NewCo Class B Subordinate Voting Shares;
 - (ii) the Class F Units held by Unitholders shall be transferred to NewCo, free and clear of any claims, solely in consideration for the issuance to the Unitholder, for each Class F Unit so transferred, of:
 - A. in the case of Unitholders who did not submit either a Class A Election or a Class B Election prior to the Election Deadline, a number of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares equal to the Class F – Class A NAV Ratio;
 - B. in the case of Unitholders who submitted a Class A Election prior to the Election Deadline, that number of NewCo Class A Multiple Voting Shares that is equal to two times the Class F – Class A NAV Ratio; and
 - C. in the case of Unitholders who submitted a Class B Election prior to the Election Deadline, that number of NewCo Class B Subordinate Voting Shares that is equal to two times the Class F – Class A NAV Ratio;
 - (iii) no fractional shares of NewCo will be issued to Unitholders in exchange for Units. The total number of NewCo Class A Multiple Voting Shares or Class B

Subordinate Voting Shares to be issued to any Unitholder shall be rounded up to the nearest whole share in the event that such Unitholder would otherwise be entitled to a fractional share representing 0.5 or more of a NewCo Class A Multiple Voting Share or Class B Subordinate Voting Share, and shall, without additional compensation, be rounded down to the nearest whole NewCo Class A Multiple Voting Share or Class B Subordinate Voting Share in the event that such Unitholder would otherwise be entitled to a fractional share representing less than 0.5 of a NewCo Class A Multiple Voting Share or Class B Subordinate Voting Share;

- (iv) any NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares issued prior to the Arrangement will be cancelled;
- (c) there shall be added to the separate stated capital accounts maintained for NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares an amount determined by the directors of NewCo in accordance with Section 24(2) of the OBCA in respect of the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares issued under the Arrangement, and NewCo shall be authorized to subsequently reduce its stated capital in an amount determined by the directors of NewCo, in respect of which no amount is distributed to the shareholders of NewCo, as contemplated by Section 34(1)(b)(ii)(B) of the OBCA.

Upon the exchange of Units for NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares, pursuant to the Arrangement:

- (a) each former Unitholder shall cease to be the holder of the Units so exchanged and the name of each such former Unitholder shall be removed from the register of Units and NewCo shall become the sole holder of the Units and shall be added to the register of Units as the sole owner of the Units; and
- (b) each such Unitholder shall become the holder of the NewCo Class A Multiple Voting Shares and/or NewCo Class B Subordinate Voting Shares issuable in exchange for the Units by such holder and shall be added to the register of holders of NewCo Class A Multiple Voting Shares and/or NewCo Class B Subordinate Voting Shares, as applicable, in respect thereof.

The Fund will apply to the TSX to have the Class A Units voluntarily delisted immediately prior to the Effective Date of the Arrangement. Following the Arrangement, the Fund will apply to cease to be a reporting issuer in each jurisdiction in which it is currently a reporting issuer. Following a transitional period, the Fund shall be dissolved and its assets shall be distributed to, and its liabilities shall be assumed by, NewCo.

Stock Exchange Delisting and Listing

If the Arrangement Resolution is approved, CSOF will make an application to voluntarily delist its Class A Units from the TSX, such voluntary delisting to be effective prior to the exchange of Units for NewCo Securities on the Effective Date. NewCo has applied to the TSXV for the listing of: (i) the NewCo Class A Multiple Voting Shares to be issued or to become issuable pursuant to the Arrangement; and (ii) the NewCo Class B Subordinate Voting Shares to be issued or to become issuable pursuant to the Arrangement. Subject to the listing approval of the TSXV, NewCo will be considered a “venture issuer” pursuant to National Instrument 51-102 - *Continuous Disclosure Obligations* (“NI 51-102”).

Effects on the Fund if the Arrangement is Not Completed

If the Arrangement Resolution is not approved or the Arrangement is not completed for any reason, Lysander expects to terminate CSOF. In accordance with the Declaration of Trust, Lysander will provide not less than 30 days' prior written notice of any such termination to Unitholders by way of a press release.

Agreements related to the Arrangement

Arrangement Agreement

On March 12, 2018, the Fund and NewCo entered into the Arrangement Agreement pursuant to which the parties agreed, subject to certain terms and conditions, to complete the Arrangement. This Circular contains a summary of certain provisions of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement, a copy of which is available on SEDAR at www.sedar.com. See "*Part I – The Arrangement – The Arrangement Agreement*".

Court Approval

An arrangement completed under the OBCA requires Court approval. Prior to the mailing of this Circular, the Fund obtained the Interim Order from the Court authorizing and directing the Fund to call, hold and conduct the Meeting and to submit the Arrangement to the Unitholders for approval and filed a Notice of Application for the Final Order to approve the Arrangement. Copies of the Interim Order and the Notice of Application are attached as Appendix B and C, respectively, to this Circular. Subject to the terms of the Arrangement Agreement and approval of the Arrangement Resolution by Unitholders at the Meeting in the manner required by the Interim Order, the Fund will make an application to the Court for the Final Order.

Annual Redemption Right of Registered Unitholders

If a Unitholder is opposed to the Arrangement, or otherwise wishes to cease to be a Unitholder, pursuant to the annual redemption right under the Declaration of Trust, Units may, at the option of a Unitholder, be surrendered for redemption during the period commencing on March 15, 2018 and ending at 5:00 p.m. (Toronto time) on March 29, 2018. Units which are surrendered for redemption during that period will be redeemed on May 31, 2018, in respect of each class of Units, at a redemption price per Unit that is equal to 100% of the Net Asset Value per Unit of that class as of May 31, 2018, less any costs and expenses incurred by the Fund in connection with funding the redemption.

Please see "*Part I – The Arrangement – Annual Redemption Right of Registered Unitholders*".

Certain Canadian Federal Income Tax Considerations

Please see "*Part I – The Arrangement – Certain Canadian Federal Income Tax Considerations*" for a discussion of certain Canadian federal income tax considerations.

Risk Factors

Unitholders should consider a number of risk factors relating to the Arrangement, the Fund and NewCo in evaluating whether to approve the Arrangement Resolution. These risk factors are discussed in this Circular and/or in documents incorporated by reference in this Circular. See "*Part I – The Arrangement – Risk Factors Related to the Arrangement*" and "*Part I – The Arrangement – Risk Factors Relating to the Fund and NewCo*".

PART I – THE ARRANGEMENT

The following contains only a summary of the Arrangement, the Arrangement Agreement and certain related agreements and matters. Unitholders are urged to read the more detailed information included elsewhere in, or incorporated by reference into, this Management Information Circular, including the Interim Order attached as Appendix B and the Arrangement Agreement attached as Appendix D.

The Arrangement

The purpose of the Arrangement and the related transactions is to reorganize CSOF into a corporate issuer that will hold public and private investments. The Arrangement will result in, among other things, Unitholders holding all of the outstanding NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares.

Parties to the Arrangement

The Fund

CSOF is a closed-end investment fund established under the laws of the Province of Ontario by way of a declaration of trust made as of September 25, 2013 (the “**Declaration of Trust**”). Lysander (the “**Manager**” or the “**Trustee**”) is the trustee and manager of the Fund. The Fund’s principal office is 100 York Boulevard, Suite 501, Richmond Hill, Ontario, L4B 1J8. The beneficial interest in the net assets and net income of the Fund are divided into units of two classes, the Class A Units and the Class F Units (together, the “**Units**”). The Class A Units trade on the TSX under the symbol SCW.UN. Class F Units are designed for fee-based and/or institutional accounts and are not listed on a stock exchange, but are convertible into Class A Units on a monthly basis.

The Fund completed its initial public offering of Units on October 22, 2013, issuing 8,445,844 Class A Units and 789,156 Class F Units (including Units issued on October 31, 2013 pursuant to the over-allotment option granted to the agents) at \$10 per Unit for total gross proceeds of \$92,350,000. In 2015, the Fund received approval from the TSX for a normal course issuer bid for the period from April 15, 2015 to April 14, 2016. Pursuant to the issuer bid, the Fund was permitted to purchase up to 846,875 Class A Units for cancellation and during that period the Fund repurchased 192,000 Class A Units at a weighted average price of \$10.84. In 2016, the Fund received approval from the TSX for a further normal course issuer bid for the period from April 15, 2016 to April 14, 2017. Pursuant to the issuer bid, the Fund was permitted to purchase up to 822,773 Class A Units for cancellation; however, no purchases were made by the Fund during this period. In 2017, the Fund received approval from the TSX for a further normal course issuer bid for the period from July 17, 2017 to July 16, 2018. Pursuant to this current issuer bid, the Fund is permitted to purchase up to 324,507 Class A Units for cancellation, and the Fund has repurchased 25,400 Class A Units at a weighted average price of \$10.77 from July 17, 2017 to February 28, 2018. The Fund may only repurchase Units when the Net Asset Value per Unit exceeds its trading price. The Fund invests in a diversified portfolio consisting primarily of Canadian and global debt and equity securities (the “**Portfolio**”). The Portfolio is actively managed by Canso Investment Counsel Ltd. (“**Canso**” or the “**Portfolio Manager**”), an affiliate of the Manager, pursuant to an investment advisory agreement with the Fund dated October 22, 2013 (the “**Investment Advisory Agreement**”).

Past Performance

The Fund completed its initial public offering of Units on October 22, 2013, issuing Class A Units and Class F Units (including Units issued on October 31, 2013 pursuant to the over-allotment option granted to the agents) at \$10 per Unit. After the deduction of underwriting fees and issuance costs, the initial Net

Asset Value per Unit of the Class A Units was \$9.38 per Unit and the initial Net Asset Value per Unit of F Class Units was \$9.68 per Unit.

Between inception and February 28, 2018, the Fund paid monthly cash distributions on all Units in an amount equal to \$0.04166 per Unit for a cumulative total of \$2.16632 per Unit. In addition the Fund paid a special non-cash distribution in December 2015 of \$0.8724 per Class A Unit and \$0.9632 per Class F Unit.

As at February 28, 2018, the Net Asset Value per Unit of the Class A Units was \$11.23 per Unit and the Net Asset Value per Unit of Class F Units was \$11.69 per Unit. The investment performance of the Fund has met and exceeded its benchmark return of 5% per annum with an annualized compounded return of 9.4% for Class A Units and 9.7% for Class F Units since inception.

Performance as at February 28, 2018:

	1 Month	3 Month	6 Month	YTD	1 Year	3 Year (Annualized)	Since Inception Oct 22, 2013 (Annualized)
Class A	0.0%	3.0%	6.7%	1.9%	20.4%	3.8%	9.4%
Class F	0.0%	3.0%	6.7%	1.9%	20.7%	4.0%	9.7%

Since the inception of CSOF, the Fund has met its investment objective of providing a 5% distribution.

NewCo

NewCo is incorporated under the laws of the Province of Ontario.

The authorized capital of NewCo consists of an unlimited number of shares of a class designated as Class A Multiple Voting Shares, an unlimited number of shares of a class designated as Class B Subordinate Voting Shares, and an unlimited number of shares of a class designated as Preference Shares, issuable in series. See “*Part III – Information Concerning NewCo – Description of Share Capital*”.

As of the date hereof, one NewCo Class A Multiple Voting Share is issued and outstanding and is held by CSOF. No Class B Subordinate Voting Shares or Preference Shares have been issued or are outstanding. NewCo is a wholly owned subsidiary of CSOF.

NewCo will not be considered an investment fund for regulatory purposes and the specific regulatory regime applicable to investment funds like CSOF is not applicable to NewCo. For a comparison of the differences between the two regimes, please refer to Appendix G to this Circular.

Background to the Arrangement

The Fund commenced operations on October 22, 2013. As at December 31, 2014, the market value of the Fund was approximately \$102,641,180. In accordance with the terms of the offering document of the Fund, beginning in May 2015 Unitholders have had the option to surrender their Units for redemption on an annual and monthly basis. As a result, the Fund had total annual redemptions in the amount of

\$1,739,753 in 2015, \$21,641,242 in 2016 and \$30,211,241 in 2017. As at December 31, 2017, the total market value of the Fund had dropped to \$39,467,807. Senior management of the Manager was concerned that the Fund would not be able to fund possible future Fund redemptions in 2019 at a reasonable valuation that would be fair to remaining Unitholders. For these reasons, the Manager decided not to terminate the Fund but rather to create a publicly listed private equity vehicle which would give Unitholders the option to benefit from realizing value over a longer term in a new corporate structure.

Reasons for the Arrangement

In evaluating and approving the Arrangement and in making its recommendation, the Board consulted with its legal and financial advisors, considered the recommendation of the IRC, and carefully evaluated the terms of the proposed Arrangement and the Fund's current business, financial position and future plans and prospects and the associated risks and uncertainties. In reaching these determinations and making these approvals, the Board considered, among other things, the following factors and potential benefits of the Arrangement:

- ***Conversion to Efficient Corporate Model*** – the Arrangement provides CSOF with an effective and efficient method of converting from a mutual fund trust to an Ontario corporation, allowing NewCo to have greater financial flexibility, reduce overhead and administrative costs, increase its access to capital and permit the pursuit of a more effective long term investment strategy;
- ***Illiquidity of Investments*** – CSOF currently invests in some illiquid investments that have been performing well to date, but it is not sustainable for CSOF in its current form as an investment fund to continue to hold such illiquid investments and fund monthly and annual redemptions by Unitholders;
- ***Active Investing*** – a corporate structure will better enable NewCo to be actively involved in corporate activities, activist investing, potentially taking large private positions and holding increased illiquid investments including private equity and debt, loans, real estate and infrastructure;
- ***Elimination of Management Fees and Performance Fees*** – the Fund currently pays the Manager a management fee equal to 1.00% per annum of the net asset value of the Fund, calculated and payable monthly in arrears, plus applicable taxes, and may pay a performance fee to the Manager. The Fund also currently pays for all of its expenses incurred in connection with its operation and administration, including costs of portfolio transactions and any extraordinary expenses that may be incurred from time to time. NewCo will only be responsible for paying its own operating expenses including, but not limited to, the remuneration to the board of directors, fees of service providers and professional advisors, audit, legal, custodial, brokerage commissions, fees on portfolio transactions, interest, rent, systems, insurance, recordkeeping, regulatory, reporting and other operating costs. Canso has agreed, pursuant to an operational services agreement, to provide any day-to-day operational services to carry out the business and affairs of NewCo. Under such operational services agreement, Canso may charge NewCo on a cost recovery basis for services, including overhead expenses of Canso that are related to the daily operating functions of NewCo, such as employee salaries, rent and utilities;
- ***Preferential NewCo Class B Subordinate Voting Shares Dividend*** – Unitholders who convert to NewCo Class B Subordinate Voting Shares will have a preferential dividend entitlement: specifically, declaration of dividends shall be at the discretion of the NewCo Board, but dividends may only be declared on the NewCo Class A Multiple Voting Shares or NewCo Class B Subordinated Voting Shares if dividends are concurrently declared on both classes of shares, and

in such case the dividend declared on the NewCo Class B Subordinated Voting Shares shall be \$0.05 per share higher than the dividend declared on the NewCo Class A Multiple Voting Shares;

- **Annual Redemption Right** – Registered Unitholders who oppose the Arrangement may, upon compliance with certain conditions, exercise their annual redemption right and receive the fair value of their Units. See “*Part I – The Arrangement – Annual Redemption Right of Registered Unitholders*”;
- **Removal of Restrictions Relating to its Tax Status** – In order to maintain its status as a “mutual fund trust” and to avoid becoming a “SIFT trust”, both within the meaning of the Tax Act, CSOF is required to comply with specific restrictions regarding its activities and investments. NewCo will not have to comply with these restrictions, including restrictions on foreign ownership, the requirement to provide its investors with monthly redemption rights, and restrictions on investments in “non-portfolio properties” as defined in the Tax Act.
- **Removal of 10% Ownership Concentration Restriction** – NewCo will not have to restrict its investments to no more than 10% of its net assets in the securities of any single issuer.
- **Required Unitholder Approval** – the fact that Unitholders will have an opportunity to vote on the Arrangement Agreement, which requires that the Arrangement Resolution be approved by at least 66⅔% of the votes cast by Unitholders present in person or represented by proxy at the Meeting (voting together as a class) and by the majority of the minority Unitholders pursuant to OSC Rule 56-501; and
- **Court Approval** – the fact that the Arrangement must be approved by the Court, which will consider, among other things, the fairness and reasonableness of the Arrangement.

In the course of its deliberations, the Board also identified and considered a number of risks and other potentially negative factors relating to the Arrangement, including those listed under “*Risk Factors Related to the Arrangement*” below.

Recommendation of the Board of Directors

After careful consideration, the Board unanimously determined that: (i) the Arrangement is in the best interests of the Fund; (ii) the Consideration to be received by the Unitholders pursuant to the Arrangement and the Arrangement Agreement is fair to Unitholders; and (iii) the Arrangement Resolution is in the best interests of the Fund and are fair to the Unitholders and recommends that Unitholders vote in favour of the Arrangement Resolution at a special meeting of Unitholders to be held on or about April 12, 2018. Each of the directors and the senior officers of Lysander and Canso that hold Units intends to vote their Units in favour of the Arrangement Resolution. For the purposes of minority approval pursuant to OSC Rule 56-501, the directors and senior officers of Lysander and Canso, their associates and Canso Partners II Fund will be excluded from voting on the Arrangement Resolution. As of the close of business on March 6, 2018, these persons collectively held approximately 13.10% of the outstanding Class A Units and Class F Units of CSOF.

<p style="text-align: center;">THE BOARD UNANIMOUSLY RECOMMENDS THAT UNITHOLDERS VOTE IN FAVOUR OF THE ARRANGEMENT RESOLUTION</p>
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Risk Factors Related to the Arrangement

The following are risk factors, which Unitholders should carefully consider before making a decision regarding the Arrangement Resolution.

Failure to satisfy conditions precedent to the Arrangement

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of the Fund, including receipt of all necessary regulatory and stock exchange approvals and receipt of the Final Order. There can be no certainty or assurance that these conditions will be satisfied or, if satisfied, when they will be satisfied. The failure to satisfy a condition may prevent the Fund from completing the Arrangement and may have a material adverse effect on the business and affairs of the Fund or the trading price of the Class A Units.

Possible failure to realize anticipated benefits of the Arrangement

Achieving the anticipated benefits of the Arrangement will depend in part on NewCo's ability to realize the anticipated growth opportunities from reorganizing the Fund into a corporate structure. There can be no assurance that NewCo's management will be successful in refocusing the continuing entity into a growth-oriented entity. If NewCo's management is not successful, it may have a material adverse effect on the business, operations and prospects of NewCo as well as the trading price of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares.

Decrease in the market capitalization of CSOF

Unitholders who oppose the Arrangement will likely exercise their annual redemption right, causing the market capitalization of CSOF to decrease at the time the Arrangement is effected.

The Arrangement is generally a taxable transaction

The Arrangement will be a taxable transaction and, as a result, a transfer of Units of the Fund to NewCo for NewCo Securities will be a disposition for Canadian income tax purposes, which may result in a capital gain or loss to Unitholders who hold their Units outside of registered plans. Such Unitholders may be entitled to obtain a full or partial tax deferral subject to making a joint tax election with NewCo. See "Part I – The Arrangement – Certain Canadian Federal Income Tax Considerations"

The Fund's business relationships may be subject to disruption due to uncertainty associated with the Arrangement

Parties with which the Fund currently does business or may do business in the future may experience uncertainty associated with the Arrangement, including with respect to current or future business relationships with the Fund or NewCo. Such uncertainty could have a material impact on the business, financial condition, results of operations or prospects of NewCo.

Market price of the Units

If, for any reason, the Arrangement is not completed or its completion is materially delayed and/or the Arrangement Agreement is terminated, the market price of the Class A Units may be materially adversely affected. See "Part II – Information Concerning CSOF – Price Range, Market for Securities and Trading Volume of Units".

Risk Factors Relating to the Fund and NewCo

Whether or not the Arrangement is completed, the Fund will continue to face many of the risks that it currently faces with respect to its business and affairs. These risk factors are further detailed under “*Part III – Information Concerning NewCo – Risk Factors*” and in the Fund’s annual information form dated March 24, 2017 on SEDAR (the “**AIF**”), and in other filings of the Fund filed with the securities regulatory authorities and available on SEDAR at www.sedar.com. If the Arrangement is completed, the business and operations of, and an investment in, NewCo will be subject to the applicable risk factors set forth in the AIF.

Illiquidity in trading of NewCo Securities

There is no guarantee that NewCo Securities will trade frequently. There can be no assurances that an active trading market will develop for the NewCo Securities or, if developed, that such market will be sustained.

Market price of the NewCo Class B Subordinate Voting Shares

The trading prices of the NewCo Class B Subordinate Voting Shares could be lower than the value of NewCo’s investments. The trading prices of NewCo Securities will fluctuate with market conditions and other factors. If a holder of NewCo Class B Subordinate Voting Shares sells its NewCo Class B Subordinate Voting Shares, the price received may be more or less than the original investment and such shares may trade at a discount from their book value. The Subordinate Voting Shares may trade at a price that is less than the NAV determined at the time of the Arrangement.

Limited control

Holder of NewCo Class B Subordinate Voting Shares will have limited control over changes in NewCo’s policies and operations, which increases the uncertainty and risks of an investment in NewCo. The NewCo Board will determine major policies, including policies regarding financing, investments, growth, debt capitalization and any future dividends to NewCo shareholders. Holders of NewCo Class B Subordinate Voting Shares will not have the same voting power as holders of NewCo Class A Multiple Voting Shares. The Board’s discretion in setting policies and the limited ability of holders of NewCo Class B Subordinate Voting Shares to exert control over those policies increases the uncertainty and risks of an investment in NewCo.

No market for NewCo Securities

There is a risk that the NewCo Securities may not be listed or, if listed, may cease to be listed on a stock exchange in Canada. In such case, there may be no market through which the NewCo Securities may be sold and NewCo shareholders may not be able to resell their NewCo Securities. This may affect the pricing of the NewCo Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the NewCo Securities and the extent of issuer regulation.

Effect of the Arrangement

General

Pursuant to the Arrangement, NewCo will acquire all of the Units that are outstanding immediately prior to the Effective Time in exchange for NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares, based upon Unitholder election.

Effect on Unitholders

Pursuant to the Arrangement, on the Effective Date of the Arrangement Unitholders of Class A Units will receive, for each Class A Unit held as of the close of business on the trading day immediately preceding such effective date (the “**Determination Time**”), one NewCo Class A Multiple Voting Share and one NewCo Class B Subordinate Voting Share, unless a Class A Election or Class B Election from the Unitholder was received by CDS prior to the Election Deadline. Class A Unitholders that submit a Class A Election to CDS prior to the Election Deadline shall receive two NewCo Class A Multiple Voting Shares (and nil NewCo Class B Subordinate Voting Shares) for each Class A Unit transferred. Class A Unitholders that submit a Class B Election to CDS prior to the Election Deadline shall receive two NewCo Class B Subordinate Voting Shares (and nil NewCo Class A Multiple Voting Shares) for each Class A Unit transferred. Unitholders of Class F Units will receive, for each Class F Unit held as of the Determination Time, that number of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares that is the quotient of the Net Asset Value per Unit of the Class F Units divided by the Net Asset Value per Unit of Class A Units, in each case determined as of the Determination Time (which quotient is referred to herein as the “**Class F – Class A NAV Ratio**”), unless a Class A Election or Class B Election from the Unitholder was received by CDS prior to the Election Deadline. Class F Unitholders that submit a Class A Election prior to the Election Deadline shall receive that number of NewCo Class A Multiple Voting Shares that is equal to two times the Class F – Class A NAV Ratio (and nil NewCo Class B Subordinate Voting Shares) for each Class F Unit. Class F Unitholders that submit a Class B Election prior to the Election Deadline shall receive that number of NewCo Class B Subordinate Voting Shares that is equal to two times the Class F – Class A NAV Ratio (and nil NewCo Class A Multiple Voting Shares) for each Class F Unit.

No fractional shares of NewCo will be issued. Fractional shares will be rounded up or down to the nearest whole number of shares.

NewCo will not be considered an investment fund for regulatory purposes and the specific regulatory regime applicable to investment funds like CSOF is not applicable to NewCo. For a comparison of the differences between the two regimes, please refer to Appendix G to this Circular.

Effects on the Fund if the Arrangement is Not Completed

If the Arrangement Resolution is not approved or the Arrangement is not completed for any reason, Lysander expects to terminate CSOF and in accordance with the Declaration of Trust, Lysander will provide not less than 30 days’ prior written notice to Unitholders by way of a press release.

Details of the Arrangement

General

The following description is qualified in its entirety by reference to the full text of the Plan of Arrangement, which is attached as Appendix D to this Circular. Unitholders are urged to read the full Plan of Arrangement. The Arrangement will result in the acquisition by NewCo of all of the Units outstanding immediately prior to the Effective Time. If the Arrangement is approved and completed, the Unitholders will be entitled to receive the Consideration.

Pursuant to the Arrangement, on the Effective Date Unitholders of Class A Units will receive, for each Class A Unit held as of the Determination Time, one NewCo Class A Multiple Voting Share and one NewCo Class B Subordinate Voting Share, unless a Class A Election or Class B Election from the Unitholder was received by CDS prior to the Election Deadline. Class A Unitholders that submit a Class A Election to CDS prior to the Election Deadline shall receive two NewCo Class A Multiple Voting Shares

(and nil Newco Class B Subordinate Voting Shares) for each Class A Unit transferred. Class A Unitholders that submit a Class B Election to CDS prior to the Election Deadline shall receive two NewCo Class B Subordinate Voting Shares (and nil Newco Class A Multiple Voting Shares) for each Class A Unit transferred. Unitholders of Class F Units will receive, for each Class F Unit held as of the Determination Time, that number of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares that is equal to the Class F – Class A NAV Ratio, unless a Class A Election or Class B Election from the Unitholder was received by CDS prior to the Election Deadline. Class F Unitholders that submit a Class A Election prior to the Election Deadline shall receive that number of NewCo Class A Multiple Voting Shares that is equal to two times the Class F – Class A NAV Ratio (and nil Newco Class B Subordinate Voting Shares) for each Class F Unit. Class F Unitholders that submit a Class B Election prior to the Election Deadline shall receive that number of NewCo Class B Subordinate Voting Shares that is equal to two times the Class F – Class A NAV Ratio (and nil Newco Class A Multiple Voting Shares) for each Class F Unit.

Arrangement Steps

Commencing on or around June 5, 2018, each of the events set out below shall occur and shall be deemed to occur in the following order, without any further act or formality except as otherwise provided in the Arrangement Agreement:

- (a) the Declaration of Trust shall be amended:
 - (i) to replace Lysander as Trustee of the Fund with individual trustees;
 - (ii) to the extent necessary to provide for the dissolution of the Fund following a transitional period; and
 - (iii) otherwise to the extent necessary to facilitate the Arrangement as provided in the Arrangement Agreement;
- (b) simultaneously, the following transactions will occur:
 - (i) the Class A Units held by Unitholders shall be transferred to NewCo, free and clear of any claims, solely in consideration for the issuance to the Unitholder, for each Class A Unit so transferred, of:
 - A. in the case of Unitholders who did not submit either a Class A Election or a Class B Election prior to the Election Deadline, one NewCo Class A Multiple Voting Share and one NewCo Class B Subordinate Voting Share;
 - B. in the case of Unitholders who submitted a Class A Election prior to the Election Deadline, two NewCo Class A Multiple Voting Shares; and
 - C. in the case of Unitholders who submitted a Class B Election prior to the Election Deadline, two NewCo Class B Subordinate Voting Shares;
 - (ii) the Class F Units held by Unitholders shall be transferred to NewCo, free and clear of any claims, solely in consideration for the issuance to the Unitholder, for each Class F Unit so transferred, of:
 - A. in the case of Unitholders who did not submit either a Class A Election or a Class B Election prior to the Election Deadline, a number of NewCo Class A

Multiple Voting Shares and NewCo Class B Subordinate Voting Shares equal to the Class F – Class A NAV Ratio;

- B. in the case of Unitholders who submitted a Class A Election prior to the Election Deadline, that number of NewCo Class A Multiple Voting Shares that is equal to two times the Class F – Class A NAV Ratio; and
 - C. in the case of Unitholders who submitted a Class B Election prior to the Election Deadline, that number of NewCo Class B Subordinate Voting Shares that is equal to two times the Class F – Class A NAV Ratio;
- (iii) no fractional shares of NewCo will be issued to Unitholders in exchange for Units. The total number of NewCo Class A Multiple Voting Shares or Class B Subordinate Voting Shares to be issued to any Unitholder shall be rounded up to the nearest whole share in the event that such Unitholder would otherwise be entitled to a fractional share representing 0.5 or more of a NewCo Class A Multiple Voting Share or Class B Subordinate Voting Share, and shall, without additional compensation, be rounded down to the nearest whole NewCo Class A Multiple Voting Share or Class B Subordinate Voting Share in the event that such Unitholder would otherwise be entitled to a fractional share representing less than 0.5 of a NewCo Class A Multiple Voting Share or Class B Subordinate Voting Share;
 - (iv) any NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares issued prior to the Arrangement will be cancelled;
- (c) there shall be added to the separate stated capital accounts maintained for NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares an amount determined by the directors of NewCo in accordance with Section 24(2) of the OBCA in respect of the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares issued under the Arrangement, and NewCo shall be authorized to subsequently reduce its stated capital in an amount determined by the directors of NewCo, in respect of which no amount is distributed to NewCo Shareholders, as contemplated by Section 34(1)(b)(ii)(B) of the OBCA.

