



DAMI CORPORATE BOND FUND

Offering Series A, Series F and Series I Units

ANNUAL INFORMATION FORM

The Fund and the units of the Fund described in this document are offered in Ontario. The units are intended primarily for purchase by residents of Canada. The units are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registrations.

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.

Dated June 15, 2021

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FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Information Form are forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions to the extent they relate to the Fund (as defined herein) or the Manager (as defined herein). Forward-looking statements are not historical facts but reflect the current expectations of the Fund or the Manager regarding future results or events. Such forward-looking statements reflect the Fund or the Manager’s current beliefs and are based on information currently available to them. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results or events to differ materially from current expectations. Some of these risks, uncertainties and other factors are described under the heading “*Risk Factors*” in the Simplified Prospectus. Although the forward-looking statements contained in this Annual Information Form are based upon assumptions that the Fund and the Manager believe to be reasonable, neither the Fund nor the Manager can assure investors that actual results will be consistent with these forward-looking statements. Unless otherwise stated, the forward-looking statements contained in this Annual Information Form are made as at the date hereof and neither the Fund nor the Manager assumes any obligation to update or revise them to reflect new events or circumstances, except as required by law.

INTRODUCTION

To make this document easier to read, we use the following terms throughout:

- **Annual Information Form** means this annual information form.
- **We, us, our, Manager, Portfolio Manager** and **DAMI** refer to Durham Asset Management Inc. in its capacity as trustee, manager, promoter and portfolio manager of the Fund.
- **You** refers to an individual investor and everyone who invests or may invest in the Fund.
- **Fund** refers to the DAMI Corporate Bond Fund offered to the public under the Simplified Prospectus. The Fund is an open-ended mutual fund which is subject to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (“**NI 81-101**”) and National Instrument 81-102 *Investment Funds* (“**NI 81-102**”).
- **Dealer** refers to both the Dealer and the registered representative in your province who advises you on your investments.
- **Portfolio Manager** means DAMI in its capacity as portfolio manager of the Fund.
- **Registered plans** refer to RRSPs, RRIFs, TFSAs, RESPs and DPSPs, each as defined under “*Investment Restrictions and Practices – Eligibility for Registered Plans*” section below.
- **Simplified Prospectus** means the simplified prospectus of the Fund dated as of the date of this Annual Information Form.

NAME, FORMATION AND HISTORY OF THE FUND

The Fund was established as an open-ended mutual fund trust under the laws of Ontario pursuant to a master declaration of trust dated January 18, 2021 (the “**Declaration of Trust**”). The principal office of the Fund and the Manager is located at 22 Shorten Place, Ajax, Ontario, L1T 0E9.

INVESTMENT RESTRICTIONS AND PRACTICES

The Simplified Prospectus contains detailed descriptions of the investment objectives, investment strategies and the fund risks for the Fund. In addition, the Fund is subject to certain restrictions and practices contained in securities legislation, including NI 81-102. These restrictions are designed, in part, to ensure that the investments of mutual funds are diversified and relatively liquid and to ensure the proper administration of mutual funds. We intend to manage the Fund in accordance with these restrictions and practices or to obtain relief from the securities regulatory authorities before implementing any variations.

NI 81-102 prescribes that unitholder approval must be obtained before any change can be made to the fundamental investment objectives of the Fund.

Eligibility for Registered Plans

In order for units of the Fund to be “qualified investments” for registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), tax-free savings accounts (“**TFSAs**”), registered education savings plans (“**RESPs**”) and deferred profit-sharing plans (each, a “**Registered Plan**” and, collectively, “**Registered Plans**”), the Fund must qualify as a “mutual fund trust” for the purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”). The Fund intends to satisfy all statutory requirements necessary to qualify as a “mutual fund trust” for purposes of the Tax Act at all material times. Holders of TFSAs, annuitants of RRSPs, or RRIFs, or subscribers of RESPs, as the case may

be, should consult with their own advisors as to whether units of the Fund may be “prohibited investments” for such plans for the purposes of the Tax Act. We do not permit the Fund to be held within registered disability savings plans.

Standard Investment Restrictions and Practices

The remaining standard investment restrictions and practices set out in NI 81-102 are deemed to be included in this Annual Information Form.

Change of Investment Objectives and Strategies

A change in the Fund’s investment objectives can only be made with the consent of the investors in the Fund at a meeting called for that purpose. The investment strategies explain how the Fund intends to achieve its investment objectives. As the Manager, we may change the investment strategies from time to time, but will give you notice, by way of a press release, of our intention to do so if it would be a material change as defined in National Instrument 81-106 - *Investment Fund Continuous Disclosure* (“NI 81-106”). Under NI 81-106, a change in the business, operations or affairs of the Fund is considered to be a “material change” if a reasonable investor would consider it important in deciding whether to purchase or continue to hold units of the Fund.