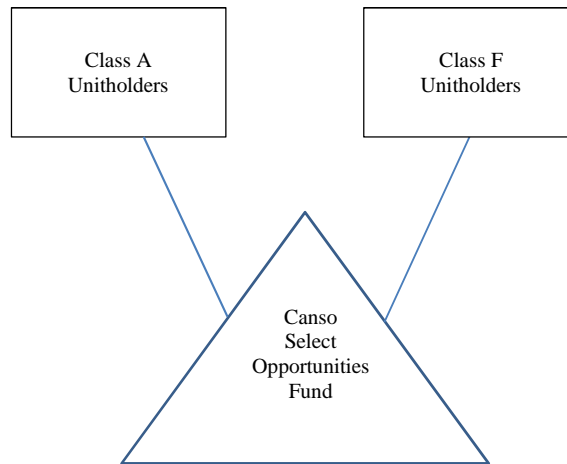
Upon the exchange of Units for NewCo Securities, pursuant to above:

- (d) each former Unitholder shall cease to be the holder of the Units so exchanged and the name of each such former Unitholder shall be removed from the register of Units and NewCo shall become the sole holder of the Units and shall be added to the register of Units as the sole owner of the Units; and
- (e) each such Unitholder shall become the holder of the NewCo Securities exchanged for Units by such holder and shall be added to the register of holders of NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares in respect thereof.

The Fund will apply to the TSX to have the Class A Units voluntarily delisted immediately prior to the Effective Date of the Arrangement. Following the Arrangement, the Fund will apply to cease to be a reporting issuer in each jurisdiction in which it is currently a reporting issuer. Following a transitional period, the Fund shall be dissolved and its assets shall be distributed to, and its liabilities shall be assumed by, NewCo.

Pre-Arrangement and Post-Arrangement Structure

The following diagram illustrates the organizational structure of the Fund prior to the completion of the



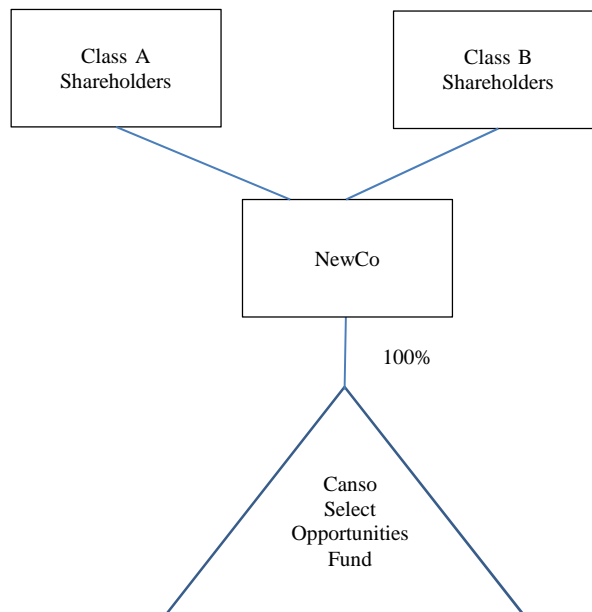
Arrangement.

Immediately following the Effective Time of the Arrangement, the former holders of Class A Units and Class F Units will be NewCo Shareholders. The following diagram illustrates the organizational structure of NewCo following completion of the Arrangement.

The Arrangement Agreement

The Arrangement Agreement contains covenants, representations and warranties of and from each of the Fund and NewCo and various conditions precedent, both mutual and with respect to each Party.

The following is a summary of certain material terms of the Arrangement Agreement, which is qualified in its entirety by reference to the full text of the Arrangement Agreement, which is available on SEDAR at www.sedar.com. This summary does not contain all of the information about the Arrangement Agreement. Unitholders should read the Arrangement Agreement carefully and in its entirety, as the rights



and obligations of the Fund and NewCo under the Arrangement Agreement are governed by the express terms of the Arrangement Agreement and not by this summary or by any other information contained in this Circular.

Pursuant to the Arrangement Agreement, the Fund and NewCo have agreed to carry out the Arrangement in accordance with the Arrangement Agreement on the terms set out in the Plan of Arrangement. See “*Part I – The Arrangement – Details of the Arrangement – Arrangement Steps*”.

Mutual Conditions Precedent

The respective obligations of the Parties to complete the transactions contemplated by the Arrangement Agreement shall be subject to the fulfillment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived collectively by them without prejudice to their right to rely on any other condition:

- (a) the Interim Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, not later than March 16, 2018 or such later date as the Parties may agree and shall not have been set aside or modified in a manner unacceptable to such Parties on appeal or otherwise;
- (b) the IRC shall have provided a positive recommendation with respect to the Arrangement;
- (c) the Arrangement Resolution shall have been approved by the requisite number of votes cast by the Unitholders at the Meeting in accordance with the provisions of the Interim Order and any applicable regulatory requirements;
- (d) the amendment of the Declaration of Trust, to the extent necessary to facilitate the Arrangement, shall have been approved by the Unitholders;
- (e) the Court shall have determined that the terms and conditions of the Arrangement are procedurally and substantively fair to those to whom NewCo Securities will be issued;
- (f) the Final Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, not later than December 31, 2018 or such later date as the Parties may agree;
- (g) the Articles of Arrangement and all necessary related documents, in form and substance satisfactory to the Parties, acting reasonably, shall have been accepted for filing by the Director together with the Final Order in accordance with subsection 183 of the OBCA;
- (h) no material action or proceeding shall be pending or threatened by any Person and there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:
 - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated in the Arrangement Agreement; or
 - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated in the Arrangement Agreement;

- (i) all material third party and regulatory consents, exemptions and approvals considered necessary or desirable by the Parties with respect to the transactions contemplated under the Arrangement shall have been completed or obtained including, without limitation, consents, exemptions and approvals from applicable securities regulatory authorities and under the rules or policies of the TSX and the TSXV; and
- (j) subject only to the filing of required documents which cannot be filed prior to the Effective Date, the TSXV shall have conditionally approved the listing of the NewCo Securities to be issued or to become issuable pursuant to the Arrangement.

Additional Conditions Precedent to the Obligations of the Fund

The Arrangement Agreement provides that the obligation of the Fund to complete the Arrangement is also subject to the fulfillment of the following conditions precedent (each of which is for the exclusive benefit of the Fund and may be waived by the Fund):

- (a) each of the covenants, acts and undertakings of NewCo to be performed or complied with on or before the Effective Date pursuant to the terms of the Arrangement Agreement shall have been duly performed or complied with; and
- (b) the NewCo Board shall not have determined in its sole and absolute discretion that to proceed with the Arrangement would not be in the best interests of NewCo.

Additional Conditions Precedent to the Obligations of NewCo

The Arrangement Agreement provides that the obligation of NewCo to complete the Arrangement is also subject to the fulfillment of the following conditions precedent (each of which is for the exclusive benefit of NewCo and may be waived by NewCo):

- (a) each of the covenants, acts and undertakings of the Fund to be performed or complied with on or before the Effective Date pursuant to the terms of the Arrangement Agreement shall have been duly performed or complied with; and
- (b) the Trustee shall not have determined in its sole and absolute discretion that to proceed with the Arrangement would not be in the best interests of the Unitholders and the Fund, respectively.

Representations and Warranties

The Arrangement Agreement contains customary representations and warranties of the Fund relating to matters that include, among other things: Trustee approval, fund existence and power, authorization, authority and no violation with respect to the Arrangement Agreement, consents and approvals, no undisclosed liabilities, compliance with laws, regulatory compliance, and litigation.

The Arrangement Agreement also contains customary representations and warranties of NewCo relating to matters that include, among other things: organization and qualification, corporate authority relative to the Arrangement Agreement, consents and approvals, no undisclosed liabilities, compliance with laws, regulatory compliance and litigation.

Covenants of the Fund

The Fund has agreed to covenants in the Arrangement Agreement that are customary for agreements of this nature, including, but not limited to, covenants to: (a) take all reasonable actions necessary to give effect to the transactions contemplated by the Arrangement Agreement and the Arrangement; (b) use all reasonable efforts to obtain all consents, exemptions, approvals, assignments, waivers and amendments to or terminations of any instruments considered necessary or desirable by the Parties and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated in the Arrangement Agreement; (c) to the extent applicable to it, solicit proxies to be voted at the Meeting in favour of the Arrangement Resolution and prepare the Circular and proxy solicitation materials and any amendments, modifications or supplements thereto as required by, and in compliance with, the Interim Order, and applicable corporate and securities laws, the Declaration of Trust, and file and distribute the same to the Unitholders in a timely and expeditious manner in all jurisdictions where the same are required to be filed and distributed; (d) to the extent applicable to it, convene the Meeting as contemplated by the Interim Order and conduct such Meeting in accordance with the Interim Order and as otherwise required by law and the Declaration of Trust; (e) use all reasonable efforts to cause each of the conditions precedent set forth in the Arrangement Agreement which are within its control to be satisfied on or before the Effective Date; (f) subject to the approval of the Arrangement Resolution by the Unitholders, as required by the Interim Order, submit the Arrangement to the Court and apply, together with NewCo, for the Final Order; (g) to the extent applicable to it, carry out the terms of the Final Order; (h) to the extent applicable to it, upon issuance of the Final Order and subject to the conditions precedent in the Arrangement Agreement, proceed to file the Articles of Arrangement, the Final Order and all related documents with the Director pursuant to subsection 183 of the OBCA; (j) subject to Section 7.3 of the Arrangement Agreement, not perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated by the Arrangement Agreement; (k) in the case of the Fund: (i) prior to the Effective Date, make application for approval of the listing on the TSXV of the NewCo Securities to be issued or to become issuable pursuant to the Arrangement; and (ii) prior to the Effective Date, make application for approval of the voluntary delisting of the Class A Units of the Fund from the TSX, such voluntary delisting to be effective prior to the exchange of Units for NewCo Securities on the Effective Date.

Covenants of NewCo

NewCo has agreed to covenants in the Arrangement Agreement that are customary for agreements of this nature, including: (a) take all reasonable actions necessary to give effect to the transactions contemplated by the Arrangement Agreement and the Arrangement; (b) use all reasonable efforts to obtain all consents, exemptions, approvals, assignments, waivers and amendments to or terminations of any instruments considered necessary or desirable by the Parties and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated in the Arrangement Agreement; (c) until the Effective Date, other than as contemplated in the Arrangement Agreement, in the Plan of Arrangement or in the Circular, not carry on any business or enter into any transaction without the prior written consent of the Fund, as evidenced by a resolution of the Trustee; (d) until the Effective Date, not issue any securities or enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities, except to the Fund; (e) use all reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date; (f) subject to approval of the Arrangement Resolution by Unitholders, as required by the Interim Order, submit the Arrangement to the Court and apply, in conjunction with each of the other Parties, for the Final Order; (g) to the extent applicable to it, carry out the terms of the Final Order; (h) upon issuance of the Final Order and subject to the conditions precedent in the Arrangement Agreement, proceed to file the Articles of Arrangement, the Final Order and all related documents with the Director pursuant to Section 183 of the OBCA; (i) reserve and authorize for issuance the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares issuable pursuant to the Arrangement; and (j) prior to the Effective Date,

cooperate with the Fund in making the application for approval of the listing on the TSXV of the NewCo Securities to be issued or to become issuable pursuant to the Arrangement.

Termination of the Arrangement Agreement

The Arrangement Agreement shall be terminated in each of the following circumstances:

- (a) the mutual agreement of the Parties;
- (b) the Arrangement shall not have become effective on or before January 1, 2019, or such later date as may be agreed to by the Parties; and
- (c) if any of the conditions precedents set forth in the Arrangement Agreement are not satisfied or waived by the Party or Parties for whose benefit such conditions are provided on or before the date required for the satisfaction thereof, then a Party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at law or equity, rescind and terminate the Arrangement Agreement; provided that, prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, the Party intending to rely thereon has delivered a written notice to the other Party, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-satisfaction of the applicable conditions precedent and the Party in breach shall have failed to cure such breach within ten (10) Business Days of receipt of such written notice thereof (except that no cure period shall be provided for a breach which by its nature cannot be cured). More than one such notice may be delivered by a Party.

Expenses and Expense Reimbursement

Except as expressly provided in the Arrangement Agreement, all costs and expenses of the Parties relating to the transactions contemplated in the Arrangement Agreement, including legal fees, accounting fees, financial advisory fees, regulatory filing fees, stock exchange fees, all disbursements of advisors and printing and mailing costs, shall be paid by the Manager and its affiliate, the Portfolio Manager, whether or not the Arrangement is consummated.

Procedure for the Arrangement Becoming Effective

The Arrangement is proposed to be carried out pursuant to Sections 182 and 183 of the OBCA. The following procedural steps must be taken for the Arrangement to become effective:

- (a) the Arrangement Resolution must be approved by Unitholders at the Meeting voting either in person or by proxy in the manner required by the Interim Order;
- (b) the Arrangement must be approved by the Court pursuant to the Final Order;
- (c) all conditions precedent to the Arrangement set forth in the Arrangement Agreement must be satisfied or waived by the appropriate Party; and
- (d) Articles of Arrangement including the Final Order and related documents, in the form prescribed by the OBCA, must be filed with the Director.

Approval of Unitholders Required for the Arrangement

Pursuant to the Interim Order, the requisite approval for the Arrangement Resolution will be the affirmative votes of the holders of at least 66⅔% of the votes cast on the Arrangement Resolution by Unitholders present in person or represented by proxy at the Meeting, each Unit entitling the holder thereof to one vote on the Arrangement Resolution. The Arrangement Resolution must receive the required approval in order for the Fund to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the Final Order.

In addition to the Unitholder approval required by the Interim Order, because NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares are “restricted shares” for purposes of OSC Rule 56-501 – *Restricted Shares* (“**OSC Rule 56-501**”), the distribution of the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares pursuant to the reorganization must also be approved by a majority of the votes cast by Unitholders other than the votes attaching at the time to Units held directly or indirectly by affiliates of CSOF and Units held directly and indirectly by control persons of CSOF.

Notwithstanding the foregoing, the Arrangement Resolution authorizes the Board, without further notice to or approval of Unitholders, subject to the terms of the Interim Order, the Plan of Arrangement and the Arrangement Agreement, to elect not to proceed with the Arrangement or otherwise give effect to the Arrangement Resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the OBCA. See Appendix A to this Circular for the full text of the Arrangement Resolution.

Court Approval of the Arrangement and Completion of the Arrangement

Interim Order

On March 15, 2018, the Court granted the Interim Order facilitating the calling of the Meeting and prescribing the conduct of the Meeting and other matters. A copy of the Interim Order is attached as Appendix B to this Circular.

Final Order

The OBCA provides that an arrangement requires court approval. Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by Unitholders at the Meeting in the manner required by the Interim Order, the Fund will apply to the Court for the Final Order.

The application for the Final Order approving the Arrangement is expected to be held on April 25, 2018, or as soon thereafter as counsel may be heard, at 330 University Avenue, Toronto, Ontario, Canada, M5G 1R7. If any Unitholders and/or other interested party wish to make submissions at the return of the application, they must first file with the Court and serve a Notice of Appearance on or before April 5, 2018 or the Business Day that is five Business Days prior to the date of the Meeting if it is not held on April 12, 2018. **Service of such notice is to be effected by service upon the solicitors for CSOF and NewCo: Borden Ladner Gervais LLP, Bay Adelaide Centre, East Tower, 22 Adelaide Street West, Toronto, Ontario, Canada M5H 4E3, Attention: Caitlin Sainsbury.** See the Notice of Application, which is attached as Appendix C to this Circular.

The Fund has been advised by its counsel that the Court has broad discretion under the OBCA when making orders with respect to the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks fit. Depending

upon the nature of any required amendments, the Fund and NewCo may determine not to proceed with the Arrangement.

Timing

If the Meeting is held as scheduled and is not postponed or adjourned, and the other necessary conditions at that point in time are satisfied or waived, the Fund will apply for the Final Order approving the Arrangement on or about April 25, 2018. If the Final Order is obtained in a form and substance satisfactory to the Fund and NewCo, and all other conditions set forth in the Arrangement Agreement are satisfied or waived by the applicable Party, the Fund expects the Effective Date to occur on or about June 5, 2018, if all other conditions to closing are satisfied or waived. However, it is not possible at this time to determine with certainty when the Effective Date will occur. The Effective Date could be delayed for a number of reasons.

The Arrangement will become effective as of the Effective Time and on the Effective Date, which is expected to be the date on which the Articles of Arrangement, a copy of the Final Order and such other materials as the Director requires are filed with the Director.

Delivery of Consideration

Following receipt of the Final Order and prior to the Fund filing the Articles of Arrangement, NewCo shall deliver or cause to be delivered sufficient NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares to enable CDS to provide in full the aggregate Consideration payable to Unitholders, subject to the satisfaction or waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set out in the Arrangement Agreement (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties of those conditions).

All Units are registered in the name of CDS, a clearing agency, in which securities dealers or brokers are participants. As the Units trade in the “book entry” system and no certificates are issued to unregistered holders, no certificates for NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares will be issued to beneficial holders of NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares following completion of the Arrangement. Beneficial holders of Units do not need to take any action involving their Units, except to the extent that they wish to submit a Class A Election or a Class B Election, in which case they must instruct their broker, securities dealer, bank, trust company or other nominee to submit such election form to CDS prior to the Election Deadline. If CDS does not receive a Class A Election or a Class B Election prior to the Election Deadline on behalf of a Unitholder, the default exchange option will be administered for the Unitholder.

The records of the broker, securities dealer, bank, trust company or other nominee through whom a Unitholder holds his, her or its Units will reflect the ownership of the NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares, as applicable, instead of the Units shortly after the Effective Date.

On or about the Effective Date, NewCo will deliver to CDS certificates evidencing the aggregate number of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares issued to former Unitholders in connection with the Arrangement. The Fund reserves the right to permit the procedure for the exchange of Units pursuant to the Arrangement to be completed other than as set forth above.

If the Arrangement is approved by Unitholders and the Final Order is issued by the Court, from and after the Effective Time, Units outstanding immediately prior to the Effective Time will be owned by

NewCo, and Unitholders will have the right to receive the Consideration pursuant to the Plan of Arrangement.

To the extent that amounts are so withheld or deducted and are remitted to the applicable Governmental Authority, such withheld or deducted amounts will be treated for all purposes of the Arrangement as having been paid to the Person in respect of which such deduction and withholding was made.

Annual Redemption Right of Registered Unitholders

If a Unitholder is opposed to the Arrangement, or otherwise wishes to cease to be a Unitholder, pursuant to the annual redemption right under the Declaration of Trust, Units may, at the option of a Unitholder, be surrendered for redemption during the period (the “**Notice Period**”) commencing on March 15, 2018 and ending at 5:00 p.m. (Toronto time) on March 29, 2018. Units which are surrendered for redemption during the Notice Period will be redeemed on May 31, 2018, in respect of each class of Units, at a redemption price per Unit that is equal to 100% of the Net Asset Value per Unit of that class as of May 31, 2018, less any costs and expenses incurred by the Fund in connection with funding the redemption.

Units properly surrendered for redemption during the Notice Period will be redeemed effective May 31, 2018. Payment of the proceeds of redemption will be made on or before June 21, 2018.

Interests of Certain Persons or Companies in the Arrangement

The senior officers and directors of Lysander and Canso may have interests in the Arrangement that may be perceived as conflicts of interest with respect to the Arrangement, which interests are described below. The Board is aware of these interests and considered them when making its recommendation.

Unit Ownership – Senior Officers and Directors of Lysander and Canso

As of the close of business on the Record Date, the senior officers and directors of Lysander and Canso, together with their associates and affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of approximately 415,451 Class A Units and Class F Units, representing approximately 11.79% of the outstanding Class A Units and Class F Units, as set out in the table below. All of the Units held by the senior officers and directors of Lysander and Canso will be treated in the same fashion under the Arrangement as Units held by any other Unitholder.

The following table sets out the number of Units held by each director and senior officer of Lysander and Canso as at the close of business on the Record Date:

Name	Title	Number of Class A Units	Number of Class F Units
John Carswell	Lysander – Director; Canso – Director, President and Chief Investment Officer	326,073.516	40,852.092
Timothy Hicks	Lysander – Director and Chief Investment Officer; Canso – Portfolio Manager	2,981.877	354.837
Lee Wong	Lysander – Director	–	–

Name	Title	Number of Class A Units	Number of Class F Units
Raymond Oh	Lysander – Director	–	–
Richard Usher-Jones	Lysander – President and Chief Executive Officer; Canso – Portfolio Manager	3,604.080	428.878
Raj Vijh	Lysander – Vice President, Chief Operating Officer, Chief Financial Officer and Chief Compliance Officer	4,536.642	539.851
Brenda Burns	Lysander – Corporate Secretary; Canso – VP Corporate Operations and Corporate Secretary	454.096	54.036
Kim Carswell	Canso – Director	5,889.850	2,750.880
Gail Mudie	Canso – Director	13,120.592	1,561.324
Heather Mason-Wood	Canso – Director, Portfolio Manager and Chief Compliance Officer	6,524.230	776.370
Elizabeth Sit	Canso – VP Securities Operations	437.036	54.386
Shirley Sumsion	Canso – VP Finance	26.573	3.162
Vivek Verma	Canso – Portfolio Manager	410.971	48.905
Joe Morin	Canso – Portfolio Manager	533.475	63.482
Brian Carney	Canso – Portfolio Manager	2,993.301	356.197

Interest of Informed Persons in Material Transactions

To the knowledge of the Fund, based on publicly made filings, Canso Partners II Fund beneficially owns, controls or has direction over, directly or indirectly, voting securities of the Fund carrying more than 10% of the voting rights attached to all outstanding Class A Units and Class F Units. Canso Partners II Fund owns approximately 12.61% of the voting rights attached to all outstanding Class A Units and Class

F Units. Canso Partners II Fund is beneficially owned by GRIP Investments Limited, Skunkworks Investment Corporation and other directors and senior officers of Canso and Lysander, their family members and Canso employees. John Carswell exercises direct and indirect control or direction over approximately 10.41% of CSOF through his direct and indirect beneficial ownership and control or direction over GRIP Investments Limited, Canso Investment Counsel Ltd., and Skunkworks Investment Corporation.

Other than as disclosed in this Circular, the Fund is not aware of any material interest, direct or indirect, of any informed Person of the Fund or any associate or affiliate of any informed Person, in any transaction since the commencement of the Fund's most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect the Fund or any of its subsidiaries.

For the purposes of this Circular an "informed Person" means a director or executive officer of the Fund, a director or executive officer of a Person or company that is itself an "informed Person" or subsidiary of the Fund and any Person or company who beneficially owns, directly or indirectly, voting securities of the Fund or who exercises control or direction over, directly or indirectly, voting securities of the Fund or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Fund.

Expenses of the Arrangement

No costs will be incurred by the Fund with respect to the Arrangement and related matters including, without limitation, financial advisory, accounting and legal fees, the costs of preparation, printing and mailing of this Circular and other related documents and agreements, and stock exchange and regulatory filing fees. All costs and expenses relating to the transactions contemplated in the Arrangement Agreement, shall be paid by the Manager and its affiliate, the Portfolio Manager, whether or not the Arrangement is consummated.

Securities Law Matters

Application of OSC Rule 56-501

OSC Rule 56-501 regulates the creation and distribution of "restricted shares" by reporting issuers governed by Ontario securities law. The definition of "restricted shares" includes equity shares to which are attached voting rights exercisable in all circumstances, irrespective of the number or percentage of shares owned, that are less, on a per share basis, than the voting rights attaching to any other shares of an outstanding class of shares of the issuer.

OSC Rule 56-501 provides, among other things, that the prospectus exemptions under Ontario securities law are not available in respect of a "stock distribution" (as defined in OSC Rule 56-501), unless either: (i) the "stock distribution" or (ii) the "reorganization" (as defined in OSC Rule 56-501) that resulted in the creation of the "restricted shares", received "minority approval" in addition to any other required security holder approval. "Minority approval" means approval by a majority of the votes cast by holders of voting shares and, if required by applicable corporate law, by a majority of the votes cast by holders of a class of shares voting separately as a class, other than, in both cases, the votes attaching at the time to securities held directly or indirectly by: (A) "affiliates" (as defined in the *Securities Act* (Ontario)) of the issuer; or (B) "control persons" (as defined in OSC Rule 56-501) of the issuer. OSC Rule 56-501 provides an exemption from the foregoing requirements to obtain minority approval if the stock distribution is of securities of an issuer that was a private company immediately before the completion of the stock distribution or it is a subsequent distribution by such an issuer of securities of the same class.

NI 41-101 provides, among other things, that an issuer must not file a prospectus under which restricted securities are to be distributed unless: (i) the distribution has received prior majority approval of the securityholders of the issuer in accordance with applicable law, including approval on a class basis if required and excluding any votes attaching at the time to securities held, directly or indirectly, by “affiliates” of the issuer or “control persons” of the issuer (as such terms are defined under applicable securities laws); or (ii) at the time of any “restricted security reorganization” (as defined in NI 41-101, and which would include the Arrangement) related to the securities to be distributed: (A) the restricted securityholder reorganization received prior majority approval of the securityholders of the issuer in accordance with applicable law, including approval on a class basis if required and excluding any votes attaching at the time to securities held, directly or indirectly, by “affiliates” of the issuer or “control persons” of the issuer (as such terms are defined under applicable securities laws); (B) the issuer was a reporting issuer in at least one jurisdiction; and (C) no purposes or business reasons for the creation of the restricted securities were disclosed in the relevant information circular that are inconsistent with the purpose of the distribution.

In connection with the Arrangement, the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares, which will be “restricted shares” within the meaning of both OSC Rule 56-501 and NI 41-101, are being created and distributed. The distribution of the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares is not exempt from the minority approval requirements of OSC Rule 56-501 because CSOF is not a private company immediately prior to the Arrangement. There is no similar exemption available under NI 41-101. Therefore, in order to: (a) create and distribute NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares in connection with the Arrangement; and (b) effect distributions of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares in the future either pursuant to a prospectus or on a prospectus-exempt basis, in each case, without obtaining “minority approval” for any such distribution, CSOF is seeking “minority approval” of the Arrangement Resolution.

In relation to the Arrangement Resolution, “minority approval” means approval by the affirmative vote of a simple majority of the votes cast by Unitholders, other than the votes attaching to the Units held by Canso Partners II Fund, John Carswell, and the other directors and officers of Lysander and Canso and their associates. Accordingly, approximately 462,466 Units representing 13.10% of the issued and outstanding Units are expected to be excluded for the purpose of confirming the requisite “minority approval” has been obtained for the Arrangement Resolution in accordance with OSC Rule 56-501 and TSX rules.

Application of MI 61-101

The Fund is a reporting issuer (or the equivalent) under the applicable Securities Laws in all of the provinces and territories of Canada and is, among other things, subject to the provisions of MI 61-101.

MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among Unitholders, generally requiring enhanced disclosure, approval by a majority of Unitholders excluding interested or related parties, and, in certain instances, minority approval, independent valuations, and approval and oversight of certain transactions by a special committee of independent directors. The protections afforded by MI 61-101 apply to transactions involving related parties (as defined in MI 61-101) which terminate the interests of Unitholders without their consent.

The Arrangement may be considered a related party transaction pursuant to MI 61-101. Section 5.1(d) of MI 61-101 states that Part 5 of MI 61-101 does not apply to a related party transaction if the parties to the transaction consist solely of (i) an issuer and one or more of its wholly owned subsidiary entities or (ii) wholly owned subsidiaries of the same issuer. Since NewCo is a wholly owned subsidiary of the Fund and they are the only parties to the Arrangement, the Arrangement is not subject to the requirements of MI 61-101.

Certain Canadian Federal Income Tax Considerations

In the opinion of Borden Ladner Gervais LLP, counsel to the Fund, the following summary describes, as of the date hereof, the principal Canadian federal income tax considerations generally applicable under the Tax Act to a Unitholder who disposes of Units, and who may acquire NewCo Class A Multiple Voting Shares and/or NewCo Class B Subordinate Voting Shares, under the Arrangement and who, for the purposes of the Tax Act and any applicable tax convention or treaty at all relevant times, (i) is or is deemed to be a resident of Canada, (ii) holds such Units and will hold any NewCo Class A Multiple Voting Shares and/or NewCo Class B Subordinate Voting Shares received under the Arrangement as capital property, and (iii) deals at arm's length with, and is not affiliated with, each of the Fund and NewCo (a "**Holder**").

The Units, NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares will generally be considered to be capital property to a Holder unless the Holder holds such Units, NewCo Class A Multiple Voting Shares, and/or NewCo Class B Subordinate Voting Shares, as the case may be, in the course of carrying on a business or the Holder acquired such Units, NewCo Class A Multiple Voting Shares and/or NewCo Class B Subordinate Voting Shares in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders whose Units, NewCo Class A Multiple Voting Shares and/or NewCo Class B Subordinate Voting Shares, as the case may be, might not qualify as capital property may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have the Units, the NewCo Class A Multiple Voting Shares, or NewCo Class B Subordinate Voting Shares and all other "Canadian securities" (as defined in the Tax Act) owned by such Holder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. However, this subsection 39(4) election cannot be made with respect to any NewCo Securities received by a Holder for which a Joint Tax Election has been made. Holders contemplating making such election should first consult with their own tax advisors.

This summary is not applicable to a Holder: (a) that is a "financial institution" (for the purposes of the "mark-to-market" rules) or a "specified financial institution", each as defined in the Tax Act; (b) an interest in which is a "tax shelter investment" as defined in the Tax Act; (c) that makes or has made a functional currency reporting election for the purposes of the Tax Act; (d) whose "functional currency" for purposes of the Tax Act is the currency of a country other than Canada; (e) is a "foreign affiliate", as defined in the Tax Act, of a taxpayer resident in Canada; or (f) that has entered into or will enter into a "synthetic disposition agreement", or a "derivative forward agreement", as defined in the Tax Act, in respect of their Units, the NewCo Class A Multiple Voting Shares, or NewCo Class B Subordinate Voting Shares. Such Holders should consult their own tax advisors with respect to the Arrangement.

This summary is based upon the current provisions of the Tax Act in force on the date hereof and on counsel's understanding of the current administrative policies and practices of the CRA published in writing prior to the date hereof. This summary also takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that all Tax Proposals will be enacted in the form proposed. However, there can be no assurance that the Tax Proposals will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not otherwise take into account or anticipate any changes in law or administrative practice, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account or consider other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from the Canadian federal income tax considerations described herein.

This summary does not take into account the proposals to amend the Tax Act publicly announced by the Minister of Finance (Canada) on February 27, 2018, ostensibly intended to address the taxation of

private corporations and their shareholders (the “**Budget 2018 Proposals**”). A prospective Holder should consult the Holder’s own tax advisor for advice with respect to the tax consequences of an investment in Newco Class A Multiple Voting Shares and Newco Class B Subordinate Voting Shares based on the prospective Holder’s particular circumstances.

Generally for purposes of the Tax Act all amounts relating to the acquisition, holding or disposition of securities (including dividends, adjusted cost base and proceeds of disposition) must be determined in Canadian dollars based on the rate of exchange quoted by the Bank of Canada on the date such amount arose or such other rate of exchange as may be acceptable to the CRA.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Unitholder. This summary is not exhaustive of all Canadian federal income tax considerations. Consequently, Unitholders are urged to consult their own tax advisors for advice regarding the income tax consequences to them of disposing of their Units under the Arrangement, having regard to their own particular circumstances. Unitholders who are resident in or citizens of a jurisdiction other than Canada, or who otherwise are subject to tax in a jurisdiction other than Canada, should consult their own tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions. No advance income tax ruling has been obtained from the CRA to confirm the tax consequences of the Arrangement to Unitholders.

Redemption of Units prior to the Arrangement

A Holder who redeems Units before the date of the Arrangement will realize a capital gain (or capital loss) in the amount by which the proceeds of redemption of such Units (which generally will not include any amount of income of the Fund otherwise payable to such Holder or capital gains of the Fund allocated to such Holder in respect of such redemption), exceed (or are less than) the aggregate of the Holder’s adjusted cost base of such Units and any reasonable costs of disposition. The taxation of capital gains and capital losses is discussed below under the heading “*Capital Gains and Capital Losses*”.

Disposition of Units under the Arrangement

Under the Arrangement, Holders (excluding a Holder that is an Eligible Holder and who files a Joint Tax Election, discussed below) will dispose of their Units to NewCo in exchange for the Consideration, and will realize a capital gain (or a capital loss) in the amount by which the Consideration exceeds (or is less than) the aggregate of the Holder’s adjusted cost base of such Units and any reasonable costs of disposition. The taxation of capital gains and capital losses is discussed below under the heading “*Capital Gains and Capital Losses*”.

Joint Tax Election

A Holder that is an Eligible Holder who disposes of Units under the Arrangement for the Consideration may make a Joint Tax Election with NewCo pursuant to subsection 85(1) of the Tax Act (or in the case of an Eligible Holder which is a partnership, pursuant to subsection 85(2) of the Tax Act) and thereby obtain a full or partial tax-deferred “rollover” for purposes of the Tax Act in respect of such Units. The extent of such rollover will depend on the amount specified in that election (the “**Elected Amount**”) and the adjusted cost base to the Holder of such Units immediately before their disposition. There are detailed rules set out in the Tax Act, which prescribe limits as to the amount at which a Holder and NewCo can elect in a Joint Tax Election. Furthermore, a Joint Tax Election is generally useful to such Holders that are subject to tax under the Tax Act in respect of any gain arising on the Units that are exchanged pursuant to the Arrangement. **Holders are urged to consult their own tax advisors with respect to the Joint Tax Election.**

In general, the Elected Amount cannot be less than the lesser of (i) the adjusted cost base of such Units to such Holder immediately before the Effective Time; and (ii) the fair market value of such NewCo Securities at the Effective Time. In addition, the Elected Amount cannot exceed the fair market value of such NewCo Securities at the Effective Time. Generally the Holder will be deemed to have disposed of the Units for proceeds of disposition equal to the Elected Amount. If the deemed proceeds of disposition of the Holder's Units, net of any reasonable costs of disposition, are equal to the aggregate of the adjusted cost base of the Holder's Units, immediately before the Effective Time, no capital gain or capital loss will be realized by the Holder. To the extent that the deemed proceeds of disposition of the Units exceed the aggregate of the adjusted cost base of the Holder's Units, as previously determined, and any reasonable costs of disposition, the Holder will realize a capital gain equal to the amount of such excess, with the consequences discussed below under the heading "*Capital Gains and Capital Losses*".

The cost of the Holder of NewCo Securities received on the exchange will be the deemed proceeds of disposition (i.e. the Elected Amount) of the Units exchanged by the Holder.

Holders should consult their own tax advisors as to whether they qualify as Eligible Holders and whether they should make a Joint Tax Election in their particular circumstances.

In order to make a Joint Tax Election, among other requirements, an Eligible Holder must provide the election information contained in the tax instruction letter to be provided by Lysander on its website lysanderfunds.com, including the number of Units transferred, the transferred properties' cost base, the applicable Elected Amount for the purposes of such election and other information necessary to complete the Joint Tax Election (the "**Tax Election Information**"), to an appointed representative, as directed by NewCo, no later than 90 days following the Effective Date (the "**Tax Election Date**"). Upon receipt of the Tax Election Information, subject to the Tax Election Information being correct and complete and complying with the provisions of the Tax Act (and applicable provincial income tax law), NewCo shall complete, sign and deliver the Joint Tax Election form to such Eligible Holder within 90 days after the Tax Election Date.

While NewCo may choose, in its sole discretion, to sign and deliver a Joint Tax Election for which Tax Election Information was received after the Tax Election Date, it will have no obligation to do so. Each Eligible Holder making a Joint Tax Election will be solely responsible for meeting the requirements for a valid Joint Tax Election. NewCo will not be responsible for the valid completion or timely filing of any Joint Tax Election and each Eligible Holder will be solely responsible for the payment of any late filing penalty. **Accordingly, NewCo will not be responsible or liable for taxes, interest, penalties, damages or expenses resulting from the failure by anyone to validly complete any Joint Tax Election form or to properly file such form within the time prescribed and in the form prescribed under the Tax Act or the corresponding provisions of any applicable provincial tax legislation.**

To file a Joint Tax Election with the CRA without incurring a late filing penalty, the Joint Tax Election, duly completed and executed by both the Eligible Holder and NewCo, must be received by the CRA on or before the day that is the earliest of the days on or before which either NewCo or the Eligible Holder is required to file an income tax return for the taxation year in which the Effective Time occurs. NewCo will be required to file an income tax return for the taxation year in which the disposition occurs on or before the day that is six months following the end of its current taxation year. NewCo's taxation year is scheduled to end on December 31, 2018, but could end earlier in specified circumstances. Eligible Holders are urged to consult their own advisors as soon as possible respecting the deadlines applicable to their own particular circumstances. However, regardless of such deadline, the Tax Election Information of an Eligible Holder must be received by NewCo no later than the Tax Election Date. Holders are referred to Information Circular 76-19R3 and Interpretation Bulletin IT-291R3 issued by the CRA for further information respecting the Joint Tax Election. The comments in this Circular with respect to such elections

are provided for general assistance only. The law in this area is complex and contains numerous technical requirements. **Holders who make a Joint Tax Election should consult their own tax advisors.**

Capital Gains and Capital Losses

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Holder in a taxation year must be included in the Holder’s income for the year, and one-half of any capital loss (an “**allowable capital loss**”) realized by a Holder in a taxation year must be deducted from taxable capital gains realized by the Holder in that year (subject to and in accordance with rules contained in the Tax Act). Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and in the circumstances prescribed in the Tax Act.

A Holder that throughout the relevant taxation year is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including any taxable capital gains.

Capital gains realized by a Holder who is an individual (other than certain trusts) may give rise to a liability for alternative minimum tax under the Tax Act.

Consequences of Holders Holding NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares

Dividends received or deemed to be received on NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares NewCo Securities held by a Holder will be included in the Holder’s income for the purposes of the Tax Act. Such dividends received by a Holder that is an individual (other than certain trusts) will be subject to the gross-up and dividend tax rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by Newco as “eligible dividends”. There may be limitations on Newco’s ability to designate dividends as “eligible dividends”.

Taxable dividends received by a Holder who is an individual (other than certain trusts) may result in such Holder being liable for alternative minimum tax under the Tax Act.

A Holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. A Holder that is a “private corporation” or a “subject corporation” (as such terms are defined in the Tax Act) may be liable to pay a refundable tax under Part IV of the Tax Act in respect of dividends received or deemed to be received on the NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares to the extent such dividends are deductible in computing the Holder’s taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividends received or deemed to be received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

Consequences of Holders’ Disposition of NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares

Subject to the various provisions in the Tax Act, a Holder who disposes of NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares will generally realize a capital gain (or capital loss) to the extent that the fair market value of the consideration received for such NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares exceeds (or is less than) the aggregate of the adjusted cost base of such NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting

Shares to the Holder and any reasonable costs of disposition. The treatment of any such capital gains and capital losses will be similar to that described above under the heading “*Capital Gains and Capital Losses*”.

The amount of any capital loss realized on the disposition or deemed disposition of a NewCo Class A Multiple Voting Share or NewCo Class B Subordinate Voting Share by a Holder thereof that is a corporation may be reduced by the amount of any dividends received or deemed to have been received by it on such NewCo Class A Multiple Voting Share or New Class B Subordinate Voting Share to the extent and in the circumstances described in the Tax Act. Analogous rules may apply where a corporation is, directly or through a trust or partnership, a beneficiary of a trust or a member of a partnership that owns such NewCo Class A Multiple Voting Share and/or New Class B Subordinate Voting Share.

Eligibility for Investment

Provided that either (i) the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares are, at the Effective Time and at all relevant times, listed on a “designated stock exchange” for the purposes of the Tax Act (which currently includes the TSXV); or (ii) Newco is, at the Effective Time and at all relevant times, a public corporation within the meaning of the Tax Act, the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares will be a qualified investment under the Tax Act for a trust government by registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”), a deferred profit sharing plan (“DPSP”), a registered education savings plan (“RESP”), a registered disability savings plan (“RDSP”) and a tax-free savings account (“TFSA”) (collectively, “Deferred Plans”).

Notwithstanding the foregoing, an annuitant, planholder or subscriber of a Deferred Plan (other than a DPSP), as the case may be, that holds NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares will be subject to a penalty tax if such securities are a “prohibited investment” for the purposes of the Tax Act. NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares will not be a “prohibited investment” for a Deferred Plan provided the annuitant, holder or subscriber of such Deferred Plan, as the case may be, deals at arm’s length with Newco for purposes of the Tax Act and does not have a “significant interest” as defined in the Tax Act in Newco. In addition, NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares will generally not be a “prohibited investment” if such NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares are “excluded property” for purposes of the prohibited investment rules. **Holders who intend to hold NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares in Deferred Plans should consult their own tax advisors regarding their particular circumstances.**

PART II – INFORMATION CONCERNING CSOF

General

CSOF is a closed-end investment fund established under the laws of the Province of Ontario. The head office of the Fund is located at 100 York Blvd., Suite 550, Richmond Hill, Ontario, Canada, L4B 1J8.

Price Range, Market for Securities and Trading Volume of Units

The Class A Units are listed and trade on the TSX under the trading symbol “SCW.UN”.

The following table sets forth the price range for, and the volume history of, the Class A Units as reported by the TSX for the periods indicated:

Toronto Stock Exchange

	High (CDN\$)	Low (CDN\$)	Volume
2018			
February.....	10.96	10.73	61,200
January.....	11.10	10.67	59,147
2017			
December.....	10.71	10.35	77,980
November.....	10.75	10.45	139,239
October.....	10.80	10.55	126,507
September.....	10.70	10.31	60,221
August.....	10.51	10.21	54,152
July.....	10.49	10.05	115,682
June.....	10.30	10.04	148,635
May.....	10.23	10.03	102,368
April.....	10.00	9.49	53,646
March.....	9.70	9.44	169,638

The Class F Units are not listed on any exchange.

Voting Units and Principal Holders Thereof

The Fund is authorized to issue an unlimited number of Class A Units and Class F Units. The Class A Units and Class F Units are the Fund's only outstanding classes of shares. As at the close of business on February 28, 2018, there were 3,233,097 Class A Units issued and outstanding, and 291,041 Class F Units issued and outstanding. Each Unit carries the right to one vote on any matter properly coming before the Meeting.

To the knowledge of the directors of the Fund, as at February 28, 2018, Canso Partners II Fund, beneficially owns, or exercises control or direction over, directly or indirectly, Units in aggregate entitled to 10% or more of the vote which may be cast at the Meeting. As of the close of business on the Record Date, the directors and senior officers of Lysander and Canso, collectively held approximately 11.79% of the outstanding Class A Units and Class F Units of CSOF. As of the Record Date NewCo did not beneficially own, directly or indirectly, or exercise control or direction over any Units.

Commitments to Acquire Units of the Fund

There are no agreements, commitments or understandings to acquire securities of the Fund by (a) the Fund, (b) any directors or officers of the Fund or (c) to the knowledge of the directors and officers of the Fund, by any insider of the Fund (other than a director or officer) or any associate or affiliate of such insider or any associate or affiliate of the Fund or any Person acting jointly or in concert with the Fund.

Material Changes in the Affairs of the Fund

Except as publicly disclosed or otherwise described in this Circular, the directors and senior officers of the Trustee of the Fund are not aware of any plans or proposals for material changes in the affairs of the Fund. If approved, the Arrangement will result in Unitholders becoming shareholders of NewCo and NewCo will have material differences compared to the Fund. See “*Part III – Information Concerning NewCo*”.

Previous Distributions

The Fund’s distribution policy is to pay monthly cash distributions to Unitholders at the discretion of the Trustee, upon the advice of the Manager. The Trustee determines the amount of cash to be distributed (consistent with the Fund’s commitment to the stability and sustainability of future distributions) after providing for amounts required to administer and operate the Fund and for capital expenditures, capital and other reserves, and increases in working capital that, in its judgment, ensure the Fund’s long-term success.

For the year ended December 31, 2017, the Fund paid monthly distributions on all Units in an amount equal to \$0.04166 per Unit. For the year ended December 31, 2016, the Fund paid monthly distributions on all Units in an amount equal to \$0.04166 per Unit. For the year ended December 31, 2015, the Fund paid monthly distributions on all Units in an amount equal to \$0.04166 per Unit. In addition, the Fund paid a special distribution to Unitholders of record on December 31, 2015 in an amount equal to \$0.8724 per Class A Unit and \$0.9632 per Class F Unit. The distributions for 2015 were characterized as capital gains.

Indebtedness of Directors and Executive Officers

The Fund is not aware of any individuals who are, or who at any time during the most recently completed fiscal year were, a director or executive officer of the Trustee or Manager of the Fund, or an associate of any of those directors, executive officers, who are, or have been at any time since the beginning of the most recently completed fiscal year of the Fund, indebted to the Fund or any of its subsidiaries or whose indebtedness to another entity is, or at any time since the beginning of the most recently completed fiscal year of the Fund has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Fund or any of its subsidiaries.

Auditor and Transfer Agent and Registrar

The auditor of the Fund is Deloitte LLP. Deloitte LLP was appointed as auditor on September 25, 2013. AST Trust Company (Canada) is the transfer agent and registrar for the Units.

Other Information

There is no information or matter not disclosed in this Circular but known to the Fund that would be reasonably expected to affect the decision of the Unitholders to vote for or against the Arrangement Resolution.

Legal Matters

Certain legal matters in connection with the Arrangement as they pertain to the Fund will be passed upon by Borden Ladner Gervais LLP, counsel to the Fund.

Additional Information

The information contained in this Circular is given as of February 28, 2018, except as otherwise indicated.

Additional information relating to the Fund, including the Fund's annual information form for the fiscal year ended December 31, 2016, as amended, the Fund's audited annual financial statements for the years ended December 31, 2016 and 2015 and for the years ended December 31, 2015 and 2014, together with the reports of the independent auditor thereon, and the corresponding management reports of fund performance can be found on SEDAR at www.sedar.com. Relevant financial information relating to the Fund is provided in the Fund's comparative annual financial statements and management reports of fund performance of the Fund's financial condition and results of operation for its most recently completed fiscal year. Copies of those documents, as well as any additional copies of this Circular and copies of the Fund's interim financial reports that have been or will be filed for any period after the end of the Fund's most recently completed fiscal year, may be obtained from Lysander's website at www.lysanderfunds.com or by mail, free of charge, upon request from the Fund at 100 York Blvd., Suite 501, Richmond Hill, Ontario, Canada, L4B 1J8.

The (i) audited annual financial statements of CSOF for the years ended December 31, 2016 and 2015, together with the report of the independent auditor thereon dated March 22, 2017; (ii) annual management report of fund performance as at December 31, 2016; (iii) audited annual financial statements of CSOF for the years ended December 31, 2015 and 2014, together with the report of the independent auditor thereon dated March 29, 2016; (iv) annual management report of fund performance as at December 31, 2015; (v) unaudited interim financial statements of CSOF for the six month periods ended June 30, 2017 and 2016; and (vi) semi-annual management report of fund performance as at June 30, 2017, as filed on SEDAR, are incorporated by reference into the Circular.

Interested Persons may also access disclosure documents and any reports, statements or other information that the Fund files with the Canadian Securities Administrators through the Fund's SEDAR profile at www.sedar.com.

PART III – INFORMATION CONCERNING NEWCO

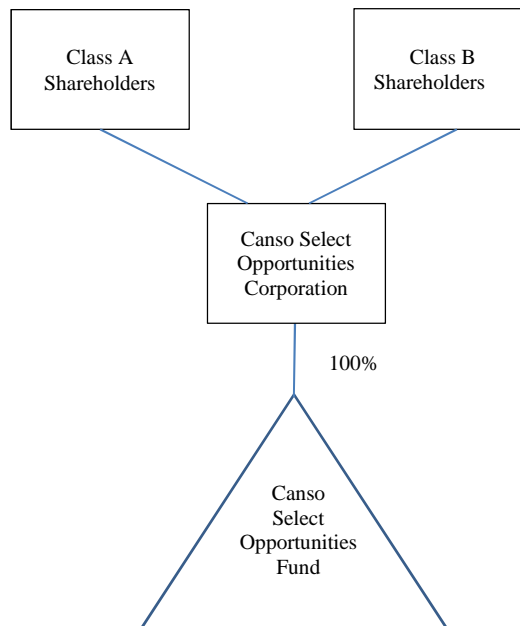
Corporate Structure

Name, Address and Incorporation

NewCo was incorporated on February 16, 2018 pursuant to the provisions of the OBCA, for purposes of effecting the Arrangement. The principal and head office of NewCo is located at 100 York Boulevard, Suite 550, Richmond Hill, Ontario, L4B 1J8.

Intercorporate Relationships

The following diagram sets out the corporate structure of NewCo following completion of the Arrangement.



NewCo will, as a result of the Arrangement, become (or, where necessary, seek to become) a reporting issuer in all Canadian provinces on the Effective Date and, accordingly, become subject to the information reporting requirements under the securities laws of each jurisdiction in which it so becomes a reporting issuer.

Business of NewCo

As of the date hereof, NewCo has not carried on any active business other than executing the Arrangement Agreement. Upon completion of the Arrangement, NewCo will be an investment corporation. NewCo will not be considered an investment fund for regulatory purposes and the specific regulatory regime applicable to investment funds like CSOF is not applicable to NewCo. For a comparison of the differences between the two regimes, please refer to Appendix G to this Circular.

Investment Objective

The investment objective of NewCo is to seek to maximize long-term total returns to shareholders by investing in an actively managed portfolio consisting primarily of Canadian and global holdings,

potentially taking large private positions and illiquid investments in private and public equity and debt, loans, real estate and infrastructure.

Investment Strategies

To seek to achieve its investment objectives, NewCo will invest in an actively managed portfolio consisting primarily of Canadian and global holdings, potentially taking large private positions and illiquid investments in private and public equity and debt, loans, real estate and infrastructure. The investment strategy will be based on independent research of businesses and an evaluation of each investment opportunity on its own merits. NewCo's positions will include investments primarily in Canada and global private and public debt and equity securities and real estate and infrastructure. Debt securities held by NewCo could include private or public fixed rate bonds and debentures, floating rate notes and bank loans. Equity securities held by NewCo could include private or public common shares, preferred shares and convertible debentures. NewCo may hold cash or cash equivalents or invest in short terms bonds or money market instruments for liquidity or defensive purposes. NewCo may also invest in real estate or other alternative assets that are deemed to offer an attractive risk/return profile. NewCo may invest in fixed-income debt securities of governments, government agencies, supranational agencies and companies when the Investment Committee believes the potential return will equal or exceed that available from investments in corporate securities.

NewCo will have an Investment Committee that reports to the NewCo Board. The Investment Committee will be comprised of Canso senior investment professionals. For more information on the composition of the Investment Committee, see "*Part III – Information Concerning NewCo – Audit Committee and Corporate Governance – Investment Committee*" below.

Employees

As of the date hereof, NewCo has no employees. Other than the management of NewCo, it will not have any employees upon completion of the Arrangement. Canso has agreed, pursuant to an operational services agreement, to provide any day-to-day operational services to carry out the business and affairs of NewCo. Under such operational services agreement, Canso may charge NewCo on a cost recovery basis for services, including overhead expenses of Canso that are related to the daily operating functions of NewCo, such as employee salaries, rent and utilities.

History

As of the date hereof, NewCo has not carried on any active business other than executing the Arrangement Agreement. It is intended that upon completion of the Arrangement, NewCo will be an investment corporation that will be actively involved in corporate activities, activist investing, potentially taking large private positions and holding increased illiquid investments including private equity and debt, loans, real estate and infrastructure. NewCo may, for a transitional period after the completion of the Arrangement, hold some of its portfolio investments through the Fund's original trust structure.

Selected Financial Information and Management's Discussion and Analysis

NewCo was only recently incorporated and capitalized with nominal capital. As NewCo has not carried on any business to date, it has no material assets, or cash flow from financing or from operations but, upon completion of the Arrangement, NewCo will be assuming all of the investments of CSOF. The (i) audited annual financial statements of CSOF for the years ended December 31, 2016 and 2015, together with the report of the independent auditor thereon dated March 22, 2017; (ii) annual management report of fund performance as at December 31, 2016; (iii) audited annual financial statements of CSOF for the years ended December 31, 2015 and 2014, together with the report of the independent auditor thereon dated

March 29, 2016; (iv) annual management report of fund performance as at December 31, 2015; (v) unaudited interim financial statements of CSOF for the six-month periods ended June 30, 2017 and 2016; and (vi) semi-annual management report of fund performance as at June 30, 2017, as filed on SEDAR, are incorporated by reference in this Circular. For a discussion of the results and investments of CSOF, please see semi-annual management report of fund performance dated as at June 30, 2017 of CSOF filed on SEDAR. With regards to NewCo's accounting and presentation of investments, material changes are not expected from that of CSOF. The financial statements of CSOF were prepared in accordance with the requirements of NI 81-106. The financial statements of NewCo will be prepared in accordance with the requirements of NI 51-102.

For the management's discussion and analysis ("MD&A") on the results of the activities of the Fund for the applicable financial year ends, please see Appendix H.

Proposed Transactions

The completion of the Arrangement is not expected to have a significant effect on the financial condition and financial performance of the investments as only the beneficial owner of the investments will change. For a discussion of the expenses incurred associated with the Arrangement, please see "*Part I - The Arrangement – Expenses of the Arrangement*".

Changes in Accounting Policies including Initial Adoption

Upon completion of the Arrangement, NewCo will prepare financial statements in accordance with IFRS and as required by Canadian securities legislation for corporate issuers.

Description of Share Capital

The Corporation is authorized to issue an unlimited number of shares of a class designated as "Class A Multiple Voting Shares", an unlimited number of shares of a class designated as "Class B Subordinate Voting Shares", and an unlimited number of shares of a class designated as "Preference Shares". As of the date hereof, one NewCo Class A Multiple Voting Share is issued and outstanding and is held by CSOF. NewCo is a wholly owned subsidiary of CSOF.

Attributes of NewCo Class A Multiple Voting Shares

The rights, privileges, restrictions and conditions attaching to the NewCo Class A Multiple Voting Shares are as follows:

Dividends

Holders of NewCo Class A Multiple Voting Shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared from time to time by the NewCo Board out of moneys of the Corporation properly applicable to the payment of dividends, dividends in such amount as the Board of Directors shall in its sole discretion determine. Provided, however, that the NewCo Board may not declare a dividend on the Class A Multiple Voting Shares without also concurrently declaring a dividend on the Class B Subordinate Voting Shares, and provided further that any time that a dividend is declared on the Class A Multiple Voting Shares and the Class B Multiple Voting Shares, the dividend on the Class B Subordinate Voting Shares shall be in an amount per share which is \$0.05 per share higher than the amount of the dividend declared on the Class A Multiple Voting Shares.

Conversion

The NewCo Class A Multiple Voting Shares are convertible, at any time, at the option of the holder and without payment of additional consideration, into NewCo Class B Subordinate Voting Shares on the basis of one NewCo Class B Subordinate Voting Share for each one NewCo Class A Multiple Voting Share so converted. A holder of NewCo Class A Multiple Voting Shares may convert less than all of the NewCo Class A Multiple Voting Shares held, but only a whole number of NewCo Class A Multiple Voting Shares may be converted.