DESCRIPTION OF UNITS

The Fund is a separate trust formed under the Declaration of Trust. The Fund is permitted to issue an unlimited number of series of units and may issue an unlimited number of units of each series. The Fund has created Series A, Series F and Series I units. Units of the Fund have the following attributes:

- (a) each unit shall be without nominal or par value;
- (b) at each meeting of Unitholders, each Unitholder shall have one vote for each unit owned by such Unitholder as determined at the close of business on the record date for voting each such meeting, with no voting rights being attributed to fractions of a unit;
- (c) each Unitholder will participate in distributions of income, capital gains and returns of capital, and in the division of net assets of the Fund on liquidation based on the relative NAV of the holder’s particular series of units and in accordance with the Declaration of Trust;
- (d) there shall be no pre-emptive rights attaching to the units;
- (e) there shall be no cancellation or surrender provisions attaching to the units except as set out in the Declaration of Trust;
- (f) all units shall be issued as fully paid and non-assessable so that there shall be no liability for future calls or assessments with respect to the units;
- (g) all units shall be fully transferable with the consent of the Trustee as provided in the Declaration of Trust; and
- (h) fractional units may be issued and shall be proportionately entitled to all the same rights as whole units, except as provided in the Declaration of Trust.

Series A units: Available to all investors.

Series F units: Available to investors who are enrolled in a Dealer-sponsored fee for service or wrap program and who are subject to an annual asset-based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs.

Series I units: Available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager. Series I units will generally only be available for certain individual investors who make large investments in the Fund. The management fees for Series I units are paid directly by Series I Unitholders, not by the Fund. Such investors who purchase Series I units must enter into an agreement with us which identifies the management fee negotiated with the investor and payable by the investor directly to us. No sales commissions or trailing commissions are payable by us to a Dealer for investments in Series I units. Series I units are also available to certain of our employees and employees of affiliated entities and, at our discretion, to former employees and to relatives of current and former employees.

Units of the Fund are designed to provide Monthly distributions on the last business day of each month. The Fund will make monthly distributions of an amount comprising net income on or about each calendar end and any net capital gains annually in December. We reserve the right to adjust the distribution amount if deemed appropriate. There can be no assurance that any distributions will be made with respect to any series of units in any particular month or months. A distribution to you will generally be treated as a return of capital if distributions to you in the year exceed your share of the Fund's net income and net realized capital gains. For more details, see "Distribution Policy" in the Simplified Prospectus and "Certain Canadian Federal Income Tax Considerations" herein.

If you cease to satisfy criteria for holding units of a particular series, the Manager may redesignate your units as such number of units of another series of the Fund that you are eligible to hold having an aggregate equivalent NAV.

Matters Requiring Unitholder Approval

Meetings of Unitholders may be convened by us in our capacity as Trustee from time to time as we may deem advisable and in accordance with the notice provisions set out in the Declaration of Trust. Unless otherwise provided in the Declaration of Trust or by securities legislation, every question submitted to a meeting of Unitholders will be decided by the majority of votes cast. Meetings of Unitholders will be convened to consider and approve:

- (a) a change in the basis of the calculation of a fee or expense that is charged to the Fund or directly to its Unitholders by the Fund or the Manager in connection with the holding of securities of the Fund where such change could result in an increase in charges to the Fund or to its Unitholders;
- (b) the introduction of a fee or expense, to be charged to the Fund or directly to its Unitholders, by the Fund or the Manager in connection with the holding of securities of the Fund that could result in an increase in charges to the Fund or to its Unitholders;
- (c) a change in the manager of the Fund, unless the new manager is an affiliate of the current Manager;
- (d) a change in the fundamental investment objectives of the Fund;

- (e) a decrease in the frequency of the calculation of the net asset value (“NAV”) per unit of the Fund;
- (f) in certain cases, a reorganization of the Fund with, or transfers of its assets to, another issuer; or
- (g) any other matter or thing stated in the Declaration of Trust that is required to be consented to or approved by Unitholders.

Unitholder approval will not be obtained in respect of a change of (a) or (b) listed above if the Fund is at arm’s length to the person or company charging the fee or expense, and we provide the Unitholders with at least 60 days’ written notice of the effective date of the proposed change.

Although the approval of Unitholders will not be obtained before changing the auditor of the Fund, we will not change the auditor unless:

- (a) the Fund’s independent review committee (the “IRC”) (see “Fund Governance – Independent Review Committee” below) has approved the change in compliance with National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“NI 81-107”); and
- (b) we have provided you with written notice at least 60 days prior to the change.

Permitted Mergers

The Fund may, without the approval of Unitholders, enter into a merger or other similar transaction which has the effect of combining the Fund or its assets (a “Permitted Merger”) with any other investment fund or funds that have investment objectives that are similar to the Fund, subject to:

- (a) approval of the merger by the Fund’s IRC in accordance with NI 81-107;
- (b) the Fund being reorganized with, or its assets being transferred to, another mutual fund to which NI 81-102 and NI 81-107 apply, and that is managed by the Manager, or an affiliate of the Manager;
- (c) compliance with certain other requirements of the pre-approval conditions set out in section 5.6 of NI 81-102; and
- (d) Unitholders have received at least 60 days’ notice which notice may be by way of press release, before the effective date of the Permitted Merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values for the purpose of such transaction.

VALUATION OF PORTFOLIO SECURITIES

The NAV of the Fund will be calculated by the Administrator (as defined below) as of each Valuation Date (as defined below) by subtracting the amount of the total liabilities of the Fund from the total assets of the Fund. The assets and liabilities of the Fund will be valued as follows:

- (a) The value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, dividends receivable (if such dividends are declared and the date of

record is before the date as of which the NAV of the Fund is being determined) and interest accrued and not yet received, shall be deemed to be the full amount thereof, unless the Administrator, in consultation with the Portfolio Manager, determines that any such deposit, bill, demand note, account receivable, prepaid expense, dividend receivable or interest accrued and not yet received is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Administrator, in consultation with the Portfolio Manager, determines to be the reasonable value thereof.

- (b) The value of any bonds, debentures, and other debt obligations shall be valued at prices from recognized pricing vendors on a Valuation Date at such times as the Administrator, in consultation with the Portfolio Manager, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest.
- (c) The value of any security which is listed or traded upon a public securities exchange will be valued at the last available trade price on the Valuation Date or, if the Valuation Date is not a business day, on the last business day preceding the Valuation Date. If no sales are reported on such day, such security will be valued at the average of the current bid and asked prices. If the closing price is outside of the closing bid-ask range, then the closest bid or ask to the last trade price will be used. Securities that are listed or traded on more than one public securities exchange or that are actively traded on over the counter markets while being listed or traded on such securities exchanges or over the counter markets will be valued at the market price from the security's principal market, as determined by the Administrator, in consultation with the Portfolio Manager.
- (d) Any securities which are not listed or traded upon any public securities exchange will be valued at the earlier of the last financing price or grey market price (if available). The Portfolio Manager may adjust the value of the unlisted securities to account for any other meaningful circumstances including business updates or movements in the listed prices of comparable securities. The process of valuing investments for which no published market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.
- (e) The Portfolio Manager will at its discretion determine the appropriate discount, if any, on securities that are purchased with a restriction associated therewith.
- (f) Securities held in private issuers are recorded at cost unless an upward adjustment is considered appropriate and supported by persuasive and objective evidence such as a significant equity financing by an unrelated investor at a transaction price higher than the valuation price. Downward adjustments to valuation price are made when there is evidence of other than a temporary decline in value as indicated by the assessment of the financial condition of the investment based on third-party financing, operational results, forecasts, and other developments since the previous valuation price was established. Options and warrants held in private issuers are carried at cost unless there is an upward or downward adjustment of the underlying privately-held company supported by persuasive and objective evidence such as significant subsequent equity financing by an unrelated investor at a transaction price higher or lower than the valuation price.
- (g) All Fund property valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency shall be converted into Canadian dollars by

applying the rate of exchange obtained from the best available sources by the Administrator to calculate NAV.

- (h) Each transaction of purchase or sale of portfolio securities effected by the Fund will be reflected in the computation of the NAV of the Fund on the trade date.
- (i) The value of any security or property to which, in the opinion of the Administrator, in consultation with the Portfolio Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available or for any other reason), shall be the fair value thereof determined in such manner as the Administrator, in consultation with the Portfolio Manager, may from time to time determine based on standard industry practice.
- (j) All other liabilities shall include only those expenses paid or payable by the Fund, including accrued contingent liabilities; however, expenses and fees allocable only to a particular series of units shall not be deducted from the NAV of the Fund prior to determining the NAV of each series, but shall thereafter be deducted from the NAV so determined for each such series.

The NAV of the Fund and the series NAV for each of the Series A, Series F and Series I units of the Fund is calculated and reported in Canadian dollars.

The Administrator is entitled to rely on any values or quotations supplied to it by a third party, including the Portfolio Manager, and is not required to make any investigation or inquiry as to the accuracy or validity of such values or quotations. Provided the Administrator acts in accordance with its standard of care, it shall be held harmless by the Fund and shall not be responsible for any losses or damages resulting from relying on such information.