Voting

The holders of the NewCo Class A Multiple Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation, in person or by proxy, save and except meetings at which only holders of another class or series of shares are entitled to vote, and each such NewCo Class A Multiple Voting Share shall confer the right to thirty (30) votes.

Liquidation

The holders of the NewCo Class A Multiple Voting Shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for purposes of winding-up its affairs, but subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Corporation ranking in priority to the NewCo Class A Multiple Voting Shares in respect of return of capital on dissolution or winding-up, to share rateably, on a share for share basis, with the holders of NewCo Class B Subordinate Voting Shares, in such assets of the Corporation as are available for distribution.

Attributes of NewCo Class B Subordinate Voting Shares

The rights, privileges, restrictions and conditions attaching to the NewCo Class B Subordinate Voting Shares are as follows:

Dividends

Holders of NewCo Class B Subordinate Voting Shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared from time to time by the NewCo Board out of moneys of the Corporation properly applicable to the payment of dividends, dividends in such amount as the Board of Directors shall in its sole discretion determine. Provided, however, that the NewCo Board may not declare a dividend on the Class B Subordinate Voting Shares without also concurrently declaring a dividend on the Class A Multiple Voting Shares, and provided further that any time that a dividend is declared on the Class A Multiple Voting Shares and the Class B Multiple Voting Shares, the dividend on the Class B Subordinate Voting Shares shall be in an amount per share which is \$0.05 per share higher than the amount of the dividend declared on the Class A Multiple Voting Shares.

Conversion

Subject to certain exceptions described below, if an Exclusionary Offer is made, any holder of NewCo Class B Subordinate Voting Shares may, at any time or from time-to-time during a Conversion Period, convert any or all of the NewCo Class B Subordinate Voting Shares held by such holder into NewCo Class A Multiple Voting Shares on the basis of one NewCo Class A Multiple Voting Share for each NewCo Class B Subordinate Voting Share so converted, and tender the Converted Shares to the Exclusionary Offer. For the purpose of this section, the following terms have the following meanings:

“Class A Offeror” means a person or company that makes an offer to purchase NewCo Class A Multiple Voting Shares (the “bidder”), and includes any associate or affiliate of the bidder or any person or company that is disclosed in the offering document to be acting jointly or in concert with the bidder;

“Conversion Period” means the period of time commencing on the eighth day after the Offer Date and terminating on the Expiry Date;

“Converted Shares” means Class A Multiple Voting Shares resulting from the conversion of Class B Subordinate Voting Shares;

“Exclusionary Offer” means an offer to purchase NewCo Class A Multiple Voting Shares that:

- (A) must, by reason of applicable securities legislation or the requirements of a stock exchange on which the NewCo Class A Multiple Voting Shares are listed, be made to all or substantially all holders of NewCo Class A Multiple Voting Shares who are residents of a province of Canada to which the requirement applies; and
- (B) is not made concurrently with an offer to purchase NewCo Class B Subordinate Voting Shares that is identical to the offer to purchase NewCo Class A Multiple Voting Shares in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the Class A Offeror, and in all other material respects (except with respect to the conditions that may be attached to the offer for NewCo Class A Multiple Voting Shares), and that has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for NewCo Class A Multiple Voting Shares, and for the purposes of this definition if an offer to purchase NewCo Class A Multiple Voting Shares is not an Exclusionary Offer as defined above but would be an Exclusionary Offer if it were not for this sub-clause (B), the varying of any term of such offer shall be deemed to constitute the making of a new offer unless an identical variation concurrently is made to the corresponding offer to purchase NewCo Class B Subordinate Voting Shares;

“Expiry Date” means the last date upon which holders of NewCo Class A Multiple Voting Shares may accept an Exclusionary Offer;

“Offer Date” means the date on which an Exclusionary Offer is made; and

“Transfer Agent” means the transfer agent for the time being of the NewCo Class A Multiple Voting Shares.

Subject to the exception below, the conversion right of a holder of NewCo Class B Subordinate Voting Shares shall not come into effect if:

- (A) prior to the time at which the Exclusionary Offer is made there is delivered to the Transfer Agent and to the Secretary of NewCo a certificate or certificates signed by or on behalf of one or more shareholders of NewCo owning in the aggregate, as at the time the Exclusionary Offer is made, more than 50% of the then outstanding NewCo Class A Multiple Voting Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Class A Offeror, which certificate or certificates shall confirm, in the case of each such shareholder, that such shareholder shall not:

- (i) tender any shares in acceptance of any Exclusionary Offer without giving the Transfer Agent and the Secretary of NewCo written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date;
 - (ii) make any Exclusionary Offer;
 - (iii) act jointly or in concert with any person or company that makes any Exclusionary Offer; or
 - (iv) transfer any NewCo Class A Multiple Voting Shares, directly or indirectly, during the time at which any Exclusionary Offer is outstanding without giving the Transfer Agent and the Secretary of NewCo written notice of such transfer or intended transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of NewCo Class A Multiple Voting Shares transferred or to be transferred to each transferee; or
- (B) as of the end of the seventh day after the Offer Date there has been delivered to the Transfer Agent and to the Secretary of NewCo a certificate or certificates signed by or on behalf of one or more shareholders of NewCo owning in the aggregate more than 50% of the then outstanding NewCo Class A Multiple Voting Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Class A Offeror, which certificate or certificates shall confirm, in the case of each such shareholder:
- (i) the number of NewCo Class A Multiple Voting Shares owned by the shareholder;
 - (ii) that such shareholder is not making the offer and is not an associate or affiliate of, or acting jointly or in concert with, the person or company making the offer;
 - (iii) that such shareholder shall not tender any shares in acceptance of the offer, including any varied form of the offer, without giving the Transfer Agent and the Secretary of NewCo written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date; and
 - (iv) that such shareholder shall not transfer any NewCo Class A Multiple Voting Shares, directly or indirectly, prior to the Expiry Date without giving the Transfer Agent and the Secretary of NewCo written notice of such transfer or intended transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of NewCo Class A Multiple Voting Shares transferred or to be transferred to each transferee; or
- (C) as of the end of the seventh day after the Offer Date, a combination of certificates that comply with (A) and (B) from shareholders of NewCo owning in the aggregate more than 50% of the then outstanding NewCo Class A Multiple Voting Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Class A Offeror, has been delivered to the Transfer Agent and to the Secretary of NewCo.

If a notice referred to in sub-clause (A)(i), (A)(iv), (B)(iii) or (B)(iv) is given and the conversion right has not come into effect, the Transfer Agent shall determine the number of NewCo Class A Multiple Voting Shares in respect of which there are certificates that comply with either clause (A) or (B). If the number of NewCo Class A Multiple Voting Shares so determined does not exceed 50% of the number of then outstanding NewCo Class A Multiple Voting Shares, exclusive of shares owned immediately prior to

the offer by the Offeror, clauses (A) and (B) shall cease to apply and the conversion right shall be in effect for the remainder of the Conversion Period.

As soon as reasonably possible after the seventh day after the Offer Date, the Corporation shall send to each holder of Class B Subordinate Voting Shares a notice advising the holders as to whether they are entitled to convert their Class B Subordinate Voting Shares into Class A Multiple Voting Shares and the reasons therefor, together with certain specified information.

An election by a holder of Class B Subordinate Voting Shares to exercise the conversion right described above shall be deemed to also constitute an irrevocable election by such holder to deposit the Converted Shares pursuant to the Exclusionary Offer (subject to such holder's right to subsequently withdraw the shares from the offer) and to exercise the right to convert into Class B Subordinate Voting Shares all Converted Shares in respect of which such holder exercises its right of withdrawal from the Exclusionary Offer or which are not otherwise ultimately taken up under the Exclusionary Offer.

Voting

The holders of the NewCo Class B Subordinate Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation, save and except meetings at which only holders of another class or series of shares are entitled to vote, and each such NewCo Class B Common share shall confer the right to one (1) vote in person or by proxy.

Liquidation

The holders of the NewCo Class B Subordinate Voting Shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for purposes of winding-up its affairs, but subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Corporation ranking in priority to the NewCo Class B Subordinate Voting Shares in respect of return of capital on dissolution or winding-up, to share rateably, on a share for share basis, with the holders of NewCo Class A Multiple Voting Shares, in such assets of the Corporation as are available for distribution.

Attributes of NewCo Preference Shares

The NewCo Preference Shares may at any time and from time to time be issued in one or more series, to consist of such number of shares as may, before issuance of such series, be fixed by the NewCo Board by Articles of Amendment in accordance with the procedure set forth in the OBCA respecting the issuance of shares in series. The NewCo Board may, subject to the limitations set forth in the OBCA, fix by Articles of Amendment the designation of each series of NewCo Preference Shares and the rights, privileges, restrictions and conditions assigned to such series.

Stock Exchange Listing

NewCo has applied to the TSXV for the listing of: (i) the NewCo Class A Multiple Voting Shares to be issued or to become issuable pursuant to the Arrangement; and (ii) the NewCo Class B Subordinate Voting Shares to be issued or to become issuable pursuant to the Arrangement. Completion of the Arrangement is conditional upon the TSXV, or another Canadian securities exchange, approving the listing of the NewCo Class A Multiple Voting Shares and the NewCo Class B Subordinate Voting Shares.

Pro-Forma Consolidated Capitalization

The following table sets forth the unaudited pro forma consolidated capitalization of NewCo as at February 28, 2018, both before and after giving effect to the completion of this Arrangement, and based on two different assumptions concerning the extent to which Units are redeemed prior to the Effective Date, as detailed in the notes and assumptions below:

Designation	Authorized	As at February 28, 2018 before giving effect to the Arrangement ⁽¹⁾	As at February 28, 2018 after giving effect to the Arrangement, and assuming nil redemptions ⁽²⁾⁽³⁾⁽⁴⁾	As at February 28, 2018 after giving effect to the Arrangement, and assuming 50% redemptions ⁽²⁾⁽³⁾⁽⁵⁾
Class A Multiple Voting Shares	Unlimited	\$10 (1 share)	\$22,104,120 (3,936,424 shares)	\$13,300,300 (2,368,591 shares)
Class B Subordinate Voting Shares	Unlimited	\$- (nil shares)	\$17,607,641 (3,135,666 shares)	\$8,803,820 (1,567,833 shares)
Preference Shares	Unlimited	\$- (nil shares)	\$- (nil shares)	\$- (nil shares)

Notes and Assumptions:

- (1) As of February 28, 2018, NewCo's authorized capital consisted of Class A Common Shares, of which one was outstanding. Effective March 12, 2018, Class A Common Shares were re-designated as Class A Multiple Voting Shares.
- (2) Assumes that the stated capital for the Class A Multiple Voting Shares and Class B Subordinate Voting Shares is fixed at an amount equal to the net asset value of the Units as of February 28, 2018 in exchange for which such shares are issued. Actual amount to be added to the stated capital for the Class A Multiple Voting Shares and Class B Subordinate Voting Shares will be the net asset value of the Units as of the day preceding the Effective Date.
- (3) Assumes that the Canso Management Group will not redeem any Units held by them prior to the Effective Date, and will submit Class A Elections in respect of all Units held by them, such that they receive only Class A Multiple Voting Shares in exchange for their Units, and that no Unitholders other than the Canso Management Group submit either Class A Elections or Class B Elections, such that those Unitholders receive equal numbers of Class A Multiple Voting Shares and Class B Subordinate Voting Shares in exchange for their Units.
- (4) Assumes that no Unitholders elect to redeem Units prior to the Effective Date.
- (5) Assumes that prior to the Effective Date Unitholders other than the Canso Management Group elect to redeem 50% of the Units outstanding as of February 28, 2018 (excluding Units held by the Canso Management Group).

Dividend Policy

NewCo has not declared or paid any dividends since its incorporation and will not declare any dividends prior to completion of the Arrangement. The NewCo Board will assess the dividend payout level from time to time in light of NewCo's financial performance, its current and anticipated business needs at that time, the satisfaction of solvency tests imposed by the OBCA for the declaration and payment of dividends, its assessment of the dividend policy that provides the best value for NewCo and for its shareholders and other relevant factors. It is expected that the NewCo Board will adopt an annual dividend

policy upon completion of the Arrangement. It is intended that the NewCo Board declare and pay dividends in accordance with the annual dividend policy.

Prior Sales

Prior to the Effective Date, NewCo will not issue any securities from its share capital other than the one NewCo Class A Multiple Voting Share currently held by CSOF issued at a price of \$10.00. NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares will be issued pursuant to the Arrangement. On the Effective Date, the initial NewCo Class A Multiple Voting Share issued prior to the Arrangement will be cancelled.

Pursuant to the Arrangement, holders of Units will receive NewCo Class A Multiple Voting Shares and/or NewCo Class B Subordinate Voting Shares. The combination of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares will depend on the extent to which Unitholders submit Class A Elections and Class B Elections. Unitholders who do not submit either a Class A Election or a Class B Election will receive equal numbers of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares. Unitholders who submit a Class A Election prior to the Election Deadline will receive only NewCo Class A Multiple Voting Shares, and Unitholders who submit a Class B Election prior to the Election Deadline will receive only NewCo Class B Subordinate Voting Shares. The Election Deadline is 5:00 p.m. (Toronto) on May 15, 2018. The following table indicates the estimated issued and outstanding securities of NewCo following completion of the Arrangement assuming in each case that the Canso Management Group submits a Class A Election for all their Units, and no Class A Elections or Class B Elections are submitted by other Unitholders, and assuming in the first column that no Units are submitted for redemption during the Notice Period, and assuming in the second column that 50% of the Units currently outstanding and held by Unitholders other than the Canso Management Group are submitted for redemption during the Notice Period.

Number of Shares	No Redemptions	50% Redemptions
NewCo Class A Multiple Voting Shares	3,936,424	2,368,591
NewCo Class B Subordinate Voting Shares	3,135,666	1,567,833

Principal Shareholders

As of the date hereof, CSOF is the sole shareholder of NewCo, holding one NewCo Class A Multiple Voting Share. As of the close of business on March 6, 2018, the directors and senior officers of Lysander and Canso collectively (the “**Canso Management Group**”) held approximately 11.79% of the outstanding Class A Units and Class F Units of CSOF. The Canso Management Group have advised CSOF and NewCo that they do not intend to submit any of their Units for redemption during the Notice Period, and that they intend to submit Class A Elections in respect of all Units held by the Canso Management Group.

Following the Arrangement, if the Canso Management Group submits a Class A Election in respect of all of their Units, the Canso Management Group will collectively hold approximately 800,758 NewCo Class A Multiple Voting Shares¹, entitling the Canso Management Group to an aggregate of 24,022,740 votes (based on the 30 votes per share to which the NewCo Class A Multiple Voting Shares are entitled). If no other Unitholders submit either a Class A Election or a Class B Election (with the result that all such

¹ Based on a Class F – Class A NAV Ratio of 1.04091, being the Class F – Class A NAV Ratio as of the close of business on February 28, 2018.

Unitholders receive in exchange for their Units equal numbers of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares), and no Units are submitted for redemption during the Notice Period, there will be approximately 3,936,424 NewCo Class A Multiple Voting Shares and 3,135,666 NewCo Class B Subordinate Voting Shares outstanding. In that case, the 24,022,740 votes attaching to the 800,758 NewCo Class A Multiple Voting Shares held by the Canso Management Group collectively would represent approximately 19.8% of the aggregate of 121,228,386 votes attached to all of the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares which will then be outstanding. If all Unitholders other than the Canso Management Group submit a Class A Election in respect of all of their Units (and no Units are redeemed), the Canso Management Group would maintain its existing 11.79% voting interest. If all Unitholders other than the Canso Management Group submit a Class B Election in respect of all of their Units (and no Units are redeemed), the 24,022,740 votes attaching to the 800,758 NewCo Class A Multiple Voting Shares held by the Canso Management Group collectively would represent approximately 79.3% of the aggregate of 30,294,072 votes attached to all of the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares which will then be outstanding.

If no other Unitholders submit either a Class A Election or a Class B Election, but 50% of the Units currently outstanding and held by Unitholders other than the Canso Management Group are submitted for redemption during the Notice Period, there will be approximately 2,368,591 NewCo Class A Multiple Voting Shares and 1,567,833 NewCo Class B Subordinate Voting Shares outstanding. In that case, the 24,022,740 votes attaching to the 800,758 NewCo Class A Multiple Voting Shares held by the Canso Management Group collectively would represent approximately 33.1% of the aggregate of 72,625,563 votes attached to all of the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares which will then be outstanding. If all Unitholders other than the Canso Management Group submit a Class A Election in respect of all of their Units (and 50% of Units held by Unitholders other than the Canso Management Group are redeemed), the 24,022,740 votes attaching to the 800,758 NewCo Class A Multiple Voting Shares held by the Canso Management Group collectively would represent approximately 20.3% of the aggregate of 118,092,720 votes attached to all of the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares which will then be outstanding. If all Unitholders other than the Canso Management Group submit a Class B Election in respect of all of their Units (and 50% of Units held by Unitholders other than the Canso Management Group are redeemed), the 24,022,740 votes attaching to the 800,758 NewCo Class A Multiple Voting Shares held by the Canso Management Group collectively would represent approximately 88.5% of the aggregate of 27,158,406 votes attached to all of the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares which will then be outstanding.

Directors and Executive Officers

Name, Occupation and Securityholders

Following the completion of the Arrangement, it is anticipated that the NewCo Board will be composed of the following directors:

Name and Place of Residence	Current principal occupation and principal occupation during last five years	No. of Class A Units of CSOF ⁽¹⁾	No. of Class F Units of CSOF ⁽¹⁾	No. of NewCo Class A Multiple Voting Shares ⁽¹⁾	No. of NewCo Class B Subordinate Voting Shares ⁽¹⁾
Brenda Burns ⁽³⁾ Ontario, Canada	Vice President, Corporate Operations, Canso Investment Counsel Ltd.	454.096	54.386	Nil	Nil
Brian Carney ⁽³⁾ Ontario, Canada	Portfolio Manager, Canso Investment Counsel Ltd.	2,993.301	356.197	Nil	Nil

John Carswell ⁽³⁾ Ontario, Canada	President and Chief Investment Officer, Canso Investment Counsel Ltd.	326,073.516	40,852.092	Nil	Nil
Tom Fernandes ⁽²⁾ Ontario, Canada	Retired effective January 2016; prior thereto, Director, Institutional Fixed Income Sales, Merrill Lynch Canada since December 1974	Nil	Nil	Nil	Nil
Steve Klubi ⁽²⁾ British Columbia, Canada	Retired	Nil	Nil	Nil	Nil
Joe Morin ⁽³⁾ Ontario, Canada	Portfolio Manager, Canso Investment Counsel Ltd.	533.475	63.482	Nil	Nil
Tony MacDougall ⁽²⁾ Ontario, Canada	Retired effective January 2017; prior thereto, Mutual Fund Dealer, Investment Planning Counsel since 2002	Nil	Nil	Nil	Nil
Shirley Sumsion ⁽²⁾ Ontario, Canada	Vice President, Finance, Canso Investment Counsel Ltd. since July 2015; prior thereto, Partner, Hennick Herman LLP	26.573	3.162	Nil	Nil
Neda Bizzotto Ontario, Canada	Legal Counsel and Compliance Officer, Canso Investment Counsel Ltd. since May 2015; prior thereto, Associate, Borden Ladner Gervais LLP	Nil	Nil	Nil	Nil

Note:

- (1) Beneficially owned or controlled prior to the Arrangement as of the close of business on the Record Date.
- (2) Audit Committee member
- (3) Investment Committee member

The following table sets forth the name, province of residence, offices held and principal occupation of each of the anticipated executive officers of NewCo upon completion of the Arrangement:

Name and Province of Residence	Positions and Offices to be held with NewCo	Principal Occupation(s)
Brian Carney Ontario, Canada	President and Chief Executive Officer	Portfolio Manager, Canso Investment Counsel Ltd.
Shirley Sumsion Ontario, Canada	Chief Financial Officer	Vice President, Finance, Canso Investment Counsel Ltd.
Brenda Burns Ontario, Canada	Vice President	Vice President, Corporate Operations, Canso Investment Counsel Ltd.
Neda Bizzotto Ontario, Canada	Vice President and Corporate Secretary	Legal Counsel and Compliance Officer, Canso Investment Counsel Ltd.

Executive Compensation

To date, NewCo has not carried on any active business and has not completed a fiscal year of operations. No compensation has been paid by NewCo to its directors or executive officers. For a discussion of the executive compensation of the Fund for the year ended December 31, 2016, please see Appendix I.

Operational Services Agreement

Canso has agreed, pursuant to an operational services agreement, to provide any day-to-day operational services to carry out the business and affairs of NewCo. Under such operational services agreement, Canso may charge NewCo on a cost recovery basis for services, including overhead expenses of Canso that are related to the daily operating functions of NewCo, such as employee salaries, rent and utilities.

Indebtedness of Directors and Executive Officers

None of the current and proposed directors and executive officers, nor any of their associates, of NewCo, are indebted to NewCo.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Fund, none of the persons anticipated to be directors or executive officers of NewCo: (a) are, as at the date of this Circular, or have been within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company that: (i) was subject to an Order that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; (b) are, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the person.

To the knowledge of the Fund and NewCo, none of the persons anticipated to be directors or executive officers of NewCo, nor any personal holding company thereof owned or controlled by them: (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Audit Committee and Corporate Governance

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) establishes corporate governance guidelines which apply to all public companies and NewCo expects to implement its own corporate governance practices prior to the completion of the Arrangement in accordance with these guidelines. NI 58-101 mandates the disclosure of corporate governance practices in accordance with Form 58-101F2 for venture issuers, which disclosure is set out below.

NewCo Board

The NewCo Board is responsible for oversight of NewCo’s business and affairs. The NewCo Board will consist of nine directors including Brenda Burns, Brian Carney, John Carswell, Tom Fernandes, Steve Klubi, Joe Morin, Tony MacDougall, Shirley Sumsion and Neda Bizzotto. The following members of the NewCo Board will be considered independent of NewCo pursuant to Canadian securities laws: Joe

Morin, John Carswell, Tom Fernandes, Steve Klubi and Tony MacDougall. The NewCo Board will also consist of the following directors, who are considered to be not independent based upon their position with NewCo: (i) Brian Carney, President and Chief Executive Officer; (ii) Shirley Sumsion, Chief Financial Officer; (iii) Brenda Burns, Vice President; and (iv) Neda Bizzotto, Vice President and Corporate Secretary. A copy of the NewCo Board mandate is attached as hereto as Appendix E.

The following table provides details regarding directorships held by a NewCo director in other reporting issuers or the equivalent thereof in foreign jurisdictions. The rest of NewCo's proposed directors are not currently directors of any other reporting issuer.

<i>Name of Director</i>	<i>Name of Other Reporting Issuer</i>	<i>Stock Exchange</i>
John Carswell	Canso Credit Income Fund	Toronto Stock Exchange
	Lysander-Slater Preferred Share ActivETF	Toronto Stock Exchange

Orientation and Continuing Education

NewCo will adopt a director education and training policy and will establish a formal orientation process for new directors and continuing education program for all directors. All new directors will be provided with a NewCo Board member manual that includes the articles of incorporation, by-laws, minutes of meetings, significant corporate policies, list of NewCo Board committees and mandates, a list of NewCo Board members and their contact information, the latest financial statements and the current budget/forecast of NewCo. There will also be continuing education opportunities for all directors that will be provided internally and externally.

Ethical Business Conduct

NewCo will adopt a code of ethics and business practices (the “**Code of Conduct**”). The NewCo Board intends that it will review compliance with the Code of Conduct at least on an annual basis.

Nomination of Directors

New candidates for the NewCo Board will be identified by the NewCo Board until a nominating committee is appointed in the future. Potential candidates for appointment to the NewCo Board are considered by the NewCo Board as a whole, in reliance on the recommendations, qualifications and experience of its members.

Compensation

After the Arrangement is completed, compensation will only be paid by NewCo to its independent directors in the future and none of the directors or officers affiliated with the Manager or the Portfolio Manager will be compensated by NewCo in the future. None of the proposed directors and executive officers of NewCo are currently compensated by the Fund.

Assessments

The effectiveness of the NewCo Board and its management will be reviewed by the NewCo Board on an annual basis.

Other Committees

Following the completion of the Arrangement, it is anticipated that the NewCo Board will discharge some of its responsibilities directly and through two committees – the Audit Committee and the Investment Committee. Both committees operate under mandates that are reviewed, and if necessary, updated annually. In addition, in accordance with applicable legal requirements, all matters of a material nature will be presented to the NewCo Board for approval.

Investment Committee

The Investment Committee will be composed initially of Brian Carney, John Carswell, Brenda Burns and Joe Morin. The Investment Committee will consider each investment opportunity presented to it by NewCo’s management with a view to assessing the investment opportunities. The Investment Committee will be responsible for:

- (a) developing and implementing the investment strategy of NewCo;
- (b) considering and recommending new investment opportunities brought to it by NewCo’s management;
- (c) making decisions related to investment divestitures;
- (d) actively monitoring the performance of the investments held by Newco;
- (e) providing effective investment risk analysis and management of the investment holdings of Newco and potential new investment opportunities;
- (f) making recommendations and regularly reporting to the NewCo Board; and
- (g) reviewing the investment holdings of NewCo on a periodic basis with the NewCo Board.

The Investment Committee of NewCo will make the investment decisions on behalf of NewCo. All investment decisions must be made by unanimous agreement by the Investment Committee. Management of NewCo will seek and refer new investment opportunities to NewCo. The Investment Committee will be responsible for evaluating such opportunities and determining whether to recommend such investment to NewCo. The Investment Committee will present new investment opportunities and proposed divestitures to the NewCo Board for approval.

Audit Committee

The Audit Committee oversees the accounting and financial reporting practices and procedures of NewCo and the audits of NewCo’s financial statements. The Audit Committee will be comprised of the following directors: Shirley Sumsion, Tom Fernandes, Steve Klubi and Tony MacDougall. Tom Fernandes, Steve Klubi and Tony MacDougall are considered “independent” as such terms are defined in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). As Chief Financial Officer of NewCo, Shirley Sumsion is not considered independent. Section 6.1.1 of NI 52-110 indicates that an audit committee or a venture issuer must be composed of a minimum of three members. The Audit Committee will be responsible for:

- (a) Overseeing the work of the external auditor, including the resolution of any disagreements between the external auditor and management.

(b) Reviewing and approving any proposed hiring of any current or former partner or employee of the current and former external auditor of NewCo.

(c) Establishing procedures for the receipt, retention and treatment of complaints received by NewCo regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of NewCo or its subsidiaries of concerns regarding questionable accounting or auditing matters.

(d) Reviewing and approving the annual and interim consolidated financial statements and other financial information provided by NewCo to any regulatory authority, stock exchange or the public before such information is disclosed publicly.

(e) Satisfying itself that adequate procedures are in place for the review of NewCo's public disclosure of financial information, extracted or derived from its financial statements, other than as described in (d) above, including periodically assessing the adequacy of such procedures.

A copy of the Audit Committee Charter is attached hereto as Appendix F.

Conflicts of Interest

Except as disclosed in this Circular, none of the persons anticipated to be directors or executive officers of NewCo has any existing or potential material conflict of interest with NewCo.

Risk Factors

The risks described below are not the only risks involved with respect to NewCo. Risk factors related to the business of the Fund will continue to apply to NewCo after the Effective Date. If the Arrangement is completed, the business and operations of, and an investment in, NewCo will be subject to the applicable risk factors set forth in the AIF of the Fund. If any of the following risks, and other risks described elsewhere in this Circular, occur, or if others occur, NewCo's business, operating results and financial condition could be seriously harmed.

Risks Related to NewCo

No Assurances on Achieving Investment Objectives

There is no assurance that NewCo will be able to return to investors an amount equal to or in excess of the original issue price of the Units. There is no guarantee that an investment in NewCo will earn any positive return in the short or long term nor is there any guarantee that the investment objectives will be achieved. An investment in NewCo involves a degree of risk and is appropriate only for investors who have the capacity to absorb investment losses.