If an investment cannot be valued under the foregoing rules or under any other valuation rules adopted under applicable securities laws, or if any rules we have adopted are not set out under applicable securities laws but at any time are considered by us to be inappropriate under the circumstances, then we shall use a valuation which we consider to be fair and reasonable in the interests of investors in the Fund. In those circumstances, the Administrator would typically review current press releases concerning the relevant investment security, discuss an appropriate valuation with other portfolio managers, analysts and consult other industry sources to set an appropriate fair valuation. If at any time the foregoing rules conflict with the valuation rules required under applicable securities laws, the Administrator will follow the valuation rules required under applicable securities laws.

The Declaration of Trust contains details of the liabilities to be included in calculating the NAV of the Fund and the NAV per series or Unit Price (as defined below). The liabilities of the Fund include, without limitation, all bills, notes and accounts payable, all administrative fees and operating expenses payable or accrued, all contractual obligations for the payment of money or property, all allowances authorized or approved by us for taxes (if any) or contingencies and all other liabilities of the Fund. In calculating the Unit Price, we will use the latest reported information available on each Valuation Date. The purchase or sale of portfolio securities by the Fund will be reflected in the first calculation of the Unit Price after the date on which the transaction becomes binding.

Differences from International Financial Reporting Standards

The Fund's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and those principles may differ from the valuation principles that are set out in this Annual Information Form.

In accordance with NI 81-106, the fair value of a portfolio security used to determine the daily price of the Fund's units for purchases and redemptions by investors will be based on the Fund's valuation principles set out above under the heading "Valuation of Portfolio Securities and Liabilities", which comply with the requirements of NI 81-106 but differ in some respects from the requirements of IFRS, which are used for financial reporting purposes only.

The interim financial reports and annual financial statements of the Fund (the "**Financial Statements**") are required to be prepared in accordance with IFRS. The Fund's accounting policies for measuring the fair value of its investments (including derivatives) are identical to those used in measuring its NAV for transactions with unitholders, except as disclosed below.

The fair value of the Fund's investments (including derivatives) is the price that would be received to sell an asset, or the price that would be paid to transfer a liability, in an orderly transaction between market participants as at the date of the Financial Statements (the "**Reporting Date**"). The fair value of the Fund's financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the Reporting Date (the "**Close Price**"). In contrast, for IFRS purposes, the Fund uses the Close Price for both financial assets and liabilities where that price falls within that day's bid-ask spread. If a Close Price does not fall within the bid-ask spread, the Close Price will then be adjusted by the Manager, to a point within the bid-ask spread that, in the Manager's view, is most representative of fair value based on specific facts and circumstances.

The notes to the Financial Statements will include a reconciliation of the differences between the NAV calculated based on IFRS and NI 81-106.

FEES AND EXPENSES

The Fund is required to pay goods and services tax ("**GST**") or harmonized sales tax ("**HST**") on management fees payable to the Manager in respect of each series of units based on the residence for tax purposes of the unitholders of the particular series (see "**Operating Expenses**" in the Simplified Prospectus for details regarding the fund costs).

Fees and Expenses Payable by the Fund

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| Management Fees | <p>The Manager receives a management fee payable by the Fund for providing its services to the Fund. The management fee varies for each series of units. The management fee is calculated and accrued daily based on a percentage of the NAV of the series of units of the Fund, plus applicable taxes, and is payable on the last day of each calendar month.</p> <p>As shown below, the annual management fees vary by series. You should make a specific request through your Dealer to purchase any applicable lower-fee series you may be eligible to purchase, or to switch your existing units to any applicable lower-fee series you may be eligible to purchase.</p> <ul style="list-style-type: none">• Series A units: 0.64% per annum• Series F units: 0.39% per annum• Series I units: to be negotiated |
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| | <p>In consideration of the management fee, the Manager will provide investment management, clerical, administrative and operational services to the Fund, including: determining and implementing investment policies, practices, fundamental objectives, and investment strategies applicable to the Fund; receiving and processing all subscriptions and redemptions; ensuring the Fund complies with regulatory requirements and filings; offering units of the Fund for sale to prospective purchasers; purchase and sale of fixed-income securities; daily operations and usual and ordinary office services; unitholder relations and communications; appointing or changing the auditor of the Fund; banking; establish the Fund's operating expense budget and authorizing payment of expenses; authorizing contractual arrangements; recordkeeping; and allocating between each series of the Fund the NAV of the Fund, any distribution of the Fund, the net assets of the Fund, the Fund's property, any liabilities of the Fund, and any other items. The Manager may delegate the foregoing to third parties if it believes it is in the best interests of Unitholders.</p> |
| Performance Fees | <p>The Manager does not charge performance fees in respect of any series of units of the Fund.</p> |
| Operating Expenses | <p>The Manager is responsible for all initial organizational costs of the Fund. Initial costs are to be capitalized and amortized in year 2 to 5.</p> <p>The Fund pays its own operating expenses, other than advertising costs and costs of Dealer compensation programs, which are paid by the Manager.</p> <p>Operating expenses include, but are not limited to, brokerage commissions and fees (if applicable), taxes, audit and legal fees, fees of the members of the IRC, costs and fees in connection with the operation of the IRC (including the costs of holding meetings, and fees and expenses of any advisers engaged by the IRC), safekeeping and custodial fees, interest expenses, operating, administrative and systems costs, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses, annual information forms and fund facts documents. Operating expenses and other costs of the Fund are subject to applicable taxes including HST.</p> <p>At the time of this Offering the IRC is being paid no compensation. The Fund reserves the right to pay compensation to the IRC members after year two of the Fund.</p> <p>Management expense ratios ("MERs") are calculated separately for each series of units of the Fund and include series management fees and/or operating expenses.</p> <p>The Fund also pays its own brokerage commissions for portfolio transactions, fees associated with securities lending transactions and related transaction fees. These expenses are not included in the Fund's MER but are, for tax purposes, added to the cost base or subtracted from the sale proceeds of its portfolio investments. These expenses constitute</p> |