No Assurance of Dividends

Dividends are payable at the discretion of the NewCo Board. There is no guarantee that the NewCo Board will ever declare a dividend. Payment of any future dividends by NewCo depends on the amount of cash available to NewCo to pay dividends, if any. Such amount can vary significantly from period to period for a number of reasons, including, among other things: NewCo's financial performance; fluctuations in market prices and working capital requirements; access to capital markets; foreign currency exchange rates and interest rates; and the other risk factors. A failure to pay dividends could materially adversely affect the trading price of NewCo Class B Subordinate Voting Shares.

Difference in Trading Between the NewCo Securities

The NewCo Class A Multiple Voting Shares will carry a greater number of votes per share while NewCo Class B Subordinate Voting Shares will receive a higher dividend, if and when declared. Given the differences between the two classes of securities, no active trading market may develop for either the NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares. If an active trading market does develop for either the NewCo Class A Multiple Voting Shares or the NewCo Class B Subordinate Voting Shares, there is no guarantee that they will trade at prices similar to the other.

Risks Relating to the Portfolio Issuers

As NewCo will invest in businesses in the various industries, NewCo will be subject to certain risk factors to which the portfolio issuers are subject and which could affect the business, prospects, financial position, financial condition or operating results of NewCo as a result of its investment in such issuer.

Risks Relating to the Performance of the Portfolio Issuers

The value of the assets of NewCo will vary as the value of the securities in the portfolio changes. NewCo has no control over the factors that affect the value of the securities in the portfolio. Factors unique to each company included in the portfolio, such as changes in its management, strategic direction, achievement of goals, mergers, acquisitions and divestitures, changes in distribution policies, changes in law and regulation and other events, may affect the value of the securities in the portfolio. A substantial drop in equities markets could have a negative effect on NewCo and could lead to a significant decline in the value of the portfolio and the value of its securities. The value of the securities acquired by NewCo will be affected by business factors and risks that are beyond its control, including: (a) operational risks related to specific business activities of the respective issuers; (b) quality of underlying assets; (c) financial performance of the respective issuers and their competitors; (d) product liability risks; (e) political risks; (f) fluctuations in exchange rates; (g) fluctuations in interest rates; and (h) changes in government regulations.

Risks Relating to the Valuation of the Portfolio

Fluctuations in the respective market values of the securities in the portfolio may occur for a number of reasons beyond the control of NewCo, and may be both volatile and rapid with potentially large variations over a short period of time. Independent pricing information regarding certain of NewCo's securities and other investments may not be readily available at all times. Valuation determinations will be made in good faith by NewCo and it may have some of its assets in investments which by their very nature may be extremely difficult to value accurately.

Illiquid Securities and Private Securities

There is no assurance that an adequate market will exist for the securities of private companies held in the portfolio. NewCo cannot predict whether the securities held by it will trade at a discount to, a premium to, or at their fair value, if applicable. If the market for a specific security is particularly illiquid, NewCo may be unable to dispose of such securities or may be unable to dispose of such securities at an acceptable price.

Conflicts of Interest

The NewCo Board and its officers and its respective affiliates and associates may engage in the promotion, management or investment management of any other fund or trust with similar investment objectives and/or similar investment strategies to those of NewCo. Although none of the directors or officers of NewCo devotes his or her full time to the business and affairs of NewCo, each devotes as much

time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) NewCo.

Legal Proceedings and Regulatory Actions

Other than the proceedings relating to the approval of the Arrangement, to the knowledge of the NewCo Board, there are no legal proceedings to which NewCo or members of the NewCo Board is a party or to which any of their assets are subject, which are material to NewCo, and NewCo is not aware of any such proceedings that are contemplated.

Interest of Management and Others in Material Transactions

Except for John Carswell, as disclosed in this Circular, none of the persons anticipated to be directors or executive officers of NewCo, or any person or company that will be the direct or indirect owner of, or will exercise control or direction over, more than 10% of any class of NewCo's outstanding voting securities, or any associate or Affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any past transaction or any proposed transaction that has materially affected or will materially affect NewCo.

Auditor and Transfer Agent and Registrar

The auditor of NewCo is Deloitte LLP. Deloitte LLP was appointed as auditor on February 16, 2018. AST Trust Company (Canada) is the transfer agent and registrar for the NewCo Class A Multiple Voting Shares and the NewCo Class B Subordinate Voting Shares.

Material Contracts

The Corporation has not entered into any material contracts other than the Arrangement Agreement.

Other Information

There is no information or matter not disclosed in this Circular but known to NewCo that would be reasonably expected to affect the decision of the Unitholders to vote for or against the Arrangement Resolution.

Legal Matters

Certain legal matters in connection with the Arrangement as they pertain to NewCo will be passed upon by Borden Ladner Gervais LLP, counsel to NewCo.

PART IV – GENERAL PROXY MATTERS

Information for Beneficial Unitholders

Only registered holders of the Units, or the Persons they appoint as their proxies, are permitted to vote at the Meeting. However, in many cases, the Units are owned by Beneficial Unitholders which means that the Units are usually registered either (i) in the name of an Intermediary (including, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement saving plans, registered retirement income funds, registered education saving plans and similar plans) that the Beneficial Unitholder deals with in respect of the Units, or (ii) in the name of a clearing agency (such as CDS) of which the Intermediary is a participant. In accordance with the requirements of the Canadian Securities Administrators, CSOF will have distributed copies of the notice of the Meeting and

this Circular to: (i) the clearing agencies and Intermediaries for onward distribution to Beneficial Unitholders and (ii) directly to Registered Unitholders.

Units held by Beneficial Unitholders are usually held by brokers or their nominees and can only be voted (for or against resolutions) upon the instructions of the Beneficial Unitholder. Without specific instructions, the brokers/nominees are prohibited from voting Units for their clients.

Applicable regulatory policy requires brokers and other Intermediaries to seek voting instructions from Beneficial Unitholders in advance of Unitholder meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Unitholders in order to ensure that their underlying Units are voted at the Meeting. Often, the voting instruction form supplied to a Beneficial Unitholder by its broker is identical to the form of proxy provided to Registered Unitholders; however, its purpose is limited to instructing the Registered Unitholders how to vote on behalf of the Beneficial Unitholder. The Beneficial Unitholder is requested to complete and return the voting instruction form by mail or facsimile. A Beneficial Unitholder receiving a voting instruction form cannot use that voting instruction form to vote Units, as applicable, directly at the Meeting. Rather, the voting instruction form must be returned as directed by April 5, 2018 well in advance of the Meeting in order to have the Units voted.

Although a Beneficial Unitholder may not be recognized directly at the Meeting for the purpose of voting Units registered in the name of its Intermediary, a Beneficial Unitholder may vote those Units as a proxyholder for the Registered Unitholder. To do this, a Beneficial Unitholder should enter such Beneficial Unitholder's own name in the blank space on the voting instruction form provided to the Beneficial Unitholder and return the document in accordance with the instructions set out therein.

Information set forth in this section is very important to Beneficial Unitholders. Only registered holders of Class A Units or Class F Units, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. **The Intermediary of the Beneficial Unitholder is the registered holder of the Beneficial Unitholder's Class A Units or Class F Units and is the entity legally entitled to vote these Units at the Meeting.** In order for a Beneficial Unitholder to vote his, her or its Class A Units or Class F Units at the Meeting, they must carefully follow the procedures and instructions received from the Intermediary.

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by management of the Fund to be used at the Meeting. Solicitations of proxies will be primarily by mail, but may also be by newspaper publication, in person or by telephone, facsimile or oral communication by directors, officers, employees or agents of the Fund.

Appointment and Revocation of Proxies

Accompanying this Circular is a form of proxy or voting instruction form for Unitholders. Unitholders unable to attend the Meeting in person may participate and vote at the Meeting through a proxyholder. The persons named on the enclosed form of proxy as proxyholders to represent shareholders at the Meeting are Richard Usher-Jones, the Trustee's President and Chief Executive Officer, and Timothy Hicks, the Trustee's director and Chief Investment Officer. **A Unitholder desiring to appoint a Person (who need not be a Unitholder) to represent such Unitholder at the Meeting other than the Persons designated in the accompanying form of proxy or voting instruction form may do so by inserting such Person's name in the blank space provided in the form of proxy or voting instruction form. Registered Unitholders receiving documents from AST Trust Company (Canada) should send or deliver the completed proxy to the offices of AST Trust Company (Canada), by mail: 1 Toronto**

Street, Suite 1200 I, Toronto, ON M5C 2V6, or by facsimile: 1-866-781-3111. The form of proxy must be received by AST Trust Company (Canada) no later than 5:00 p.m. (Toronto time) on April 10, 2018 or, in the case of any adjournment or postponement of the Meeting, by no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the adjourned or postponed meeting. Failure to so deposit a form of proxy or voting instruction form will result in its invalidation. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to accept proxies received after such deadline.

A Registered Unitholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy by an instrument in writing executed by such Registered Unitholders or by its attorney duly authorized in writing or, if the Registered Unitholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either at the registered office of the Fund at 100 York Blvd., Suite 501, Richmond Hill, Ontario, Canada, L4B 1J8 or at the above mentioned office of AST Trust Company (Canada) no later than 5:00 p.m. (Toronto time) on April 10, 2018 or, in the case of any adjournment or postponement of the Meeting, by no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the adjourned or postponed meeting or with the Chair of the Meeting on the day of the Meeting or any adjournment thereof.

Record Date

The Record Date for determination of Unitholders entitled to receive notice of and to vote at the Meeting is March 6, 2018. Only Unitholders whose names have been entered in the register of Units on the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

Signature of Proxy

The accompanying form of proxy or voting instruction form must be executed by the Unitholder or its attorney authorized in writing, or if the Unitholder is a corporation, the form of proxy or voting instruction form should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. A form of proxy or voting instruction form signed by a Person acting as attorney or in some other representative capacity should reflect such Person's capacity following his or her signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with the Fund).

Voting by Unitholder

A Unitholder of the Fund may be a Registered Unitholder or a Beneficial Unitholder. If Units are registered in the name of an Intermediary and not registered in the Unitholder's name, they are said to be owned by a Beneficial Unitholder. An Intermediary is usually a bank, trust company, securities broker or other financial institution. The instructions provided below set forth the procedures for Units at the Meeting to be followed by a Registered Unitholder and a Beneficial Unitholder.

Registered Unitholder

A Unitholder is a Registered Unitholder if its name appears on a share certificate issued by the Fund. A form of proxy is included in this package for a Registered Unitholder.

Beneficial Unitholder

A Unitholder is a Beneficial Unitholder if its Units are held through an Intermediary. Most Beneficial Unitholders hold Units through brokers and Intermediaries and not in their own name. A

Beneficial Unitholder will be given a voting instruction form, which must be completed, signed and returned by the Beneficial Unitholder in accordance with the directions on the voting instruction form. In some cases, the completion of the voting instruction form through the internet or by facsimile is permitted.

The purpose of these procedures is to permit Beneficial Unitholders to direct the voting of the Units that they beneficially own. If a Beneficial Unitholder who receives a voting instruction form wishes to vote at the Meeting in person (or have another Person attend and vote on behalf of the Beneficial Unitholder), the Beneficial Unitholder should enter such Beneficial Unitholder's (or such other Person's) name in the blank space on the voting instruction form provided to the Beneficial Unitholder and return the document in accordance with the instructions set out therein.

Voting of Proxies

The Persons named in the accompanying form of proxy will vote the Units in respect of which they are appointed in accordance with the direction of the Unitholder appointing them. In the absence of such direction, the Units will be voted FOR the approval of the Arrangement Resolution, as described in this Circular.

Exercise of Discretion of Proxy

The proxyholder has discretion under the accompanying form of proxy or voting instruction form to consider matters to come before the Meeting. At the date of this Circular, management of the Fund knows of no amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. Unitholders who are planning on returning the accompanying form of proxy or voting instruction form are encouraged to review the Circular carefully before submitting the form of proxy or voting instruction form.

Notwithstanding the foregoing, the Arrangement Resolution authorizes the Board, without further notice to or approval of Unitholders, subject to the terms of the Interim Order, the Plan of Arrangement and the Arrangement Agreement, to amend the Plan of Arrangement or the Arrangement Agreement or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the OBCA. See Appendix A to this Circular for the full text of the Arrangement Resolution.

NOTICE TO BENEFICIAL UNITHOLDERS

These Unitholder materials are being sent to both Registered Unitholders and Beneficial Unitholders. If you are a Beneficial Unitholder and the Fund or its agent has sent these materials directly to you, your name and address, and information about your holdings of Units have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding Units on your behalf.

By choosing to send these materials to you directly, the Fund (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Interest of Experts

Deloitte LLP is the auditor of the Fund and NewCo, and such firm has prepared opinions with respect to the audited annual financial statements for the Fund for the years ended December 31, 2016 and 2015, and for the years ended December 31, 2015 and 2014. Deloitte LLP is independent of the Fund and

NewCo within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Borden Ladner Gervais LLP is legal counsel to the Fund and NewCo and have passed on certain legal matters. No NewCo Securities and less than 1% of the Units of the Fund are held by persons at Borden Ladner Gervais LLP.

GLOSSARY OF TERMS

The following glossary of terms used in this Circular, including the Summary, but not including the Appendices, is provided for ease of reference:

“**AIF**” means the Fund’s annual information form dated March 24, 2017.

“**affiliate**” has the meaning ascribed thereto in the Securities Act.

“**allowable capital loss**” has the meaning ascribed thereto under the heading “*Part I – The Arrangement – Certain Canadian Federal Income Tax Considerations – Capital Gains and Capital Losses*”.

“**Arrangement**” means the arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in the Arrangement Agreement and the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Parties, each acting reasonably.

“**Arrangement Agreement**” means the arrangement agreement dated March 12, 2018 between the Fund and NewCo, together with the schedules attached thereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms of such agreement.

“**Arrangement Resolution**” means the special resolution of Unitholders approving the Arrangement to be considered at the Meeting, and any amendments or variations thereto made in accordance with the provisions of the Arrangement Agreement or the Plan of Arrangement.

“**Articles of Arrangement**” means the articles of arrangement of NewCo in respect of the Arrangement to be filed with the Director after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to the Parties, each acting reasonably.

“**Auditor**” means Deloitte LLP, the external auditor of the Fund and NewCo.

“**authorization**” means, with respect to any Person, any order, permit, approval, registration, right, grant, consent, waiver, licence or similar authorization of any Governmental Authority having jurisdiction over the Person.

“**Beneficial Unitholder**” means a beneficial holder of Units whose shares are held through an Intermediary.

“**Board**” means the board of directors of Lysander Funds Limited, the trustee of Canso Select Opportunities Fund.

“**Business Day**” means a day, other than a Saturday or a Sunday, on which the principal commercial bank located in Toronto, Ontario is open for the conduct of non-automated business.

“**Canadian Securities Administrators**” means the securities commissions or other similar regulatory authorities in each of the provinces in Canada.

“**Canso**” means Canso Investment Counsel Ltd.

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

“**Certificate of Arrangement**” means the certificate of arrangement to be issued by the Director pursuant to Section 183(2) of the OBCA in respect of the Articles of Arrangement.

“**Circular**” means this management information circular of the Fund, including the Notice of Meeting and all schedules, appendices and exhibits hereto and all information incorporated by reference herein.

“**claim**” means any demand, complaint, investigation, action, cause of action, suit, damage, liability (actual or contingent) or obligation.

“**Class A Election**” means the election which may be submitted by a Unitholder of either Class A Units or Class F Units to receive only NewCo Class A Multiple Voting Shares (and not a combination of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares) in exchange for the Units held by such Unitholder on the Effective Date.

“**Class A Units**” means the Class A units of the Fund.

“**Class B Election**” means the election which may be submitted by a Unitholder of either Class A Units or Class F Units to receive only NewCo Class B Subordinate Voting Shares (and not a combination of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares) in exchange for the Units held by such Unitholder on the Effective Date.

“**Class F Units**” means the Class F units of the Fund.

“**Consideration**” means a combination of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares in exchange for Units held by a Unitholder on the Effective Date or, in the event of a Class A Election, only NewCo Class A Multiple Voting Shares in exchange for Units or, in the event of a Class B Election, only NewCo Class B Subordinate Voting Shares in exchange for Units.

“**contract**” means any agreement, commitment, engagement, contract, franchise, licence, lease, obligation, undertaking or joint venture (written or oral) to which the Fund or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound or affected or to which any of their respective properties or assets is subject.

“**Court**” means the Ontario Superior Court of Justice (Commercial List) or any appellate court, as the case may be.

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

“**Declaration of Trust**” means the declaration of trust dated as of September 25, 2013, which governs the Fund.

“**Determination Time**” means the close of business on the trading day immediately preceding the Effective Date.

“**Director**” means the Director appointed pursuant to Section 278 of the OBCA.

“**Elected Amount**” has the meaning set out under the heading “*Part I – The Arrangement – Certain Canadian Federal Income Tax Considerations – Joint Tax Election*”.

“**Election Deadline**” means 5:00 p.m. (Toronto time) on May 15, 2018.

“**Eligible Holder**” means a beneficial holder of Units that is (i) a resident of Canada for purposes of the Tax Act and not exempt from tax under Part I of the Tax Act; or (ii) a partnership, any member of which is a resident of Canada for purposes of the Tax Act and not exempt from tax under Part I of the Tax Act;

“**Effective Date**” means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

“**Effective Time**” has the meaning set out in the Plan of Arrangement.

“**Final Order**” means the final order of the Court in a form and content satisfactory to the Parties, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of the Parties, each acting reasonably) at any time prior to the Arrangement becoming effective or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is in a form and content satisfactory to the Parties, each acting reasonably) on appeal.

“**Fund**” or “**CSOF**” means Canso Select Opportunities Fund, a closed-end investment fund established under the laws of the Province of Ontario.

“**Governmental Authority**” means any:

- a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature;
- b) international, multinational, national, federal, state, provincial, local, regional, municipal or other government;
- c) governmental or quasi-governmental authority of any nature including any governmental division, department, agency, board, body, commission, instrumentality, official, ministry, center, organization, unit, body or entity and any regulatory authority, court, arbitrator or other tribunal or any political subdivision thereof, or any central bank (or similar monetary or regulatory authority) thereof, any expropriation or taxing authority, any ministry or department or agency of any of the foregoing;
- d) stock exchange, including the TSX and TSX Venture Exchange;
- e) entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;
- f) corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of such entities or other bodies pursuant to the foregoing; or
- g) subdivision or authority of any of the above.

“**Holder**” has the meaning ascribed thereto under the heading “*Part I – The Arrangement – Certain Canadian Federal Income Tax Considerations*”.

“**IFRS**” means the International Financial Reporting Standards issued by the International Accounting Standards Board.

“**insider**” has the meaning ascribed thereto under the Securities Act.

“**Interim Order**” means the interim order of the Court, in a form and content satisfactory to the Parties, each acting reasonably, as the same may be amended by the Court (with the consent of the Parties, each acting reasonably), containing declarations and directions with respect to the Arrangement and providing for, among other things, the holding of the Meeting.

“**Intermediary**” means an intermediary with which a Beneficial Unitholder deals with in respect of the Units, including, among others, banks, financial institutions, custodians, nominees, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans.

“**Investment Advisory Agreement**” means the investment advisory agreement between Canso and the Fund, dated October 22, 2013.

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

“**Joint Tax Election**” means a joint tax election under section 85 of the Tax Act and described under the heading “*Part I – The Arrangement – Certain Canadian Federal Income Tax Considerations*”.

“**Laws**” means, with respect to any Person, any and all applicable laws (statutory, civil, common or otherwise) including supranational, national, provincial, state, municipal and local civil laws, treaties, statutes, judgments, decrees, injunctions, writs, certificates and orders, by-laws, rules, regulations, ordinances, policies, notices, directions or other requirements of any Governmental Authority that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Authority, as amended unless expressly specified otherwise, including, but not limited to, the Securities Laws.

“**legal proceeding**” means any action, suit, charge, complaint, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination, oppositions, interferences, re-examinations, post-grant proceeding, or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Authority or any arbitrator or arbitration panel.

“**Lysander**” means Lysander Funds Limited.

“**Manager**” means Lysander Funds Limited in its capacity as the manager of the Fund.

“**Market Value**” means the market value of a class of securities for a period calculated by multiplying the number of securities of the class outstanding as of the close of business on the last Business Day of the period by:

- a) the arithmetic average of the closing prices of the securities of that class on the Published Market on which that class was principally traded for each of the trading days during the period, if the Published Market provides a closing price for the securities; or
- b) the arithmetic average of the simple averages of the highest and lowest prices of the securities of that class on the Published Market on which that class was principally traded for each of the trading days for which the securities traded during the period, if the Published Market does not provide a closing price, but provides only the highest and lowest prices of securities traded on a particular day.

“material adverse effect” means any change, event, occurrence, effect, state of facts or circumstances that is, or would reasonably be expected to be, individually or in the aggregate material and adverse to the business, financial condition, operations or results of operations, assets, properties, condition (financial or otherwise) or liabilities (contingent or otherwise) of the Fund and its subsidiaries, taken as a whole, other than any such change, event, occurrence, effect, state of facts or circumstances:

- (i) relating to the Canadian economy, political conditions or securities markets in general;
- (ii) affecting the industry in which the Fund operates;
- (iii) arising directly or indirectly from any act of terrorism, war, national or international calamity or any other similar event;
- (iv) relating to a change in the market trading price or volume of the Units (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a material adverse effect has occurred);
- (v) relating to or arising from or out of the execution, announcement or performance of the Arrangement Agreement and the Arrangement;
- (vi) relating to any action taken (or omitted to be taken) by the Fund at the request, or with the approval, of NewCo;
- (vii) any legal proceeding against the Fund by Unitholders challenging or seeking to restrain or prohibit the consummation of the Arrangement;

provided, however, that the effect referred to in clauses (i), (ii), and (iii) above does not have a materially disproportionate effect on the Fund and its subsidiaries, taken as a whole, compared to other companies operating in the industry or jurisdictions in which the Fund and its subsidiaries operate; or would, or would reasonably be expected to, prevent or materially delay the ability of the Fund to consummate the transactions contemplated by the Arrangement Agreement.

“Meeting” means the special meeting of Unitholders to be called and held for the purpose of considering the Arrangement Resolution and any adjournments or postponements thereof in accordance with the terms of the Arrangement Agreement.

“MI 61-101” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

“Net Asset Value per Unit” means, in respect of Class A Units and Class F Units, the portion of the net asset value of the Fund as determined in accordance with the Declaration of Trust allocated to the Units of such class divided by the total number of Units of such class outstanding, in each case on the date on which the calculation is being made.

“NewCo” means Canso Select Opportunities Corporation, a corporation incorporated under the laws of the Province of Ontario.

“NewCo Board” means the board of directors of NewCo.

“**NewCo Class A Multiple Voting Shares**” means the Class A common shares in the capital of NewCo.

“**NewCo Class B Subordinate Voting Shares**” means the Class B common shares in the capital of NewCo.

“**NewCo Securities**” means, collectively, the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares.

“**Notice of Application**” means the Notice of Application to the Court for the Final Order, which is attached as Appendix C to this Circular.

“**Notice of Meeting**” means the Notice of Special Meeting of Unitholders of CSOF dated February 12, 2018.

“**Notice Period**” means the period during which Units may be submitted for redemption pursuant to the annual redemption right, being the period commencing on March 15, 2018 and ending at 5:00 p.m. (Toronto time) on March 29, 2018.

“**OBCA**” means the Ontario *Business Corporations Act*.

“**Order**” means a cease trade order, an order similar to a cease trade order or any order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

“**ordinary course**” means, with respect to an action taken by any Person, any action that is taken in the ordinary course of the normal day to day operations of the business of such Person consistent with past practice.

“**OSC Rule 56-501**” means OSC Rule 56-501 – *Restricted Shares*, as it may be amended or re-enacted from time to time.

“**Parties**” means, collectively, the Fund and NewCo, and “**Party**” means the Fund and NewCo, as the case may be.

“**Person**” means an individual, general partnership, limited partnership, corporation, company, limited liability company, unincorporated association, unincorporated syndicate, unincorporated organization, trust, estate, trustee, executor, administrator or other legal representative, government (including Governmental Authority) or other entity, whether or not having legal status.

“**Portfolio**” means the investment portfolio of the Fund, consisting primarily of Canadian and global debt and equity securities.

“**Portfolio Manager**” means Canso Investment Counsel Ltd.

“**Plan of Arrangement**” means the plan of arrangement attached as Appendix D to this Circular and any amendment or variation thereto from time to time made in accordance with the Arrangement Agreement or upon the direction of the Court in the Final Order with the prior written consent of the Parties, each acting reasonably.

“**Published Market**” means a recognized national Canadian stock exchange.

“**Record Date**” means, in respect of the Meeting, the close of business on March 6, 2018.

“**Registered Unitholder**” means a holder of Units whose name appears in the register of holders of Units, as applicable, maintained by or on behalf of the Fund as of the Record Date.

“**Securities Act**” means the *Securities Act* (Ontario), as amended from time to time.

“**Securities Laws**” means the Securities Act and any other applicable Canadian provincial and territorial securities laws, rules and regulations and published policies thereunder.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval and available for public view at www.sedar.com.

“**subsidiary**” means, with respect to a Person, any entity, whether incorporated or unincorporated, (a) of which such Person or any other subsidiary of such person is a general partner; or (b) at least a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person and/or by any one or more of its subsidiaries; and shall include any body corporate, partnership, joint venture or other entity over which it exercises direction or control. For purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“**Tax**” or “**Taxes**” means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers’ compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority on or in respect of amounts of the type described in clause (a) above or this clause (b); (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (d) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended.

“**Tax Election Date**” has the meaning set out under the heading “*Part I – The Arrangement – Certain Canadian Federal Income Tax Considerations – Joint Tax Election*”.

“**Tax Election Information**” has the meaning set out under the heading “*Part I – The Arrangement – Certain Canadian Federal Income Tax Considerations – Joint Tax Election*”.

“**Tax Proposals**” has the meaning set out under the heading “*Part I – The Arrangement – Certain Canadian Federal Income Tax Considerations*”.

“Tax Returns” means any and all returns, reports, declarations, elections, notices, forms, designations, filings, statements and other similar documents (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required under Law to be filed with any Governmental Authority in respect of Taxes, including any amendments or supplements thereto.

“Transfer Agent” means AST Trust Company (Canada).

“Trustee” means Lysander Funds Limited in its capacity as trustee of the Fund.

“TSX” means the Toronto Stock Exchange.

“TSXV” means the TSX Venture Exchange.

“Unitholders” means the registered or beneficial holders of the Units.

“Units” means, collectively, the Class A Units and Class F Units of the Fund.

DIRECTORS' APPROVAL

The Board of Directors has approved the contents and sending of this Circular.

Dated March 16, 2018

(signed) Richard Usher-Jones

Richard Usher-Jones
President
Lysander Funds Limited, Trustee of CSOF

APPENDIX A
ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the “**Arrangement**”) under section 182 and 183 of the Ontario Business Corporations Act (the “**OBCA**”) involving, among others, Canso Select Opportunities Fund (the “**Fund**”), its Unitholders, and Canso Select Opportunities Corporation (“**NewCo**”) as more particularly described and set forth in the management information circular (the “**Circular**”) of the Fund dated March 16, 2018, as the Arrangement may be modified or amended, and all transactions contemplated thereby are hereby authorized and approved.

2. The plan of arrangement, as it may be or have been amended (the “**Plan of Arrangement**”) involving, the Fund, its Unitholders and NewCo, the full text of which is set out in Appendix D to the Circular, is hereby authorized and approved.

3. The Arrangement Agreement dated March 12, 2018, between NewCo and the Fund (the “**Arrangement Agreement**”), the actions of the directors of Lysander Funds Limited, the trustee of the Fund (the “**Trustee**”), in approving the Arrangement and the actions of the officers of the Trustee in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved.

4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the Unitholders of the Fund or that the Arrangement has been approved by the Superior Court of Justice of Ontario (Commercial List), the directors of the Trustee are hereby authorized and empowered (i) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement, and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.

5. The Fund is hereby authorized to apply to voluntarily delist its Class A Units from the Toronto Stock Exchange prior to the exchange of Class A and Class F Units of the Fund for securities of NewCo on the effective date of the Arrangement.

6. Any officer or director of the Trustee is hereby authorized and directed for and on behalf of the Fund to execute and deliver articles of arrangement and such other documents as are necessary or desirable to the Director under the OBCA in accordance with the Arrangement Agreement.