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| | <p>part of the Fund's trading expense ratio ("TER"). Both the MER and the TER are disclosed in the Fund's annual and semi-annual management report of fund performance.</p> <p>The Manager, in its sole discretion, may waive and/or reimburse a portion or all of the Fund's operating expenses.</p> |
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CALCULATION OF NET ASSET VALUE

Valuation Dates

The Fund's NAV is calculated at the close of regular trading, normally 4:00 p.m. (Eastern Time), on a day the Toronto Stock Exchange ("**TSX**") is open (a "**Valuation Date**").

As Manager, we are responsible for determining the NAV of the Fund. However, we may delegate some or all of the responsibility in relation to such determination to the Administrator.

How We Price the Fund's Units

The Fund's units are divided into the Series A, Series F and Series I units. Each series is divided into units of equal value. When you invest in the Fund, you are purchasing units of a specific series of that Fund.

The NAV of the Fund will be calculated in Canadian dollars. The Series A, Series F and Series I units of the Fund are denominated in Canadian dollars.

All transactions are based on the NAV per unit for each series of units ("**Unit Price**"). We calculate all Unit Prices at the close of trading on the TSX on each Valuation Date. The Unit Price can change on each Valuation Date.

The Unit Price is calculated for each series of units. The Unit Price is the price used for all purchases, redesignations and redemptions of units of that series (including purchases made on the reinvestment of distributions). The price at which units are issued or redeemed is based on the next applicable Unit Price determined after the receipt of the purchase or redemption order.

Here is how we calculate the Unit Price of each series of the Fund:

- We take the fair value of all the investments and other assets allocated to the series.
- We then subtract the liabilities allocated to that series. This gives us the NAV for the series.
- We divide this amount by the total number of units of the series that investors in the Fund is holding. That gives us the Unit Price for the series.

To determine what your investment in the Fund is worth, simply multiply the Unit Price of the series of units you own by the number of units you own.

Although the purchases and redemptions of units are recorded on a series basis, the assets attributable to all of the series of the Fund are pooled to create one fund for investment purposes.

Each series pays its proportionate share of Fund costs in addition to its management fee. The difference in Fund costs and management fees between each series means that each series has a different NAV per unit.

You can get the NAV of the Fund or the NAV per unit of a series of the Fund, at no cost, by sending an email to info@durhamasset.ca, on the Manager's website at www.durhamasset.ca at no cost by calling us at +1 (905) 239-2436 or toll free +1 (833) 444-DAMI(2346) or by asking your Dealer.

PURCHASES, REDESIGNATIONS, AND REDEMPTIONS OF UNITS

You may purchase units through an authorized Dealer or brokers qualified in your province or territory. Your Dealer is there to help you with your investment decisions to determine whether the Fund is suitable for you to meet your own risk/return objectives and to place orders on your behalf.

Purchases

You may purchase any series of units of the Fund on a daily basis on or before 4:00 p.m. (Eastern Time) on any business day or any other business day as the Manager may designate (each, a "**Purchase Date**") through a Dealer that has entered into a distribution agreement with us to sell the Fund. See "*Description of Units*" for a description of each series of units offered by the Fund. The issue price of the units is based on the Unit Price for that particular series on the Purchase Date.

The minimum initial investment in Series A, Series, and Series F units, of the Fund is \$500.00 while the minimum initial investment in Series I units of the Fund is negotiable between the investor and the Manager. The minimum subsequent investment in the Units of the Fund is \$100 unless you buy through a pre-authorized contribution plan, in which case, the minimum subsequent investment is \$50. These minimum investment amounts may be adjusted or waived in the discretion of the Manager.