7. The Fund is hereby authorized to replace Lysander as Trustee of the Fund with individual trustees for the transitional period between the effective date of the Arrangement and the date of dissolution of the Fund.

8. Any officer or director of the Trustee is hereby authorized and directed for and on behalf of the Fund to execute or cause to be executed and to deliver or cause to be delivered, all such other documents, agreements and instruments and to perform or cause to be performed all such other acts and things as in such person’s opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

**APPENDIX B
INTERIM ORDER**

(See attached)

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)



THE HONOURABLE
JUSTICE

HAINES

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THURSDAY, THE 15th
DAY OF MARCH, 2018

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B.16, AS AMENDED, SECTION 60 OF THE *TRUSTEE ACT*, R.S.O. c. T.23, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF CIVIL PROCEDURE*, O.REG 194.

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING CANSO SELECT OPPORTUNITIES FUND by its trustee LYSANDER FUNDS LIMITED, ITS UNITHOLDERS, AND CANSO SELECT OPPORTUNITIES CORPORATION

**CANSO SELECT OPPORTUNITIES FUND
by its trustee LYSANDER FUNDS LIMITED**

Applicant

INTERIM ORDER

THIS MOTION made by the Applicant, Canso Select Opportunities Fund (the "Fund") by its trustee Lysander Funds Limited (the "Trustee"), for an interim order for advice and directions pursuant to section 182 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended, (the "OBCA") and section 60 of the *Trustee Act*, R.S.O. 1990c, c. T.23 (the "Trustee Act") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on March 13, 2018 and the affidavit of Brian Carney sworn March 12, 2018 (the "Carney Affidavit"),

including the Plan of Arrangement, which is attached as Appendix “D” to the draft management information circular of the Fund (the “Information Circular”), which is attached as Exhibit “A” to the Carney Affidavit, and on hearing the submissions of counsel for the Fund and for Canso Select Opportunities Corporation (“NewCo”):

Definitions

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Information Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that the Fund is permitted to call, hold and conduct a special meeting (the “Meeting”) of the holders (the “Unitholders”) of the Class A units and the Class F units of the Fund (collectively, the “Units”), to be held at the offices of Borden Ladner Gervais LLP, Bay Adelaide Centre, East Tower, 22 Adelaide Street West, Suite 3400, Toronto, Ontario, Canada M5H 4E3 on April 12, 2018 commencing at 10:30 a.m. (Toronto time) in order for the Unitholders to consider and, if determined advisable, pass a special resolution authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the “Arrangement Resolution”).

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the OBCA, the notice of meeting of Unitholders, which accompanies the Information Circular (the “Notice of Meeting”) and the Declaration of Trust of the Fund, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the “Record Date”) for determination of the Unitholders entitled to notice of, and to vote at, the Meeting shall be March 6, 2018.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- a) the Unitholders or their respective proxyholders;
- b) the officers, directors, and advisors of the Trustee;
- c) the members of the Independent Review Committee of the Fund; and
- d) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that the Fund may transact such other business at the Meeting as is contemplated in the Information Circular, or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by the Fund and that the quorum at the Meeting shall be not less than two persons present in person at the opening of the Meeting who are entitled to vote at the Meeting either as Unitholders or proxyholders holding not less than 5% of the Units then outstanding.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that the Fund is authorized to make, subject to the terms of the Arrangement Agreement, and paragraph 9, below, such amendments, modifications or

supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Unitholders, or others entitled to receive notice under paragraphs 12 and 13 hereof and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Unitholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a Unitholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as the Fund may determine.

Amendments to the Information Circular

10. **THIS COURT ORDERS** that the Fund is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the Information Circular, as so amended, revised and/or supplemental, shall be the Information Circular to be distributed in accordance with paragraphs 12 and 13.

Adjournments and Postponements

11. **THIS COURT ORDERS** that the Fund, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Unitholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as the Fund may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, the Fund shall send the Information Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy, along with such amendments or additional documents as the Fund may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the “Meeting Materials”), to the following:

- a) the Registered Unitholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
 - i) by pre-paid ordinary or first class mail at the addresses of the Unitholders as they appear on the books and records of the Fund, or its registrar and transfer agent, at the close of business on the Record Date and if no

address is shown therein, then the last address of the person known to the Corporate Secretary of the Fund;

- ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or
 - iii) by facsimile or electronic transmission to any Unitholders, who is identified to the satisfaction of the Fund, who requests such transmission in writing and, if required by the Fund, who is prepared to pay the charges for such transmission;
- b) non-registered Unitholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and
- c) the respective directors of the Trustee, the auditors of the Fund, and members of the Independent Review Committee of the Fund, by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that accidental failure or omission by the Fund to give notice of the meeting or to distribute the Meeting Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the

reasonable control of the Fund, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of the Fund, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

14. **THIS COURT ORDERS** that the Fund is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials, as the Fund may determine in accordance with the terms of the Arrangement Agreement (“Additional Information”), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as the Fund may determine.

15. **THIS COURT ORDERS** that distribution of the Meeting Materials pursuant to paragraph 12 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraph 12 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9, above.

Solicitation and Revocation of Proxies

16. **THIS COURT ORDERS** that the Fund is authorized to use the proxies substantially in the form of the drafts accompanying the Information Circular, with such amendments and additional information as the Fund may determine are necessary or desirable, subject to the terms

of the Arrangement Agreement. The Fund is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. Subject to the Arrangement Agreement, the Fund may waive generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by Unitholders, if the Fund deems it advisable to do so.

17. **THIS COURT ORDERS** a Registered Unitholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy by an instrument in writing executed by such Registered Unitholders or by its attorney duly authorized in writing or, if the Registered Unitholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either at the registered office of the Fund at 100 York Blvd., Suite 550, Richmond Hill, Ontario, Canada, L4B 1J8 or at the above mentioned office of AST Trust Company (Canada) no later than 5:00 p.m. (Toronto time) on April 10, 2018 or, in the case of any adjournment or postponement of the Meeting, by no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the adjourned or postponed meeting or with the Chair of the Meeting on the day of the Meeting or any adjournment thereof.

Voting

18. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Unitholders as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies

that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

19. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per Unit and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by:

- a) an affirmative vote of at least 66 $\frac{2}{3}$ % of the votes cast in respect of the Arrangement Resolution by Unitholders present in person or represented by proxy at the Meeting; and
- b) a simple majority of the votes cast in respect of the Arrangement Resolution by Unitholders present in person or represented by proxy at the Meeting other than the votes attaching at the time to Units held directly or indirectly by affiliates of CSOF and Units held directly and indirectly by control persons of CSOF.

Such votes shall be sufficient to authorize the Fund to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Information Circular without the necessity of any further approval by the Unitholders, subject only to final approval of the Arrangement by this Honourable Court.

20. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting the Fund (other than in respect of the Arrangement Resolution), each Unitholder is entitled to one vote for each Unit held.

Annual Redemption Right

21. **THIS COURT ORDERS** that each Unitholder shall be entitled to redeem their units pursuant to the annual redemption right under the Declaration of Trust of the Fund, on May 31, 2018. Units redeemed on May 31, 2018 shall be redeemed, in respect of a class of Units, at the redemption price per Unit of that class surrendered for redemption on May 31, 2018 that is equal to 100% of the Net Asset Value per Unit as of such date, less any costs and expenses incurred by the Fund in connection with funding the redemption. Units shall be surrendered for redemption during the period commencing March 15, 2018 until 5:00 p.m. (Toronto time) on March 29, 2018 (the "Notice Period").

22. **THIS COURT ORDERS** that Units properly surrendered for redemption during the Notice Period shall be redeemed on May 31, 2018. Payment of the proceeds of redemption shall be made on or before June 21, 2018.

Hearing of Application for Approval of the Arrangement

23. **THIS COURT ORDERS** that upon approval by the Unitholders of the Plan of Arrangement in the manner set forth in this Interim Order, the Fund may apply to this Honourable Court for final approval of the Arrangement.

24. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Information Circular, when sent in accordance with paragraph 12 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 26.

25. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for the Fund, as soon as reasonably practicable, and, in any event, no less than three business days before the date of the Meeting at the following addresses:

Borden Ladner Gervais LLP
Suite 3400
22 Adelaide Street West, Toronto, Ontario, M5H 4E3
Attention: Caitlin Sainsbury

26. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

- a) the Fund by its Trustee; and
- b) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

27. **THIS COURT ORDERS** that any materials to be filed by the Fund in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

28. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 26 shall be entitled to be given notice of the adjourned date.

Precedence

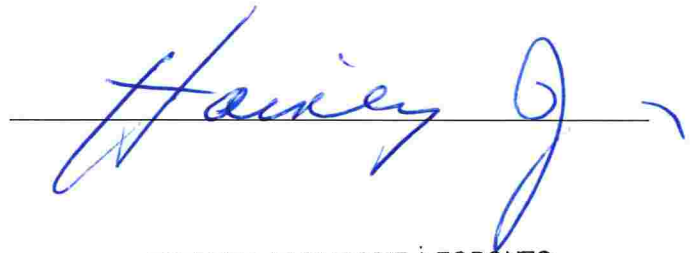
29. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the Units of the Fund or the Declaration of Trust of the Fund, this Interim Order shall govern.

Extra-Territorial Assistance

30. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Variance

31. **THIS COURT ORDERS** that the Fund shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.



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ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAR 15 2018

PER / PAR:



IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT, R.S.O. 1990, c. B.16, AS AMENDED

Court File No.: CV-18-593845-00CL

CANSO SELECT OPPORTUNITIES FUND
by its trustee **LYSANDER FUNDS LIMITED**
Applicant

ONTARIO

SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

INTERIM ORDER

BORDEN LADNER GERVAIS LLP

Barristers and Solicitors
Bay Adelaide Centre, East Tower
22 Adelaide Street West
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Fax: (416) 367-6749

Caitlin R. Sainsbury (LSUC # 54122D)

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Graham Splawski (LSUC # 68589T)

Tel: (416) 367-6206
gsplawski@blg.com

Lawyers for Applicant

**APPENDIX C
NOTICE OF APPLICATION**

(See attached)



Court File No.:

CV-18-593845-0002

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B.16, AS AMENDED, SECTION 60 OF THE *TRUSTEE ACT*, R.S.O. 1990, c. T.23, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF CIVIL PROCEDURE*, O.REG 194.

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING CANSO SELECT OPPORTUNITIES FUND by its trustee LYSANDER FUNDS LIMITED, ITS UNITHOLDERS, AND CANSO SELECT OPPORTUNITIES CORPORATION

**CANSO SELECT OPPORTUNITIES FUND
by its trustee LYSANDER FUNDS LIMITED**

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENTS

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing on April 25, 2018 at the Court House, 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.


IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a

lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least two days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: March 13, 2018

Issued by:



Local Registrar

Natasha Brown
Registrar

330 University Avenue
Toronto, Ontario
M5G 1R7

TO: ALL HOLDERS OF CLASS A AND CLASS F UNITS OF CANSO SELECT OPPORTUNITIES FUND

APPLICATION

1. THE APPLICANT MAKES AN APPLICATION FOR:

- (a) an interim order (the “**Interim Order**”) for advice and directions pursuant to section 182(5) of the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended (the “*OBCA*”) and section 60 of the *Trustee Act*, R.S.O. 1990, c. T.3, as amended (the “*Trustee Act*”) with respect to a proposed plan of arrangement (the “**Arrangement**”) involving Canso Select Opportunities Fund (the “**Fund**”) by its trustee Lysander Funds Limited (the “**Trustee**”), and Canso Select Opportunities Corporation (“**NewCo**”);
- (b) an order approving the Arrangement pursuant to section 182(3) of the *OBCA* (the “**Final Order**”); and
- (c) such further and other relief as counsel may advise and the Court deems appropriate.

2. THE GROUNDS FOR THE APPLICATION ARE:

- (a) the Fund is a closed-end investment fund established under the laws of the Province of Ontario by way of a declaration of trust made as of September 25, 2013 (the “**Declaration of Trust**”);
- (b) the Trustee is the trustee and manager of the Fund. The Trustee is a corporation incorporated pursuant to the *OBCA*;
- (c) the beneficial interest in the net assets and net income of the Fund are divided into units of two classes, the Class A Units and the Class F Units (the “**Units**”). The Class A Units trade on the TSX under the symbol SCW.UN. The Class F Units are designed for fee-based and/or institutional accounts and are not listed on a stock exchange, but are convertible into Class A Units on a monthly basis;
- (d) NewCo is a corporation incorporated pursuant to the *OBCA*. NewCo was incorporated for the purpose of continuing the Fund’s business in a corporate

structure. The authorized capital of NewCo consists of an unlimited number of shares of a class designated as Class A Multiple Voting Shares, an unlimited number of shares of a class designated as Class B Subordinate Voting Shares, and an unlimited number of shares of a class designated as Preference Shares, issuable in series;

- (e) pursuant to the Arrangement, on the effective date of the Arrangement, Unitholders of Class A Units will receive, for each Class A Unit held as of the close of business on the trading day immediately preceding such effective date (the “**Determination Time**”), one NewCo Class A Multiple Voting Share and one NewCo Class B Subordinate Voting Share, unless a Class A Election or Class B Election (as described below) from the Unitholder was received by CDS prior to 5:00 p.m. (Toronto time) on May 15, 2018 (the “**Election Deadline**”). Class A Unitholders that submit a Class A Election to CDS prior to the Election Deadline shall receive two NewCo Class A Multiple Voting Shares (and nil Newco Class B Subordinate Voting Shares) for each Class A Unit transferred. Class A Unitholders that submit a Class B Election to CDS prior to the Election Deadline shall receive two NewCo Class B Subordinate Voting Shares (and nil Newco Class A Multiple Voting Shares) for each Class A Unit transferred. Unitholders of Class F Units will receive, for each Class F Unit held as of the Determination Time, that number of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares that is the quotient of the Net Asset Value per Unit of the Class F Units divided by the Net Asset Value per Unit of Class A Units, in each case determined as of the Determination Time (which quotient is referred to herein as the “**Class F – Class A NAV Ratio**”), unless a Class A Election or Class B Election from the Unitholder was received by CDS prior to the Election Deadline. Class F Unitholders that submit a Class A Election prior to the Election Deadline shall receive that number of NewCo Class A Multiple Voting Shares that is equal to two times the Class F – Class A NAV Ratio (and nil Newco Class B Subordinate Voting Shares) for each Class F Unit. Class F Unitholders that submit a Class B Election prior to the Election Deadline shall receive that number of NewCo Class B Subordinate Voting Shares that is equal to two times the Class

F – Class A NAV Ratio (and nil Newco Class A Multiple Voting Shares) for each Class F Unit;

- (f) the Arrangement is an “arrangement” within the meaning of section 182(1) of the *OBCA*;
 - (g) all statutory requirements under the *OBCA* and any interim order have been or will be satisfied by the return date of the Application;
 - (h) the Arrangement is in the best interests of, and fair to, the Fund and to the holders of the Units, and has been put forward in good faith;
 - (i) the Declaration of Trust will be amended, as necessary, to facilitate the Arrangement;
 - (j) the Arrangement is procedurally and substantively fair and reasonable overall;
 - (k) proceeding by way of a statutory plan of arrangement under section 182 of the *OBCA* is the most efficient means of completing the Arrangement, which is a complex multi-step transaction;
 - (l) certain holders of Units are resident outside of Ontario and will be served at their addresses as they appear on the books and records of the Fund as at March 6, 2018, pursuant to rule 17.02(n) of the *Rules of Civil Procedure*, O.Reg. 194 (the “*Rules*”) and the terms of any interim order granted by the Court;
 - (m) the applicant pleads and rely on section 182 of the *OBCA*, section 60 of the *Trustee Act* and Rules 14.05(2), 14.05(3), 17.02, 37 and 38 of the *Rules*; and
 - (n) the applicant pleads such further and other grounds that counsel may advise, and the Court deems appropriate.
3. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the application:
- (a) this notice of application;

- (b) such interim order as the Court may grant;
- (c) the affidavit of Brian Carney, sworn March 12, 2018, and the exhibits thereto;
- (d) a further affidavit to be sworn, reporting as to the compliance with any interim order and the results of any meeting conducted to such interim order, and the exhibits thereto; and
- (e) such further and other evidence as counsel may advise and the Court deems appropriate.

March 13, 2018

BORDEN LADNER GERVAIS LLP

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Lawyers for the Applicant

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT, R.S.O. 1990, c. B.16, AS AMENDED

CANSO SELECT OPPORTUNITIES FUND
by its trustee **LYSANDER FUNDS LIMITED**

Applicant

Court File No.:

CV-18-593845-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

NOTICE OF APPLICATION

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Lawyers for the Applicants

TOR01: 7275046: v7

**APPENDIX D
ARRANGEMENT AGREEMENT**

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is made as of the 12th day of March, 2018

AMONG:

CANSO SELECT OPPORTUNITIES FUND, a closed-end investment fund created under the laws of the Province of Ontario (the “**Fund**”)

- and -

CANSO SELECT OPPORTUNITIES CORPORATION, a corporation incorporated under the laws of the Province of Ontario (“**NewCo**”)

WHEREAS:

- (a) The Fund and NewCo wish to implement an arrangement under Section 182 of the *Business Corporations Act* (Ontario) substantially on the terms and conditions set forth in the plan of arrangement attached hereto as Exhibit A; and
- (b) The Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for the other matters relating to such arrangement.

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the Parties hereby covenant and agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 DEFINITIONS

In this Agreement (including the recitals), the following terms have the following meanings:

“**Agreement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to this arrangement agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;

“**Arrangement**” means the proposed arrangement under the provisions of Section 182 of the OBCA, on the terms and conditions set forth in the Plan of Arrangement as amended, modified or supplemented;

“**Arrangement Resolution**” means the special resolution of the Unitholders approving the Arrangement;

“**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under subsection 183(1) of the OBCA to be filed with the Director after the Final Order has been granted giving effect to the Arrangement;

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, in the Province of Ontario, for the transaction of banking business;

“**Certificate**” means the certificate which may be issued by the Director pursuant to subsection 183(2) of the OBCA giving effect to the Arrangement;

“**Class A Election**” means the election which may be submitted by a Unitholder of either Class A Units or Class F Units to receive only NewCo Class A Multiple Voting Shares (and not a combination of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares) in exchange for the Units held by such Unitholder on the Effective Date.

“**Class A Units**” means the Class A units of the Fund;

“**Class B Election**” means means the election which may be submitted by a Unitholder of either Class A Units or Class F Units to receive only NewCo Class B Subordinate Voting Shares (and not a combination of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares) in exchange for the Units held by such Unitholder on the Effective Date.

“**Class F Units**” means the Class F units of the Fund;

“**Court**” means the Ontario Superior Court of Justice;

“**Declaration of Trust**” means the declaration of trust dated as of September 25, 2013, which governs the Fund, as amended;

“**Director**” means the director appointed under Section 278 of the OBCA;

“**Effective Date**” means the date the Arrangement is effective under the OBCA;

“**Effective Time**” means 12:01 a.m. (Toronto time) on the Effective Date or such other time on the Effective Date as may be specified in writing by NewCo;

“**Final Order**” means the final order of the Court approving the Arrangement pursuant to subsection 182(5) of the OBCA, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;

“**Fund**” means the Canso Select Opportunities Fund, a closed-end investment fund created under the laws of the Province of Ontario;

“**Fund Property**” means all undertaking, property, and assets of the Fund, from time to time.

“**Information Circular**” means the management information circular of the Fund to be dated on or about March 16, 2018, together with all appendices thereto, to be distributed to Unitholders in respect of the Meeting;

“**Interim Order**” means an interim order of the Court under subsection 182(5) of the OBCA containing declarations and directions with respect to the Arrangement and the holding of the

Meeting, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;

“**Manager**” means Lysander Funds Limited in its capacity as the manager of the Fund;

“**Meeting**” means the special meeting of the Unitholders to be held on April 12, 2018, and any adjournment(s) thereof, to, among other things, consider and vote on the Arrangement Resolution;

“**NewCo**” means Canso Select Opportunities Corporation, a corporation incorporated under the laws of the Province of Ontario;

“**NewCo Class A Multiple Voting Shares**” means the Class A multiple voting shares in the capital of NewCo;

“**NewCo Class B Subordinate Voting Shares**” means the Class B subordinate voting shares in the capital of NewCo;

“**NewCo Securities**” means, collectively, the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares;

“**OBCA**” means the *Business Corporations Act*, R.S.O. 1990, c. B-16, including the regulations promulgated thereunder, in either case as amended;

“**Party**” means a party to this Agreement;

“**Person**” means and includes individuals, corporations, partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities, and governments, agencies and political subdivisions thereof;

“**Plan of Arrangement**” means the plan of arrangement attached hereto as Exhibit A, as amended, modified or supplemented from time to time in accordance with the terms thereof;

“**Trustee**” means Lysander Funds Limited in its capacity as the trustee of the Fund;

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

“**TSXV**” means the TSX Venture Exchange;

“**Units**” means, collectively, the Class A Units and the Class F Units; and

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

1.2 CURRENCY

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

1.3 INTERPRETATION NOT AFFECTED BY HEADINGS

The division of this Agreement into articles, sections and schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 ARTICLE REFERENCES

Unless reference is specifically made to some other document or instrument, all references herein to articles, sections and schedules are to articles, sections and schedules of this Agreement.

1.5 EXTENDED MEANINGS

Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa and words importing any gender shall include all genders.

1.6 ENTIRE AGREEMENT

This Agreement, together with Exhibit A attached hereto, constitutes the entire agreement among the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof.

1.7 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable in Ontario and shall be treated in all respects as an Ontario contract.

1.8 EXHIBIT

Exhibit A annexed to this Agreement, being the Plan of Arrangement, is incorporated by reference into this Agreement and forms a part hereof.

ARTICLE 2 **THE ARRANGEMENT**

2.1 ARRANGEMENT

As soon as reasonably practicable, the Parties shall apply to the Court pursuant to Section 182 of the OBCA for an order approving the Arrangement and in connection with such application shall:

- (a) forthwith file, proceed with and prosecute an application for an Interim Order under Section 182 of the OBCA providing for, among other things, the calling and holding of the Meeting for the purpose of considering and, if thought advisable, approving the Arrangement Resolution; and
- (b) subject to obtaining all necessary approvals as contemplated in the Interim Order and as may be directed by the Court in the Interim Order, take steps necessary to submit the Arrangement to the Court and apply for the Final Order.

Subject to satisfaction or waiver of the conditions set forth herein, NewCo shall deliver to the Director, Articles of Arrangement and such other documents as may be required to give effect to the Arrangement, and the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

2.2 EFFECTIVE DATE

The Arrangement shall become effective at the Effective Time on the Effective Date.

ARTICLE 3 **COVENANTS**

3.1 COVENANTS OF THE FUND

The Fund covenants and agrees that it will:

- (a) take all reasonable actions necessary to give effect to the transactions contemplated by this Agreement and the Arrangement;
- (b) use all reasonable efforts to obtain all consents, exemptions, approvals, assignments, waivers and amendments to or terminations of any instruments considered necessary or desirable by the Parties and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (c) to the extent applicable to it, solicit proxies to be voted at the Meeting in favour of the Arrangement Resolution and prepare the Information Circular and proxy solicitation materials and any amendments, modifications or supplements thereto as required by, and in compliance with, the Interim Order, and applicable corporate and securities laws, the Declaration of Trust, and file and distribute the same to the Unitholders in a timely and expeditious manner in all jurisdictions where the same are required to be filed and distributed;
- (d) to the extent applicable to it, convene the Meeting as contemplated by the Interim Order and conduct such Meeting in accordance with the Interim Order and as otherwise required by law and the Declaration of Trust;
- (e) use all reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date;
- (f) subject to the approval of the Arrangement Resolution by the Unitholders, as required by the Interim Order, submit the Arrangement to the Court and apply, together with NewCo, for the Final Order;
- (g) to the extent applicable to it, carry out the terms of the Final Order;
- (h) to the extent applicable to it, upon issuance of the Final Order and subject to the conditions precedent in Article 5, proceed to file the Articles of Arrangement, the

Final Order and all related documents with the Director pursuant to subsection 183 of the OBCA;

- (i) subject to Section 7.3, not perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated by this Agreement;
- (j) in the case of the Fund:
 - (i) prior to the Effective Date, make application for approval of the listing on the TSXV of the NewCo Securities to be issued or to become issuable pursuant to the Arrangement;
 - (ii) prior to the Effective Date, make application for approval of the voluntary delisting of the Class A Units of the Fund from the TSX, such voluntary delisting to be effective prior to the exchange of Units for NewCo Securities on the Effective Date; and
 - (iii) after the Effective Date, make application to cease to be a reporting issuer in all jurisdictions in which it is currently a reporting issuer.

3.2 COVENANTS OF NEWCO

NewCo covenants and agrees that it will:

- (a) take all reasonable actions necessary to give effect to the transactions contemplated by this Agreement and the Arrangement;
- (b) use all reasonable efforts to obtain all consents, exemptions, approvals, assignments, waivers and amendments to or terminations of any instruments considered necessary or desirable by the Parties and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (c) until the Effective Date, other than as contemplated herein, in the Plan of Arrangement or in the Information Circular, not carry on any business or enter into any transaction without the prior written consent of the Fund, as evidenced by a resolution of the Trustee;
- (d) until the Effective Date, not issue any securities or enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities, except to the Fund;
- (e) use all reasonable efforts to cause each of the conditions precedent set forth in Article 5 which are within its control to be satisfied on or before the Effective Date;

- (f) subject to approval of the Arrangement Resolution by Unitholders, as required by the Interim Order, submit the Arrangement to the Court and apply, in conjunction with each of the other Parties, for the Final Order;
- (g) to the extent applicable to it, carry out the terms of the Final Order;
- (h) upon issuance of the Final Order and subject to the conditions precedent in Article 5, proceed to file the Articles of Arrangement, the Final Order and all related documents with the Director pursuant to Section 183 of the OBCA;
- (i) reserve and authorize for issuance the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares issuable pursuant to the Arrangement; and
- (j) prior to the Effective Date, cooperate with the Fund in making the application for approval of the listing on the TSXV of the NewCo Securities to be issued or to become issuable pursuant to the Arrangement.

3.3 AMENDMENT OF DECLARATION OF TRUST

The Parties agree that, pursuant to the Arrangement, the Declaration of Trust will be amended in a manner satisfactory to the Fund and NewCo, in each case acting reasonably, if and as necessary to facilitate and implement the Arrangement.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 REPRESENTATIONS AND WARRANTIES OF THE FUND

The Fund represents and warrants to and in favour of NewCo as follows, and acknowledges that NewCo is relying upon such representations and warranties:

- (a) the Fund is an unincorporated trust established under the laws of the Province of Ontario and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and, subject to the approval of the Arrangement Resolution, the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the Declaration of Trust;
- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the Trustee of the Fund and this Agreement constitutes a valid and binding obligation of the Fund enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of the Fund,

contemplated or threatened against or affecting the Fund in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of the Fund, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of the Fund taken as a whole; and

- (e) as at February 28, 2018, there were 3,233,097 Class A Units and 291,041 Class F Units issued and outstanding and, except as may be contemplated by this Agreement and the Plan of Arrangement, there is no obligation, contractual or otherwise, of the Fund to issue any Units or other securities.

4.2 REPRESENTATIONS AND WARRANTIES OF NEWCO

NewCo represents and warrants to and in favour of the Fund as follows, and acknowledges that the Fund is relying upon such representations and warranties:

- (a) NewCo is a corporation incorporated under the laws of the Province of Ontario and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby and thereby do not and will not result in the breach of, or violate any term or provision of, the articles of incorporation of NewCo;
- (c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the directors of NewCo and this Agreement constitutes a valid and binding obligation of NewCo enforceable against it in accordance with its terms;
- (d) except as may be set out in the Information Circular, there are no actions, suits, proceedings, claims or investigations commenced or, to the knowledge of NewCo, contemplated or threatened against or affecting NewCo in law or in equity before or by any domestic or foreign government department, commission, board, bureau, court, agency, arbitrator, or instrumentality of any kind, nor, to the knowledge of NewCo, are there any facts which may reasonably be expected to be a proper basis for any actions, suits, proceedings, claims or investigations which in any case would prevent or hinder the completion of the transactions contemplated by this Agreement or which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or affairs, financial or otherwise, of NewCo taken as a whole; and
- (e) on the date hereof, there is one (1) NewCo Class A Multiple Voting Share in the capital of NewCo issued and outstanding and, except as may be contemplated by

this Agreement and the Plan of Arrangement, there is no obligation, contractual or otherwise, of NewCo to issue any NewCo Securities or other securities.

ARTICLE 5
CONDITIONS PRECEDENT

5.1 MUTUAL CONDITIONS PRECEDENT

The respective obligations of the Parties to complete the transactions contemplated by this Agreement shall be subject to the fulfillment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived collectively by them without prejudice to their right to rely on any other condition:

- (a) the Interim Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, not later than March 16, 2018 or such later date as the Parties may agree and shall not have been set aside or modified in a manner unacceptable to such Parties on appeal or otherwise;
- (b) the independent review committee of the Fund shall have provided a positive recommendation with respect to the Arrangement;
- (c) the Arrangement Resolution shall have been approved by the requisite number of votes cast by the Unitholders at the Meeting in accordance with the provisions of the Interim Order and any applicable regulatory requirements;
- (d) the amendment of the Declaration of Trust, to the extent necessary to facilitate the Arrangement, shall have been approved by the Unitholders;
- (e) the Court shall have determined that the terms and conditions of the Arrangement are procedurally and substantively fair to those to whom NewCo Securities will be issued;
- (f) the Final Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, not later than December 31, 2018 or such later date as the Parties may agree;
- (g) the Articles of Arrangement and all necessary related documents, in form and substance satisfactory to the Parties, acting reasonably, shall have been accepted for filing by the Director together with the Final Order in accordance with subsection 183 of the OBCA;
- (h) no material action or proceeding shall be pending or threatened by any Person and there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:

- (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or
 - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein;
- (i) all material third party and regulatory consents, exemptions and approvals considered necessary or desirable by the Parties with respect to the transactions contemplated under the Arrangement shall have been completed or obtained including, without limitation, consents, exemptions and approvals from applicable securities regulatory authorities and under the rules or policies of the TSX and the TSXV; and
 - (j) subject only to the filing of required documents which cannot be filed prior to the Effective Date, the TSXV shall have conditionally approved the listing of the NewCo Securities to be issued or to become issuable pursuant to the Arrangement.

5.2 ADDITIONAL CONDITIONS TO OBLIGATIONS OF THE FUND

In addition to the conditions contained in Section 5.1, the obligation of the Fund to complete the transactions contemplated by this Agreement is subject to the fulfillment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived by the Fund without prejudice to its right to rely on any other condition:

- (a) each of the covenants, acts and undertakings of NewCo to be performed or complied with on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed or complied with; and
- (b) the board of directors of NewCo shall not have determined in its sole and absolute discretion that to proceed with the Arrangement would not be in the best interests of NewCo.

5.3 ADDITIONAL CONDITIONS TO OBLIGATIONS OF NEWCO

In addition to the conditions contained in Section 5.1, the obligation of NewCo to complete the transactions contemplated by this Agreement is subject to the fulfillment or satisfaction, on or before the Effective Date, of the following condition, which may be waived by NewCo without prejudice to its right to rely on any other condition:

- (a) each of the covenants, acts and undertakings of the Fund to be performed or complied with on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed or complied with; and
- (b) the Trustee shall not have determined in its sole and absolute discretion that to proceed with the Arrangement would not be in the best interests of the Unitholders and the Fund, respectively

5.4 NOTICE AND EFFECT OF FAILURE TO COMPLY WITH CONDITIONS

If any of the conditions precedent set forth in Sections 5.1, 5.2 or 5.3 hereof shall not be satisfied or waived by the Party or Parties for whose benefit such conditions are provided on or before the date required for the satisfaction thereof, then a Party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at law or equity, rescind and terminate this Agreement; provided that, prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, the Party intending to rely thereon has delivered a written notice to the other Party, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-satisfaction of the applicable conditions precedent and the Party in breach shall have failed to cure such breach within ten (10) Business Days of receipt of such written notice thereof (except that no cure period shall be provided for a breach which by its nature cannot be cured). More than one such notice may be delivered by a Party.

5.5 SATISFACTION OF CONDITIONS

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the OBCA to give effect to the Arrangement.

ARTICLE 6 **AMENDMENT AND TERMINATION**

6.1 AMENDMENTS

This Agreement may, at any time and from time to time before or after the Meeting, be amended in any respect whatsoever by written agreement of the Parties without further notice to or authorization on the part of their respective securityholders; provided that any such amendment that changes the consideration to be received by the Unitholders, pursuant to the Arrangement must be brought to the attention of the Court and is subject to such requirements as may be ordered by the Court.

6.2 TERMINATION

This Agreement shall be terminated in each of the following circumstances:

- (a) the mutual agreement of the Parties;
- (b) the Arrangement shall not have become effective on or before January 1, 2019, or such later date as may be agreed to by the Parties; and
- (c) termination of this Agreement under section 5.4 hereof.

ARTICLE 7
GENERAL

7.1 BINDING EFFECT

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.

7.2 NO ASSIGNMENT

No Party may assign its rights or obligations under this Agreement.

7.3 EXCLUSIVITY

None of the covenants of the Fund and NewCo contained herein shall prevent the Trustee of the Fund or the board of directors of NewCo from responding as required by law to any unsolicited submission or proposal regarding any acquisition or disposition of assets or any unsolicited proposal to amalgamate, merge or effect an arrangement, reorganization or similar transaction or any unsolicited acquisition proposal generally or make any disclosure to its securityholders with respect thereto which in the judgment of the Trustee of the Fund or the board of directors of NewCo acting upon the advice of counsel, is required under applicable law.

7.4 ISSUANCE OF NEW SECURITIES PRIOR TO THE EFFECTIVE DATE

None of the covenants of the Fund contained herein shall prevent the Fund from issuing additional Units, whether of an existing series or not, or rights to acquire such securities. None of the covenants of NewCo contained herein shall prevent NewCo from issuing additional NewCo Class A Multiple Voting Shares, NewCo Class B Subordinate Voting Shares or non-voting preferred shares in the capital of NewCo.

7.5 EQUITABLE REMEDIES

All representations, warranties and covenants herein or to be given hereunder as to enforceability in accordance with the terms of any covenant, agreement or document shall be qualified as to applicable bankruptcy and other laws affecting the enforcement of creditors' rights generally and to the effect that specific performance, being an equitable remedy, may only be ordered at the discretion of the court.

7.6 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

The representations and warranties contained herein shall survive the performance by the Parties of their respective obligations hereunder for a period of one year.

7.7 SEVERABILITY

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining

provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

7.8 FURTHER ASSURANCES

Each Party shall, from time to time and at all times hereafter, at the request of another Party, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

7.9 TIME OF ESSENCE

Time shall be of the essence.

7.10 LIABILITY OF THE FUND

Each of the Parties acknowledges that the Trustee of the Fund is entering into this Agreement solely in their capacity as trustee, on behalf of the Fund, and the obligations of the Fund shall not be binding upon the Trustee or the directors or officers of the Trustee, and that any recourse against the Fund or the Trustee in any manner in respect of any indebtedness, obligation or liability of the Fund arising hereunder or arising in connection herewith or from the matters to which this Agreement relates, if any, including without limitation claims based on negligence or otherwise tortious behaviour, shall be limited to, and satisfied only out of, the Fund Property.

7.11 COUNTERPARTS

This Agreement may be executed in counterparts, in original, facsimile or electronic form, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed and delivered by the Parties effective as of the date first above written.

LYSANDER FUNDS LIMITED, in its
capacity as Trustee and Manager of **CANSO
SELECT OPPORTUNITIES FUND**

Per: (signed) "Timothy Hicks"
Name: Timothy Hicks
Title: Director and Chief Investment
Officer

**CANSO SELECT OPPORTUNITIES
CORPORATION**

Per: (signed) "Brian Carney"
Name: Brian Carney
Title: Chief Executive Officer

EXHIBIT A

PLAN OF ARRANGEMENT UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT (ONTARIO)*

ARTICLE 1 INTERPRETATION

- 1.1 In this Plan of Arrangement, the following terms have the following meanings:
- (a) “**Arrangement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to the arrangement pursuant to Section 182 of the OBCA set forth in this Plan of Arrangement as amended, modified or supplemented, and not to any particular article, section or other portion hereof;
 - (b) “**Arrangement Agreement**” means the agreement dated as of March 12, 2018, between the Fund and NewCo with respect to the Arrangement and all amendments thereto;
 - (c) “**Arrangement Resolution**” means the special resolution of the Unitholders approving the Arrangement;
 - (d) “**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under subsection 183(1) of the OBCA to be filed with the Director after the Final Order has been granted giving effect to the Arrangement;
 - (e) “**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, in the Province of Ontario, for the transaction of banking business;
 - (f) “**CDS**” means CDS Clearing and Depository Services Inc.;
 - (g) “**Certificate**” means the certificate which may be issued by the Director pursuant to subsection 183(2) of the OBCA giving effect to the Arrangement;
 - (h) “**Class A Election**” means the election which may be submitted by a Unitholder of either Class A Units or Class F Units to receive only NewCo Class A Multiple Voting Shares (and not a combination of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares) in exchange for the Units held by such Unitholder on the Effective Date;
 - (i) “**Class A Units**” means the Class A units of the Fund;
 - (j) “**Class B Election**” means the election which may be submitted by a Unitholder of either Class A Units or Class F Units to receive only NewCo Class B Subordinate Voting Shares (and not a combination of NewCo Class A Multiple Voting Shares

and NewCo Class B Subordinate Voting Shares) in exchange for the Units held by such Unitholder on the Effective Date.

- (k) “**Class F – Class A NAV Ratio**” means the quotient of the Net Asset Value per Unit of the Class F Units divided by the Net Asset Value per Unit of Class A Units, in each case determined as of the Determination Time;
- (l) “**Class F Units**” means the Class F units of the Fund;
- (m) “**Court**” means the Ontario Superior Court of Justice;
- (n) “**Declaration of Trust**” means the declaration of trust dated as of September 25, 2013, which governs the Fund;
- (o) “**Determination Time**” means the close of business on the trading day immediately preceding the Effective Date;
- (p) “**Director**” means the director appointed under section 278 of the OBCA;
- (q) “**Effective Date**” means the date the Arrangement is effective under the OBCA;
- (r) “**Effective Time**” means 12:01 a.m. (Toronto time) on the Effective Date or such other time on the Effective Date as may be specified in writing by NewCo;
- (s) “**Final Order**” means the final order of the Court approving the Arrangement pursuant to subsection 182(5) of the OBCA, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;
- (t) “**Fund**” means Canso Select Opportunities Fund, a closed-end investment fund created under the laws of the Province of Ontario;
- (u) “**Interim Order**” means an interim order of the Court under subsection 182(5) of the OBCA containing declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;
- (v) “**Meeting**” means the special meeting of the Unitholders to be held on April 12, 2018, and any adjournment(s) thereof, to, among other things, consider and vote on the Arrangement Resolution;
- (w) “**Net Asset Value per Unit**” means, in respect of Class A Units and Class F Units, the portion of the net asset value of the Fund as determined in accordance with the Declaration of Trust allocated to the Units of such class divided by the total number of Units of such class outstanding, in each case on the date on which the calculation is being made;
- (x) “**NewCo**” means Canso Select Opportunities Corporation, a corporation incorporated under the laws of the Province of Ontario;

- (y) “**NewCo Class A Multiple Voting Shares**” means the Class A common shares in the capital of NewCo;
 - (z) “**NewCo Class B Subordinate Voting Shares**” means the Class B common shares in the capital of NewCo;
 - (aa) “**NewCo Securities**” means, collectively, the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares;
 - (bb) “**OBCA**” means the *Business Corporations Act*, R.S.O. 1990, c. B-16, including the regulations promulgated thereunder, in either case as amended;
 - (cc) “**Party**” means a party to the Arrangement Agreement;
 - (dd) “**Person**” means and includes individuals, corporations, partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities, and governments, agencies and political subdivisions thereof;
 - (ee) “**Plan of Arrangement**” means this plan of arrangement;
 - (ff) “**TSX**” means the Toronto Stock Exchange;
 - (gg) “**TSXV**” means the TSX Venture Exchange;
 - (hh) “**Units**” means, collectively, the Class A Units and the Class F Units; and
 - (ii) “**Unitholders**” means, collectively, the holders of Units.
- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; and words importing any gender shall include all genders.
- 1.5 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

ARTICLE 2

ARRANGEMENT AGREEMENT

- 2.1 This Plan of Arrangement is made pursuant to, and is subject to the provisions of, and forms part of, the Arrangement Agreement.

- 2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, if any, shall become effective on, and be binding on and after, the Effective Time on: (i) the Unitholders; (ii) the Fund; and (iii) NewCo.
- 2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence set out therein.
- 2.4 Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any Party or Person until the Effective Time. Furthermore, each of the events listed in Article 3 shall be, without affecting the timing set out in Article 3, mutually conditional, such that no event described in said Article 3 may occur without all steps occurring, and those events shall effect the integrated transaction which constitutes the Arrangement.

ARTICLE 3 **ARRANGEMENT**

- 3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order, without any further act or formality except as otherwise provided herein:

Amendment of the Declaration of Trust

- (a) the Declaration of Trust shall be amended:
- (i) to replace Lysander Funds Limited as Trustee of the Fund with individual trustees;
 - (ii) to the extent necessary to provide for the dissolution of the Fund; and
 - (iii) otherwise to the extent necessary to facilitate the Arrangement as provided herein;

Exchange of Units for NewCo Securities

- (b) simultaneously, the following transactions will occur:
- (i) the Class A Units held by Unitholders shall be transferred to NewCo, free and clear of any claims, solely in consideration for the issuance to the Unitholder, for each Class A Unit so transferred, of:
 - A. in the case of Unitholders who did not submit either a Class A Election or a Class B Election prior to the Election Deadline, one NewCo Class A Multiple Voting Share and one NewCo Class B Subordinate Voting Share;

- B. in the case of Unitholders who submitted a Class A Election prior to the Election Deadline, two NewCo Class A Multiple Voting Shares; and
 - C. in the case of Unitholders who submitted a Class B Election prior to the Election Deadline, two NewCo Class B Subordinate Voting Shares;
- (ii) the Class F Units held by Unitholders shall be transferred to NewCo, free and clear of any claims, solely in consideration for the issuance to the Unitholder, for each Class F Unit so transferred, of:
- A. in the case of Unitholders who did not submit either a Class A Election or a Class B Election prior to the Election Deadline, a number of NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares equal to the Class F – Class A NAV Ratio;
 - B. in the case of Unitholders who submitted a Class A Election prior to the Election Deadline, that number of NewCo Class A Multiple Voting Shares that is equal to two times the Class F – Class A NAV Ratio; and
 - C. in the case of Unitholders who submitted a Class B Election prior to the Election Deadline, that number of NewCo Class B Subordinate Voting Shares that is equal to two times the Class F – Class A NAV Ratio;
- (iii) no fractional shares of NewCo will be issued to Unitholders in exchange for Units. The total number of NewCo Class A Multiple Voting Shares or Class B Subordinate Voting Shares to be issued to any Unitholder shall be rounded up to the nearest whole share in the event that such Unitholder would otherwise be entitled to a fractional share representing 0.5 or more of a NewCo Class A Multiple Voting Share or Class B Subordinate Voting Share, and shall, without additional compensation, be rounded down to the nearest whole NewCo Class A Multiple Voting Share or Class B Subordinate Voting Share in the event that such Unitholder would otherwise be entitled to a fractional share representing less than 0.5 of a NewCo Class A Multiple Voting Share or Class B Subordinate Voting Share;
- (iv) any NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares issued prior to the Arrangement will be cancelled;

Stated Capital of NewCo

- (c) there shall be added to the separate stated capital accounts maintained for the NewCo Class A Multiple Voting Shares and the NewCo Class B Subordinate Voting Shares such amounts as are determined by the directors of NewCo in accordance with Section 24(2) of the OBCA in respect of the NewCo Class A Multiple Voting Shares and NewCo Class B Subordinate Voting Shares issued under the Arrangement, and NewCo shall be authorized to subsequently reduce its stated capital in an amount determined by the directors of NewCo, in respect of

which no amount is distributed to the shareholders of NewCo, as contemplated by Section 34(1)(b)(ii)(B) of the OBCA.

- 3.2 Upon the exchange of Units for NewCo Securities, pursuant to Section 3.1:
- (a) each former Unitholder shall cease to be the holder of the Units so exchanged and the name of each such former Unitholder shall be removed from the register of Units and NewCo shall become the sole holder of the Units and shall be added to the register of Units as the sole owner of the Units; and
 - (b) each such Unitholder shall become the holder of the NewCo Securities issuable in exchange for the Units previously held by such Unitholder and the Unitholder shall be added to the register of holders of NewCo Class A Multiple Voting Shares and/or NewCo Class B Subordinate Voting Shares in respect thereof, as applicable.
- 3.3 Following a transitional period, the Fund shall be dissolved and its assets shall be distributed to, and its liabilities shall be assumed by, NewCo.

ARTICLE 4
OUTSTANDING CERTIFICATES AND FRACTIONAL SECURITIES

- 4.1 From and after the Effective Time, any certificates formerly representing Units shall represent only the right to receive NewCo Class A Multiple Voting Shares and/or NewCo Class B Subordinate Voting Shares, as applicable, in exchange therefor as provided in this Plan of Arrangement.
- 4.2 Registration of interests in and transfers of the NewCo Securities will be made only through the book-entry only system administered by CDS. On or about the Effective Date, NewCo will deliver to CDS one or more certificates evidencing the aggregate number of NewCo Class A Multiple Voting Shares and the aggregate number of NewCo Class B Subordinate Voting Shares issued in connection with the Arrangement, provided that NewCo may terminate the use of the book-entry only system at any time.
- 4.3 If any certificate which immediately prior to the Effective Time represented an interest in outstanding Class F Units that were transferred pursuant to Section 3.1 hereof has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to have been lost, stolen or destroyed, the former registered holder thereof in the register of Units, shall, as a condition precedent to the receipt of any NewCo Class A Multiple Voting Shares or NewCo Class B Subordinate Voting Shares, as applicable, to be issued to such Person, provide to NewCo and the Fund, as applicable, a bond, in form and substance satisfactory to NewCo, or otherwise indemnify NewCo and the Fund to their satisfaction, in their sole and absolute discretion, against any claim that may be made against them with respect to the certificate alleged to have been lost, stolen or destroyed.

ARTICLE 5
AMENDMENTS

- 5.1 Subject to Sections 5.2, 5.3 and 5.4, the Fund and NewCo may amend this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) approved by the other Parties to the Arrangement Agreement; and (iii) filed with the Court.
- 5.2 Any amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time by the Fund and NewCo without the approval of the Court or the Unitholders, provided that it concerns a matter which, in the reasonable opinion of the Fund and NewCo, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of any former Unitholder.
- 5.3 Subject to Section 6.2, any amendment to this Plan of Arrangement may be proposed by the Fund and NewCo at any time prior to or at the Meeting (provided that the other Parties to the Arrangement Agreement shall have consented thereto) with or without any prior notice or communication to Unitholders, and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 5.4 Subject to Section 6.2, the Fund and NewCo may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting and prior to the Effective Time with the approval of the Court and, if and as required by the Court, after communication to the Unitholders.

ARTICLE 6
GENERAL

- 6.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.
- 6.2 If, prior to the Effective Date, any term or provision of this Plan of Arrangement is held by the Court to be invalid, void or unenforceable, the Court, at the request of any Parties, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan of Arrangement shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

6.3 This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan of Arrangement and all proceedings taken in connection with this Plan of Arrangement and its provisions shall be subject to the exclusive jurisdiction of the Court.

APPENDIX E
BOARD MANDATE

CANSO SELECT OPPORTUNITIES CORPORATION
(the “**Corporation**”)

1. The Board of Directors of the Corporation (“**Board**”) is responsible for:
 - (a) stewardship of the Corporation;
 - (b) supervising the management of the business and affairs of the Corporation; and
 - (c) providing leadership to the Corporation by practicing responsible, sustainable and ethical decision making.
2. The Board has the responsibility to:
 - (a) act honestly and in good faith with a view to the best interests of the Corporation;
 - (b) exercise the care, diligence and skill that a reasonably prudent Board would exercise in comparable circumstances; and
 - (c) direct management to ensure legal, regulatory and exchange requirements applicable to the Corporation have been met.
3. To be considered for nomination and election to the Board, directors must demonstrate integrity and high ethical standards in their business dealings, their personal affairs and in the discharge of their duties to and on behalf of the Corporation.
4. The Board is responsible to:
 - (a) meet in person, or in exceptional circumstances by telephone conference call, at least once each quarter and as often thereafter as required to discharge the duties of the Board;
 - (b) hold meetings of the independent directors without management and non-independent directors present; and
 - (c) comply with the position description applicable to individual directors.
5. The Board is responsible to annually select a member of the Board to serve as Board Chair.
6. The Board Chair shall:
 - (a) provide leadership to the directors;
 - (b) manage the affairs of the Board; and
 - (c) ensure that the Board functions effectively in fulfillment of its duties to the Corporation.

7. The Board is responsible to:
- (a) establish such committees of the Board as are required by applicable law and as are necessary to effectively discharge the duties of the Board;
 - (b) appoint directors to serve as members of each committee;
 - (c) appoint a chair of each committee to:
 - (i) provide leadership to the committee;
 - (ii) manage the affairs of the committee; and
 - (iii) ensure that the committee functions effectively in fulfilling its duties to the Board and the Corporation; and
 - (d) regularly receive and consider reports and recommendations of each committee, in particular:
 - (i) Audit Committee reports and recommendations, particularly with respect to the Corporation's annual audit; and
 - (ii) Investment Committee recommendations regarding investment opportunities presented to it by the Corporation's management.
8. The Board is responsible to:
- (a) select and appoint the Chief Executive Officer (the “**CEO**”) and establish CEO goals and objectives, and evaluate CEO performance;
 - (b) assist the CEO to select and appoint executive officers, establish executive officers' goals and objectives and monitor their performance;
 - (c) maintain a succession plan for the replacement of the CEO and other executive officers; and
 - (d) to the extent feasible, to satisfy itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Corporation.
9. The Board is responsible to:
- (a) annually review and either approve or require revisions to the mandates of the Board and each Board committee, position descriptions, the code of business conduct and ethics (the “**Code**”) and all other policies of the Corporation (collectively the “**Governance Documents**”);
 - (b) take reasonable steps to satisfy itself that each director, the CEO and the executive officers are:
 - (i) performing their duties ethically;

- (ii) conducting business on behalf of the Corporation in accordance with the requirements and the spirit of the Governance Documents;
 - (iii) fostering a culture of integrity throughout the Corporation; and
 - (c) arrange, on the advice of the Audit Committee, for the Governance Documents to be publicly disclosed.
10. The Board is responsible, with the assistance of the Audit Committee, to:
- (a) approve and implement a disclosure policy which provides for disclosure and communications practices governing the Corporation; and
 - (b) approve and maintain a process for the Corporation's stakeholders to contact the independent directors directly with concerns and questions regarding the Corporation.
11. The Board is responsible for:
- (a) reviewing departures from the Code;
 - (b) providing or denying waivers from the Code; and
 - (c) disclosing departures from the Code including by filing required material change reports for material departures from the Code containing:
 - (i) the date of the departure;
 - (ii) the parties involved;
 - (iii) the reason why the Board has or has not sanctioned the departure; and
 - (iv) any measures taken to address or remedy the departure.
12. The Board has the duty to:
- (a) adopt a strategic planning process for increasing shareholder value, annually approve a strategic plan, and regularly monitor the Corporation's performance against its strategic plan;
 - (b) approve capital and operating budgets to implement the strategic plan;
 - (c) conduct periodic reviews of the Corporation's resources, risks, and regulatory constraints and opportunities to facilitate the strategic plan; and
 - (d) evaluate management's analysis of the strategies of existing and potential competitors and their impact, if any, on the Corporation's strategic plan.

13. The Board has the duty to:
 - (a) adopt a process to identify business risks and ensure appropriate systems to manage risks; and
 - (b) together with the Audit Committee, ensure policies and procedures are in place and are effective to maintain the integrity of the Corporation's:
 - (i) disclosure controls and procedures;
 - (ii) internal controls over financial reporting; and
 - (iii) management information systems.
14. The Board has the duty to:
 - (a) review and on the advice of the Audit Committee, approve, prior to their public dissemination:
 - (i) interim and annual financial statements and notes thereto;
 - (ii) managements' discussion and analysis of financial condition and results of operations;
 - (iii) relevant sections of the annual report, annual information form and management information circular containing financial information;
 - (iv) forecasted financial information and forward looking statements; and
 - (v) all press releases and other documents in which financial statements, earnings forecasts, results of operations or other financial information is disclosed; and
 - (b) approve dividends and distributions, material financings, transactions affecting authorized capital or the issue and repurchase of shares and debt securities, and all material divestitures and acquisitions.
15. The Board has access to all books, records, facilities and personnel of the Corporation necessary for the discharge of its duties.
16. The Board has the power, at the expense of the Corporation, to retain, instruct, compensate and terminate independent advisors to assist the Board in the discharge of its duties.

APPENDIX F
AUDIT COMMITTEE CHARTER

CANSO SELECT OPPORTUNITIES CORPORATION

1. Objectives

The Audit Committee (the “**Committee**”) is appointed by the board of directors (the “**Board**”) of Canso Select Opportunities Corporation (the “**Corporation**”) to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting issues and issues relating to the appointment and review of the external auditor for the Corporation.

The Committee acknowledges the corporate governance guidelines issued by the Canadian Securities Administrators in National Instrument 58-101 *Disclosure of Corporate Governance Practices* and National Policy 58-201 *Corporate Governance Guidelines*, and other regulatory provisions as they pertain to financial reporting and accounting matters. The objective of the Committee is to review, monitor and promote appropriate accounting practices of the Corporation.

The Committee is responsible for assisting the Board in relation to:

- (a) Overseeing the work of the external auditor, including the resolution of any disagreements between the external auditor and management.
- (b) Reviewing and approving any proposed hiring of any current or former partner or employee of the current and former external auditor of the Corporation.
- (c) Establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (d) Reviewing and approving the annual and interim financial statements and other financial information provided by the Corporation at its discretion to any regulatory authority, stock exchange or the public before such information is disclosed publicly.
- (e) Satisfying itself that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information, extracted or derived from its financial statements, other than as described in (d) above, including periodically assessing the adequacy of such procedures.

The Committee’s oversight role regarding compliance systems shall not include responsibility for the Corporation’s actual compliance with applicable laws and regulations.

The Committee will continuously review and modify this Charter with regards to, and to reflect changes in, the business environment, industry standards on matters of financial reporting and accounting, additional standards which the Committee believes may be applicable to the Corporation’s business, the location of the Corporation’s business and its shareholders and the application of laws and policies.

2. Composition

The Committee shall be comprised of a minimum three directors as determined by the Board, a majority of whom shall not be officers or employees of the Corporation or any of its affiliates.

All members of the Committee shall be financially literate as deemed appropriate by the Board.

The members of the Committee shall be elected by the Board at its first meeting following the annual shareholders' meeting or until their successors are duly elected. Unless a chairperson ("**Chair**") is elected by the full Board, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

3. Meetings and Minutes

(a) Scheduling

The Committee will meet as often as it determines is necessary to fulfill its responsibilities, which in any event will be not less than quarterly. A meeting of the Committee may be called by the external auditor, the Chair of the Committee, the Chair, the Chief Executive Officer, the Chief Financial Officer or any Committee member.

Meetings will be held at a location determined by the Chair of the Committee and notice shall be given in accordance with the provisions of the Corporation's bylaws.

(b) Notice to External Auditor

The external auditor is entitled to receive notice of every meeting of the Committee at the discretion of the Board and to attend and be heard thereat and, if so requested by a member of the Committee, shall, at the expense of the Corporation, attend any meeting of the Committee held during the term of office of the external auditor.

(c) Agenda

The Chair of the Committee will establish the agenda for each meeting. Any member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any meeting raise subjects that are not on the agenda for the meeting.

(d) Distribution of Information

The Chair of the Committee will distribute, or cause the officers of the Corporation to distribute, an agenda and meeting materials in advance of each meeting to allow members sufficient time to review and consider the matters to be discussed.

(e) Attendance and Participation

Each member is expected to attend all meetings. A member who is unable to attend a meeting in person may participate by telephone or teleconference.