If we receive your purchase order before 4:00 p.m. (Eastern Time) on a Purchase Date, we will process your order at the Unit Price calculated later that day. Otherwise, we will process your order at the Unit Price calculated on the next Purchase Date. Orders received after 4:00 p.m. on a Purchase Date would be processed on the next Purchase Date.

Please contact your Dealer to find out how to place an order. Please note that Dealers may establish cut-off times for receiving purchase orders so that they may be properly processed prior to the 4:00 p.m. (Eastern Time) deadline on the applicable Purchase Date. When you submit money with a purchase order, the money will be held in our trust account and any interest the money earns before it is invested in the Fund is credited to the Fund, not to your account.

We must receive the appropriate documentation and payment in full within two (2) business days of receiving your purchase order in order to process a purchase order. If the Fund does not receive payment in full within the required time or if a cheque is returned because of non-sufficient funds, we will sell the securities that you bought. If we sell them for more than you paid, the Fund will keep the difference. If we sell them for less than you paid, the dealer placing the purchase order pays the difference plus any costs or interest to the Fund and you may have to reimburse your dealer. We do not issue certificates when you purchase the Fund. We are entitled to reject any purchase order, but we can only do so within one (1) business day of receiving it. If we reject an order, we will return immediately to your Dealer any monies we have received from you in connection with that order.

At the Manager's sole discretion, the Fund may suspend new subscriptions of the units of the Fund.

Please see "*Fees and Expenses*" and "*Dealer Compensation*" in the Simplified Prospectus for more information on the fees and expenses and Dealer compensation applicable to each series.

Redemptions

Units of the Fund can be redeemed on a daily basis on or before 4:00 p.m. (Eastern Time) on any business day provided NAV (each, a “**Redemption Date**”). If we receive your redemption order before 4:00 p.m. (Eastern Time) on any Redemption Date, we will process your order at the Unit Price calculated later that day. Otherwise, we will process your order at the Unit Price calculated on the next Redemption Date. Orders received after 4:00 p.m. (Eastern Time) on any Redemption Date would be processed on the next Redemption Date.

The latest we will send you your redemption proceeds will be two (2) business days after the Redemption Date used to process your sell order. Required documentation may include a written order to sell with your signature, guaranteed by an acceptable guarantor. If you redeem through your advisor, they will advise you what documents they require. Any interest earned on the proceeds of an order to redeem before you receive the money will be credited to the Fund, not to your account. Redemption proceeds are paid in the applicable currency that the series of units is denominated.

No payment of redemption proceeds is made until a duly completed redemption request has been received from the registered holder of the units. Redemption requests:

- for redemption proceeds of \$1,000,000.00 or more;
- that direct redemption proceeds to be paid to someone other than the dealer or to an address other than the registered address of the investor;
- for redemption proceeds not payable to all joint owners on an investor’s account; or
- from a corporation, partnership, agent, fiduciary or surviving joint owner

may, in each case, be required to have signatures guaranteed by a Canadian chartered bank or trust company or by the unitholder’s dealer. You should consult your dealer with respect to the documentation required.

Where the Fund has received a duly completed redemption request, the Fund pays the redemption proceeds within two business days of receipt of such documents. If you fail to provide the Fund with a duly completed redemption request within ten (10) business days of the date on which the NAV is determined for the purposes of the redemption, we, on behalf of the Fund, purchase the units redeemed on the 10th business day. The redemption proceeds which would have been paid on the failed transaction are used to pay the purchase price. If the redemption proceeds are more than the purchase price, the difference belongs to the Fund. If the redemption proceeds are less than the purchase price, the dealer placing the redemption request pays the difference plus any banking costs or interest to the Fund and you may have to reimburse your dealer.

Under exceptional circumstances, we may be unable to process your redemption order. This would most likely occur if market trading has been suspended on any exchanges including stock exchanges on which more than 50% by value of the Fund’s assets are listed and if the Fund’s portfolio securities cannot be traded on any other exchange that represents a reasonably practical alternative. During these periods, units will also not be issued.

The Fund may postpone a redemption payment during any period which redemption rights are suspended in the circumstances described above as required by securities legislation or with the approval of the applicable securities regulatory authorities.

There are no redemption fees for the Fund, except as described under “*Fees and Expenses – Fees and Expenses Payable Directly by You – Short-Term Trading Fee*” in the Simplified Prospectus.

Redesignations between Series of the Fund

You may redesignate all or part of your investment from one series of units to another series of units of the Fund, as long as you are eligible to hold that series of units. This is called a redesignation.

If we receive your redesignation order before 4:00 p.m. (Eastern Time) on any Purchase Date, we will process your order at the Unit Price calculated later that day. Otherwise, we will process your order at the Unit Price calculated on the next Purchase Date. We may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next Purchase Date.