(f) Quorum

A majority of the members will constitute a quorum for any meeting of the Committee.

(g) Voting and Approval

At meetings of the Committee, each member will be entitled to one vote and questions will be decided by a majority of votes. In case of an equality of votes, the Chair of the Committee will not have a second or casting vote in addition to his or her original vote.

(h) Procedures

Procedures for Committee meetings will be determined by the Chair of the Committee or a resolution of the Committee or the Board.

(i) Transaction of Business

The powers of the Committee may be exercised at a meeting where a quorum is present in person or by telephone or other electronic means, or by resolution in writing signed by all members entitled to vote on that resolution at a meeting of the Committee.

(j) Absence of Chair of the Committee

In the absence of the Chair of the Committee at a meeting of the Committee, the members in attendance must select one of them to act as Chair of that meeting.

(k) Secretary

The Committee may appoint one of its members or any other person to act as secretary.

(l) Minutes of Meetings

The secretary, and if the secretary is not in attendance at a meeting, then a person designated by the Chair of the Committee at such meeting, will keep minutes of the proceedings of the Committee and the Chair will cause an officer of the Corporation to circulate copies of the minutes to each member on a timely basis.

4. Scope, Duties and Responsibilities

The Committee is responsible for performing the duties set out below as well as any other duties at any time required by law to be performed by the Committee or otherwise delegated to the Committee by the Board:

(a) Appointment and Review of the External Auditor

The external auditor is ultimately accountable to the Committee and reports directly to the Committee. Accordingly, the Committee will evaluate and be responsible for the Corporation's relationship with the external auditor. Specifically, the Committee will:

- (i) elect, evaluate and recommend an external auditor to the Board for appointment or reappointment, as the case may be, by the Corporation's shareholders and make recommendations with respect to the external auditor's compensation;
- (ii) review and approve the external auditor's engagement letter;
- (iii) resolve any disagreements between senior management and the external auditor regarding financial reporting;
- (iv) at least annually, obtain and review a report by the external auditor describing:
 - (1) the external auditor's internal quality-control procedures, including the safeguarding of confidential information;

(2) any material issues raised by such procedures, or the review of the external auditor by an independent oversight body, such as the Canadian Public Accountability Board, respecting independent audits carried out by the external auditor, and the steps taken to deal with any issues raised in any such review;

(v) meet with senior management not less than quarterly without the external auditor present for the purpose of discussing, among other things, the performance of the external auditor and any issues that may have arisen during the quarter; and

(vi) where appropriate, recommend to the Board that the external auditor be terminated.

(b) Confirmation of the External Auditor's Independence

(i) review a formal written statement from the external auditor describing all of its relationships with the Corporation;

(ii) discuss with the external auditor any relationships or services that may affect its objectivity and independence (including considering whether the external auditor's provision of any permitted non-audit services is compatible with maintaining its independence);

(iii) obtain written confirmation from the external auditor that it is objective within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute of Chartered Professional Accountants to which it belongs and is an independent public accountant within the meaning of the Independence Standards of the Chartered Professional Accountants of Canada; and

(iv) confirm that the external auditor has complied with applicable rules, if any, with respect to the rotation of certain members of the audit engagement team.

(c) Pre-Approval of Non-Audit Services

The approval of the appointment of the external auditor for any non-audit service to be provided to the Corporation must be obtained from the Committee in advance; provided that it will not approve any service that is prohibited under the rules of the Canadian Public Accountability Board or the Independence Standards of the Chartered Professional Accountants of Canada. Before the appointment of the external auditor for any non-audit service, the Committee will consider the compatibility of the service with the external auditor's independence. The Committee may pre-approve the appointment of the external auditor for any non-audit services by adopting specific policies and procedures, from time to time, for the engagement of the external auditor for non-audit services.

(d) Communications with the External Auditor

The Committee has the authority to communicate directly with the external auditor and will meet privately with the external auditor periodically to discuss any items of concern to the Committee or the external auditor.

(e) Review of the Audit Plan

The Committee will discuss with the external auditor the nature of an audit and the responsibility assumed by the external auditor when conducting an audit under generally accepted auditing standards. The

Committee will review a summary of the external auditor's audit plan for each audit and approve the audit plan with such amendments as it may agree with the external auditor.

(f) Review of External Audit Fees

The Committee will review and determine the external auditor's fee and the terms of the external auditor's engagement and inform the Board thereof. In determining the external auditor's fee, the Committee will consider, among other things, the number and nature of reports to be issued by the external auditor, the quality of the internal controls of the Corporation, the size, complexity and financial condition of the Corporation and its subsidiaries and the extent of support to be provided to the external auditor by the Corporation.

(g) Review of Financial Statements

The Committee will review and discuss with senior management and the external auditor the annual audited financial statements, together with the external auditor's report thereon and with senior management the interim financial statements, before recommending them for approval by the Board. The Committee will also review and discuss with senior management and the external auditor management's discussion and analysis relating to the annual audited financial statements and interim financial statements, where applicable. The Committee may, in its discretion, engage the external auditor to review the interim financial statements prior to the Committee's review of such financial statements if the Committee believes such review is warranted in the circumstances.

(h) Review of Other Financial Information

The Committee will review:

- (i) all earnings press releases and other press releases disclosing financial information, as well as all financial information and written earnings guidance provided to analysts and rating agencies;
- (ii) all other financial statements of the Corporation that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities; and
- (iii) disclosures made to the Committee by the Chief Executive Officer and Chief Financial Officer during their certification process for applicable securities law filings by the Corporation (where applicable) about any significant deficiencies and material weaknesses in the design or operation of the Corporation's internal controls over financial reporting which are reasonably likely to adversely affect the Corporation's ability to record, process, summarize and report financial information, and any fraud involving senior management or other employees who have a significant role in the Corporation's internal control over financial reporting.

(i) Oversight of Internal Controls and Disclosure Controls

The Committee will review periodically with senior management of the Corporation the adequacy of the internal controls and procedures that have been adopted by the Corporation to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records. The Committee will review any special audit steps adopted in light of material control deficiencies or identified weaknesses.

The Committee will review with senior management of the Corporation the controls and procedures that have been adopted by the Corporation to confirm that material information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed.

(j) **Legal Compliance**

The Committee will review any legal matters that could have a significant effect on the Corporation's financial statements.

(k) **Risk Management**

The Committee will oversee the Corporation's risk management function and, on a quarterly basis, will review a report from senior management describing the major financial, legal, operational and reputational risk exposures of the Corporation and the steps senior management has taken to monitor and control such exposures.

(l) **Taxation Matters**

The Committee will review with senior management the status of taxation matters of the Corporation.

(m) **Signing Authority and Approval of Expenses**

The Committee will determine the signing authority of officers and directors in connection with the expenditure and release of funds. The Committee will also review the Chief Executive Officer's and Chief Financial Officer's expense statements. Director expense statements will be reviewed by the Chief Executive Officer. Where the Chief Executive Officer thinks it advisable, he or she may request that the Committee review director expense statements.

5. Complaints Procedure

The Committee will administer the Corporation's Whistleblower Policy for the receipt, retention and follow-up of complaints received by the Corporation regarding accounting, internal controls, disclosure controls or auditing matters and the confidential, anonymous submission of concerns by employees of the Corporation regarding such matters.

6. Reporting

The Committee will regularly report to the Board on:

- (a) the external auditor's independence, engagement and fees;
- (b) the performance of the external auditor and the Committee's recommendations regarding its reappointment or termination;
- (c) the adequacy of the Corporation's internal controls and disclosure controls;
- (d) the Corporation's risk management procedures;
- (e) its recommendations regarding the annual and interim financial statements of the Corporation, including any issues with respect to the quality or integrity of the financial statements;
- (f) its review of any applicable annual and interim management's discussion and analysis;

- (g) any complaints made under, and the effectiveness of, the Corporation's Whistleblower Policy;
- (h) the Corporation's compliance with applicable legal and regulatory requirements related to financial reporting; and
- (i) other matters that are within its responsibilities, together with any associated recommendations.

7. Assessment

At least annually, the Board will review the effectiveness of the Committee in fulfilling its responsibilities and duties as set out in this Charter and in a manner consistent with the mandate adopted by the Board.

8. Review and Disclosure

The Committee will review this Charter at least annually and submit it to the Board together with any proposed amendments. The Board will review the Charter and may propose further amendments as it deems necessary and appropriate.

9. Access to Outside Advisors and Records

The Committee may retain independent counsel and any outside advisor at any time and has the authority to determine any such advisors' fees and other retention terms. The Committee, and any outside advisors retained by it, will have access to all records and information, relating to the Corporation and all their respective officers, employees and agents which it deems relevant to the performance of its duties.

APPENDIX G
CONTINUOUS DISCLOSURE REQUIREMENTS COMPARISON

	Investment Fund Regime	Corporate Issuer Regime
1. National Instrument	NI 81-106	NI 51-102
2. Corporate Governance Requirements	Investment funds must have a manager and an independent review committee, which are subject to prescribed criteria and disclosure obligations.	A corporate issuer has broad-based corporate governance requirements as set out in NI 58-101 and NI 52-110. A corporate issuer must, at a minimum, have an audit committee.
3. Annual Financial Statements and Annual Information Form	Filing Deadline: Within 90 days after the investment fund's financial year-end.	Filing Deadline: Within 120 days after the corporate issuer's financial year-end.
4. Interim Financial Statements	Frequency: Once a year. Filing Deadline: Within 60 days of the most recent interim period of financial statements of the investment fund. Information required to be included in the interim financial statements are similar to those required in the annual financial statements.	Frequency: Three times a year. Filing Deadline: Within 60 days of the most recent interim period of financial statements of the corporate issuer. Information required to be included in the interim financial statements are similar to those required in the annual financial statements.
5. Annual Management Report/MD&A	Filing Deadline: Within 90 days after the investment fund's financial year-end. An investment fund needs to file, together with the annual financial statements, an annual Management Report of Fund Performance ("MRFP"), setting out high level information about the investment fund's portfolio and market performance. A MRFP requires disclosure pertaining to the investment fund's performance.	Filing Deadline: Within 120 days after the corporate issuer's financial year-end. A corporate issuer needs to file, together with the annual financial statements, an annual Management Discussion & Analysis ("MD&A"), setting out a detailed discussion of the corporate issuer's operational performance. An MD&A requires a disclosure of more diversified, specific information about the corporate issuer's operation and performance.
6. Annual Information Form	Filing Deadline: Within 90 days after the investment fund's financial year-end. The prescribed content for an Annual Information Form ("AIF") of an investment fund requires the following	NewCo, as a venture issuer, is not required to file an AIF.

	Investment Fund Regime	Corporate Issuer Regime
	disclosures that are not generally found in the AIF of a corporate issuer: <ul style="list-style-type: none"> • Investment restrictions; • Valuation of portfolio securities; • Calculation of NAV; and • Purchases and switches. 	
7. Interim Management Report	<p>Frequency: semi-annual</p> <p>Filing Deadline: Within 60 days after the end of a period of at least three months that ends six months before the end of a financial year.</p> <p>An investment fund needs to file, together with the interim financial statements, an interim MRFP. Information required to be included in the interim MRFP is similar to information required in the annual MRFP.</p>	<p>Frequency: quarterly</p> <p>Filing Deadline: Within 60 days after the end of each of the first three quarters of each financial year.</p> <p>A corporate issuer needs to file, together with the interim financial statements, an interim MD&A. Information required to be included in the interim MD&A is similar to information required in the annual MD&A.</p>
8. Quarterly Portfolio Disclosure	<p>Filing Deadline: Must post to the investment fund’s website within 60 days of the end of each quarter.</p> <p>A quarterly portfolio disclosure must include a summary of investment portfolio and the total NAV of the investment.</p>	Quarterly investment schedule is required.
9. CEO/CFO Certifications	There are no corresponding CEO/CFO certification obligations for an investment fund.	<p>Concurrent with the filing of the annual and interim financial statements, as applicable, annual and interim financial statements of a corporate issuer must be reviewed and approved by the board of directors, and certified by filling a certificate signed by the CEO and the CFO, or the persons acting in those capacities, such as employees of the Manager, certifying as to:</p> <ul style="list-style-type: none"> • the accuracy and fair representation; • no misrepresentation; • disclosure controls and procedures; and • internal controls over financial reporting.

	Investment Fund Regime	Corporate Issuer Regime
10. NAV and Management Expense Ratio calculations	<p>As an investment fund, the Fund must, upon calculating its NAV, make the following information available to the public at no cost:</p> <ul style="list-style-type: none"> • the NAV of the investment fund; and • the NAV per security of the investment fund unless the investment fund is a scholarship plan. 	<p>The concept of calculating NAV and MER is not found in the corporate issuer regime.</p>

**APPENDIX H
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Annual Management’s Discussion & Analysis

During the year ended December 31, 2016, the Fund, the predecessor entity of NewCo, operated as a closed end investment fund. The following management’s discussion and analysis (“**MD&A**”) reports the results of the activities of the Fund for the applicable financial year ends.

This MD&A is dated as of December 31, 2016.

The Fund, NewCo’s predecessor, prepared its financial statements in accordance with IFRS. In order to provide additional insight into the business and to provide investors with supplemental measures of its operating performance that may not otherwise be apparent when relying solely on IFRS financial measures, the Fund uses certain non-IFRS measures, including “Per Unit” or “Management Expense Ratio”. These measures are provided as additional information to complement IFRS measures by providing further understanding of the Fund’s results of operations from management’s perspective.

Overall Performance

The Fund’s net asset value increased in the 4th quarter of the year ended December 31, 2016, with strength in its equity and corporate bond holdings, compared to a decrease in the net assets of the Fund at December 31, 2015. The Class A units returned 6.34% and the Class F units returned 6.33% for the year ended December 31, 2016. At year-end, the Fund had over 72% of its net assets invested in equities compared to over 80% for the year ended December 31, 2015. In addition, the Fund held roughly 31.3% of its net asset value in short positions as at December 31, 2016. These primarily consisted of short positions in Government of Canada and US Treasury bonds.

Selected Annual Information

The following table sets out selected financial data of the Fund for the three most recently completed financial years.

Class A Units⁽¹⁾⁽²⁾⁽⁶⁾

	December 31, 2016	December 31, 2015	December 31, 2014
	(\$)	(\$)	(\$)
Total revenue	0.48	0.47	0.66
Realized gained (losses) ⁽³⁾	(0.02)	2.04	0.20
Unrealized gains (losses) ⁽³⁾	0.10	(2.85)	1.27
Net assets, end of year	9.96	9.91	11.09
Management expense ratio ⁽⁴⁾	2.04%	1.49%	4.35%
Total Distributions ⁽⁵⁾	(0.50)	(1.37)	(0.50)

Notes:

- (1) For additional information, please see the Annual Management Report of Fund Performance dated as at December 31, 2016, as filed on SEDAR.
- (2) All information above is presented on a per unit basis.
- (3) From operations.
- (4) The management expense ratio is based on the total expenses of the period ended and is expressed as an annualized percentage of daily average net asset values during the period.
- (5) Net assets and distributions are based on the actual numbers of units outstanding at the relevant time. The increase (decrease) in operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit. Distributions were paid in cash. Total distributions in 2015 were paid in cash (\$0.50/unit) and the remainder was paid as a special non-cash distribution.
- (6) The per unit figures presented in the 2016, 2015 and 2014 periods are referenced to net assets determined in accordance to IFRS.

Class F Units⁽¹⁾⁽²⁾⁽⁶⁾

	December 31, 2016	December 31, 2015	December 31, 2014
	\$	\$	\$
Total revenue	0.49	0.49	0.69
Realized gained (losses) ⁽³⁾	(0.02)	2.15	0.20
Unrealized gains (losses) ⁽³⁾	0.14	(2.96)	1.31
Net assets, end of year	10.31	10.24	11.43
Management expense ratio ⁽⁴⁾	2.04%	1.47%	3.88%
Total Distributions ⁽⁵⁾	(0.50)	(1.46)	(0.50)

Notes:

- (1) For additional information, please see the Annual Management Report of Fund Performance dated as at December 31, 2016, as filed on SEDAR.
- (2) All information above is presented on a per unit basis. All per unit figures presented in the 2016 and 2015 periods are referenced to net assets determined in accordance to IFRS.
- (3) From operations.
- (4) The management expense ratio is based on the total expenses of the period ended and is expressed as an annualized percentage of daily average net asset values during the period.
- (5) Net assets and distributions are based on the actual numbers of units outstanding at the relevant time. The increase (decrease) in operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit. Distributions were paid in cash. Total distributions in 2015 were paid in cash (\$0.50/unit) and the remainder was paid as a special non-cash distributions.
- (6) The per unit figures presented in the 2016, 2015 and 2014 periods are referenced to net assets determined in accordance to IFRS.

Discussion of Operations

The net assets of the Fund were \$65.4 million at December 31, 2016, down from \$88.4 million at December 31, 2015. This was due to cash distributions of \$3.8 million redemptions of \$23.4 million. The Fund's

equity holding in Bombardier moved up smartly as the company provided upbeat guidance for next year. The rise in yields was positive for the Fund's shareholdings in Manulife as the reinvestment rates improved for their long duration assets. Additionally, the insurer benefited from stronger equity market returns. Canso also added to the Fund's position in The Second Cup as the company entered into a new financing with the Serruya Private Equity, owner of Yogen Frus, Pinkberry and Swensens, to repay its existing credit facility. Canso believes that the Serruya family's experience in franchising and elimination of refinancing risk should be beneficial to Second Cup.

There were no unusual changes to the components of revenue and expenses of the Fund and there were no unusual events or transactions, economic changes or market conditions that affected performance beyond what would be reasonably expected.

The Fund did not borrow money during the period except for immaterial short-term cash overdrafts. For the year ended December 31, 2015, the Fund had borrowings for hedging and non-hedging purposes in accordance with its mandate. This included an overdraft of approximately \$5 million at December 31, 2015.

Summary of Semi-Annual Results

The following table provides information, in summary form, derived from the Fund's annual and semi-annual financial statements since December 31, 2014:

	June 30, 2017	December 31, 2016	June 30, 2016	December 31, 2015	June 30, 2015	December 31, 2014
Total operating income	<u>\$ 4,396,998</u>	<u>\$ 4,238,319</u>	\$ (9,543,803)	<u>\$ (3,066,604)</u>	<u>\$ 9,930,076</u>	<u>\$ 19,745,684</u>
Profit Or Loss From Continuing Operations, In Total And On A Per-Share ⁽²⁾	<u>\$ 3,553,141</u> Per Class A: <u>\$0.59</u> Per Class F: <u>\$0.62</u>	<u>\$ 1,925,550</u> Per Class A: <u>\$0.25</u> Per Class F: <u>\$0.30</u>	\$ (11,023,549) Per Class A: <u>\$(1.28)</u> Per Class F: <u>\$(1.42)</u>	<u>\$ (5,851,564)</u> Per Class A: <u>\$(0.65)</u> Per Class F: <u>\$(0.64)</u>	<u>\$ 6,741,967</u> Per Class A: <u>\$0.72</u> Per Class F: <u>\$0.74</u>	<u>13,726,834</u> Per Class A: <u>\$1.48</u> Per Class F: <u>\$1.58</u>
Profit Or Loss, In Total And On A Per-Share ⁽²⁾	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above

Note:

- (1): The financial data has been prepared in accordance with IFRS.
- (2): There is no difference between continuing operations and total for a closed end fund.

Liquidity

The Fund is a closed-end investment fund which was created to hold a portfolio of securities comprised of global debt and equity securities. Redemptions can only occur monthly, at a discount to NAV, or annually at NAV. Liquidity risk is managed by investing a significant portion of the Fund's assets in investments that are traded in an active market and that can be readily sold. All liabilities of the Fund are due within one year.

Capital Resources

The Fund has no commitments for any capital expenditures as of December 31, 2016.

Off-Balance Sheet Arrangements

The Fund does not have any off-balance sheet arrangements as of December 31, 2016.

Transactions between Related Parties

The Manager provides or arranges for the provision of all general management and administrative services required by the Fund in its day-to-day operations, including but not limited to, calculating and reporting the net asset value of the Fund and its classes, preparing all offering documents, unitholder recordkeeping and other administrative services. The Manager receives a management fee for these services. The fee is calculated based on a percentage of the net asset value of the Fund.

The Fund paid \$663,016 (excluding HST) in management fees to the Manager for the period ended December 31, 2016 (December 31, 2015 - \$992,152).

The Manager is also entitled to receive a performance fee from the Fund (the “**Performance Fee**”) under certain conditions. For the period ended December 31, 2016, the performance fee accrued payable by the Fund was Nil (December 31, 2015 – \$25,749).

The Portfolio Manager is responsible for all investment advice provided to the Fund including providing investment analysis and recommendations, making investment decisions and arranging for the acquisition and disposition of portfolio investments. Fees for providing these services is included in the management fee. The Manager will also pay to Canso a percentage of any Performance Fee that the Manager receives from the Fund, such percentage to be agreed upon between the Manager and the Portfolio Manager from time to time.

The Manager paid \$331,508 (excluding HST) to the Portfolio Manager for the period ended December 31 2016 (December 31 2015 - \$516,675) including crystallized performance fees, is applicable.

Proposed Transactions

As at the year ended December 31, 2016, there were no proposed transactions involving the Fund.

Changes in Accounting Policies including Initial Adoption

As at the year ended December 31, 2016, there were no changes in the Fund’s accounting policies.

Financial Instruments and Other Instruments

For the year ended December 31, 2016, the Fund did not use financial or other instruments.

Other MD&A Requirements

Additional information relating to the Fund, including the Fund’s AIF, is on SEDAR at www.sedar.com.

Interim MD&A

The following is a summary of the Semi-Annual Management Report of Fund Performance of the Fund as at June 30, 2017.

Quarterly Highlights

For the period ended June 30, 2017, the Fund’s net asset value increased in the period, with strength in

many of its equity and corporate bond holdings. The Class A units returned 6.0% and the Class F units returned 6.3%. At period-end, the Fund had 82.9% of its net assets invested in equities. In addition, the Fund held roughly 46.1% of its net asset value in short positions at the end of the period. These primarily consisted of short positions in Government of Canada and US Treasury bonds. There were also strong gains for the Fund's shareholdings in Apple, Bombardier, Commerzbank, Empire, and Royal Bank of Scotland. In addition, long maturity bonds issued by Shaw Communications and Sobeys did well. This was partially offset by declines in the value of the Fund's holdings in Clearstream Energy Services, Potash, Second Cup, Torstar, and Yellow Media. The Fund's shareholdings in Yellow Pages declined in the period. Empire Company Limited moved higher as its key subsidiary, Sobeys Inc., reported improved same store sales.

The net assets of the Fund were \$36.6 million at June 30, 2017 from \$64.9 million at the beginning of the period. This was due to cash distributions of \$1.5 million and redemptions of \$30.3 million.

There were no unusual changes to the components of revenue and expenses of the Fund and there were no unusual events or transactions, economic changes or market conditions that affected performance beyond what would be reasonably expected.

The Fund did not borrow money during the period except for immaterial short-term cash overdrafts.

There have been no actual or planned reorganizations, mergers or similar transactions.

There were changes to the membership of the Fund's IRC. On January 31, 2017, Ruth Gould was appointed as an IRC member.

Related Party Transactions

The Manager provides or arranges for the provision of all general management and administrative services required by the Fund in its day-to-day operations, including but not limited to, calculating and reporting the net asset value of the Fund and its classes, preparing all offering documents, unitholder recordkeeping and other administrative services. The Manager receives a management fee for these services. The fee is calculated based on a percentage of the net asset value of the Fund as disclosed in the simplified prospectus.

The Fund paid \$303,556 (excluding HST) in management fees to the Manager for the period ended June 30, 2017 (June 30, 2016 - \$370,492).

The Manager is also entitled to receive a Performance Fee from the Fund under certain conditions. For the period ended June 30, 2017, the performance fee accrued payable by the Fund was Nil (December 31, 2016 - Nil).

The Portfolio Manager is responsible for all investment advice provided to the Fund including providing investment analysis and recommendations, making investment decisions and arranging for the acquisition and disposition of portfolio investments. Fees for providing these services is included in the management fee. The Manager will also pay to Canso a percentage of any Performance Fee that the Manager receives from the Fund, such percentage to be agreed upon between the Manager and the Portfolio Manager from time to time.

The Manager paid \$150,826 (excluding HST) to the Portfolio Manager for the period ended June 30, 2017 (June 30, 2016 - \$185,246) including crystallized performance fees, is applicable.

The Fund did not rely on any approval, positive recommendation or standing instruction from its IRC with respect to any related party transactions.

APPENDIX I
STATEMENT OF EXECUTIVE COMPENSATION

For the year ended December 31, 2016, the Fund, the predecessor of NewCo, operated as a closed-end fund. The Fund did not have any directors or officers, but paid a management fee to Lysander in the amount of \$663,016 for managing the day-to-day business and affairs of the Fund. Lysander paid a portfolio management fee to Canso in the amount of \$331,508 for managing the portfolio of the Fund.

Director and Named Executive Officer Compensation

The named executive officers (“NEOs”) of NewCo will be Brian Carney (Chief Executive Officer) and Shirley Sumsion (Chief Financial Officer). The following table sets out the compensation paid by Canso to each NEO that is attributable to time spent by such NEO on the activities of NewCo, or its predecessor entity, CSOF, for the financial years ended December 31, 2015 and December 31, 2016:

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission ⁽¹⁾ (\$)	Bonus ⁽²⁾ (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Brian Carney	2016	2,409	5,620	0	0	0	8,029
	2015	4,327	10,097	0	0	0	14,424
Shirley Sumsion	2016	978	2,281	0	0	0	3,259
	2015	872	2,034	0	0	0	2,906

Notes:

- (1) Represents the portion of base salary paid by Canso to the NEO attributable to time spent on the activities of CSOF, the predecessor of NewCo. The amounts allocated in the table were determined by the Manager solely for the purposes of the table, based on the role, responsibility and time spent by the respective NEO to fulfill the requirements of their office.
- (2) Represents the portion of annual bonus paid by Canso to the NEO attributable to time spent on the activities of CSOF, the predecessor of NewCo. The amounts allocated in the table were determined by the Manager solely for the purposes of the table, based on the role, responsibility and time spent by the respective NEO to fulfill the requirements of their office
- (3) No NEO receives any compensation for acting as a member of the NewCo Board.

Brian Carney is an employee of NewCo and Canso. In respect of the financial years ended December 31, 2016 and 2015, Mr. Carney received directly from Canso \$8,029 and \$14,424, respectively, which represents 1.2% and 1.5% respectively of the management fee paid by NewCo’s predecessor, CSOF, to Lysander in each such period. Mr. Carney received this compensation for managing CSOF’s investment portfolio pursuant to the Investment Advisory Agreement. All such compensation is attributable to portfolio management services indirectly provided to CSOF by Mr. Carney. Such remuneration received by Mr. Carney from Canso was not in respect of his role as Chief Executive Officer of NewCo.

Shirley Sumsion is an employee of NewCo and Canso. In respect of the financial years ended December 31, 2016 and 2015, Ms. Sumsion received directly from Canso \$3,259 and \$2,906 respectively, which represents 0.5% and 0.3% respectively of the management fee paid by NewCo's predecessor, CSOF, to Lysander in each such period. Ms. Sumsion received this compensation with respect to her role as Vice President Finance at Canso. Such remuneration received by Ms. Sumsion from Canso was not in respect of her role as Chief Financial Officer of NewCo.

External Management Companies

Although the senior management team of NewCo hold titles as officers of NewCo, these officers are employees of Canso. Any remuneration paid to the NEOs will be paid by Canso pursuant to an operational services agreement (the "**Operational Services Agreement**"). Pursuant to the terms of the Operational Services Agreement, each NEO will receive up to \$30,000 per annum for services performed with respect to NewCo, subject to annual increases based on the Canadian price index.

Stock Option Plans and Other Incentive Plans

NewCo will not have a stock option plan and does not intend to implement any other type of incentive plan.

Employment, Consulting and Management Agreements

Other than the Operational Services Agreement, NewCo does not intend to enter into any employment agreements.

Oversight and Description of Director and Named Executive Officer Compensation

With respect to the compensation of directors, it is currently intended that only the independent directors that comprise the Audit Committee of NewCo will be paid an annual fee, which is currently anticipated to be approximately \$30,000 each year per director.