Your Dealer may charge you a redesignation fee of up to 2% based on the NAV of the applicable series of units of the Fund you redesignate from one series of units to another series of units of the Fund. You may negotiate this amount with your Dealer. Please see “*Fees and Expenses*” and “*Dealer Compensation*” in the Simplified Prospectus for more information on the fees and expenses and Dealer compensation applicable to redesignations.

The value of your investment, less any fees, will be the same immediately after the redesignation. You may, however, own a different number of units because each series may have a different Unit Price. Based on the published administrative position of the Canada Revenue Agency (“**CRA**”), redesignating units from one series to another series of the Fund is generally not viewed as a disposition for Canadian income tax purposes.

RESPONSIBILITY FOR FUND OPERATIONS

The Manager

Durham Asset Management Inc. is the manager of the Fund. The registered office of the Manager is located at 22 Shorten Place, Ajax, Ontario, L1T 0E9. The Manager can be contacted at no cost by calling us at +1 (905) 239-2436 or toll free +1 (833) 444-DAMI (2346) or, or by emailing us at info@durhamasset.ca. The Manager’s website is www.durhamasset.ca.

Pursuant to the Declaration of Trust, we retain full authority and responsibility to manage the business and affairs of the Fund and are responsible for the Fund’s day-to-day operations. Pursuant to the Declaration of Trust, the Manager may delegate any or all of its duties and responsibilities to one or more agents to assist it in the performance of such duties and responsibilities.

Directors and Executive Officers of the Manager

| Name | Municipality of Residence | Office | Principal Occupation |
|---------------|----------------------------------|--|--|
| Rounak Langhe | Ajax, Ontario | Director, President and Ultimate Designated Person | Director, Founder and President |
| Michael Lay | Toronto, Ontario | Director | Principal at NextStep, capital markets advisory boutique |
| Murray Neal | Toronto, Ontario | Director | Co-Founder and Chief Financial Officer at Making Better Lives Inc., not-for-profit corporation |

Trustee

DAMI acts as the trustee of the Fund pursuant to the Declaration of Trust. The Trustee has those powers and responsibilities in respect of the Fund as described in the Declaration of Trust. The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Pursuant to the Declaration of Trust, the Manager may remove the Trustee and appoint a successor trustee from time to time on 90 days' written notice or in certain other circumstances. The Trustee or any successor appointed pursuant to the terms of the Declaration of Trust may resign upon 90 days' written notice to the Manager, who shall use its best efforts to appoint a successor trustee. If no successor Trustee is appointed the Fund shall be terminated.

The Declaration of Trust provides that the Trustee and its affiliates have a right of indemnification from the Fund for any claims arising out of the execution of its duties as trustee, except in cases of negligence, willful default or bad faith on the part of the Trustee. In addition, the Declaration of Trust contains provisions limiting the liability of the Trustee, as described in the Declaration of Trust.

Portfolio Manager

DAMI acts as the portfolio manager of the Fund. The Portfolio Manager is responsible for portfolio management and advisory services for the Fund. Investment decisions are made based on fundamental research and quantitative analysis. The investment decisions by the Portfolio Manager's portfolio management team are not subject to the oversight, approval or ratification of a committee.

Rounak Langhe is principally responsible for the day-to-day management of a material portion of the investment portfolio of the Fund.

Rounak Langhe

Rounak Langhe has fifteen years of significant experience in portfolio construction, risk management, and client relationship management. His expertise includes asset-liability management, credit market functions, structured product investments, and fixed income product trading.

Rounak began his investment career as a credit analyst at Aegon Capital Management (now Forester Asset Management). From 2003 to 2007, he was responsible for fundamental credit research analyzing Auto, infrastructure, telecommunication, and utility sectors. In his last assignment at one of Canada's largest mutual fund companies, Rounak was responsible for managing a \$2.2 billion fixed-income portfolio from 2013 to 2017. He was a member of the asset allocation committee.

Rounak has an MBA from the Tippie School of Business, University of Iowa, Iowa City, USA. He holds a Chartered Investment Manager (CIM) designation from the Canadian Securities Institute and a Chartered Financial Analyst (CFA) designation from the CFA Institute.

Brokerage Arrangements

Decisions as to the purchase and sale of portfolio securities and decisions as to the execution of all portfolio transactions, including selection of market, Dealer or broker and the negotiation, where applicable, of commissions, are made by the Portfolio Manager.

The Fund predominantly invests in fixed-income securities that trade in the dealer market, which is

characterized by dealer bid-ask spreads as opposed to the payment of trading commissions. In effecting portfolio transactions, the Portfolio Manager has a duty to seek best execution. In making a determination regarding best execution, the Portfolio Manager will take into account certain criteria including price, spread, execution capability, trading expertise, liquidity, timing and size of an order, and current market conditions, amongst other things. The Portfolio Manager does not engage in brokerage arrangements whereby client brokerage commissions are directed to a dealer in return for the provision of goods and services, by the dealer or a third-party, other than order execution.

Custodian

On behalf of the Fund, the Manager and Laurentian Bank Securities Inc. (the “**Custodian**”) have entered into a custodian agreement (the “**Custodian Agreement**”), whereby the Custodian has agreed to act as custodian for the Fund and to provide safekeeping and custodian services in respect of the Fund’s property.

The Custodian receives and holds all cash, portfolio securities and other assets of the Fund for safekeeping and on direction from the Fund will settle on behalf of the Fund, the purchase and sale of the Fund’s assets. Under the terms of the Custodian Agreement and subject to the requirements of the Canadian Securities Administrators, the Custodian may appoint one or more sub-custodians. The fees for custodial services provided by the Custodian are paid by the Fund. The Custodian Agreement can be terminated by the Fund or by the Custodian on 30 days’ prior written notice.

A change of custodian will, in certain events, require the prior approval of securities regulatory authorities. Where the Fund makes use of clearing corporation options, the Fund may deposit portfolio securities or cash as margin in respect of such transactions with a Dealer, or in the case of over-the-counter options or forward contracts, with the other party thereto, in any such case in accordance with the policies of Canadian securities authorities. Where the Fund effects a short sale, the Fund may deposit assets as security with its custodian or Dealer from whom the Fund borrowed the securities forming part of the short sale.

Auditor

Goodman & Associates LLP, Chartered Accountants, Toronto, Ontario, is the auditor of the Fund.

Administrator and Registrar

The Manager, on behalf of the Fund, has entered into an administration agreement with Advanced Asset Management Inc. (the “**Administrator**”) dated as of 16th December, 2020 (the “**Administration Agreement**”) to obtain certain administrative services for the Fund. The Administrator is responsible for providing administrative services to the Fund, including maintaining the accounting records of the Fund, fund valuation, NAV calculation and financial reporting services.

The Administrator shall also act as Registrar for the Fund. In such capacity, it keeps a register of the owners of units of the Fund, processes purchase and redemption orders, issues investor account statements and issues annual tax reporting information.

The fees for administrative services provided by the Administrator are paid by the Fund.

Securities Lending Agent

DAMI, on behalf of the Fund, may enter into a Securities Lending Authorization Agreement (the “**Securities Lending Agreement**”) with a suitable lending agent (the “**Securities Lending Agent**”). The Securities Lending Agent will not be an affiliate or associate of the Fund. The Securities Lending

Agreement will appoint and authorize the Securities Lending Agent, where applicable, to act as agent for securities lending transactions for the Fund securities lending and to execute, in the Fund's name and on its behalf, securities lending agreements with borrowers in accordance with NI 81-102. The Securities Lending Agreement will require that the collateral received by the Fund in a securities lending transaction must generally have a market value no less than 102% of the value of the securities loaned. Any Securities Lending Agreement, will require the Securities Lending Agent, where applicable, to indemnify the Fund from certain losses incurred in connection with its failure to perform any of its obligations under the Securities Lending Agreement. The Securities Lending Agreement will allow for termination at any time at the option of either party upon a reasonable amount of prior notice to the other party, subject to certain conditions. The Securities Lending Agreement will allow either party to terminate the Securities Lending Agreement immediately if the other party commits certain acts or fails to perform its duties under the Securities Lending Agreement.

CONFLICTS OF INTEREST

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

Principal Holders of Securities

As at the date of this AIF Rounak Langhe beneficially owned 100 common shares of the Manager, representing 100% of the outstanding common shares of the Manager.

As at the date of this AIF, the members of the independent review committee of the Fund (the "IRC") do not own, directly or indirectly, any securities of the Fund, the Manager or any person or company that provides services to the Fund or to the Manager.

Affiliated Entities

There are no affiliated entities of DAMI that provide services to the Fund.

Units of the Fund

As at the date of this Annual Information Form, the following unitholders owned, beneficially and of record, more than 10% of a series of the issued and outstanding units of the Fund:

| Holder of Units | Fund | Series | Number of Units | Percentage of the Series Owned |
|------------------------------|--------------------------|---------------|------------------------|---------------------------------------|
| Durham Asset Management Inc. | DAMI Corporate Bond Fund | F | 22,500 | 100% |

As the Fund is new, the investment by us in these units of the Fund represents the initial investment in the Fund and may be redeemed in accordance with the regulatory requirements only when the Fund has investments of at least \$500,000 by investors not affiliated with us.

Affiliated Entities

There are no affiliated entities of the Manager that provides services to the Fund.

FUND GOVERNANCE

Independent Review Committee

NI 81-107 requires all publicly offered investment funds, such as the Fund, to establish an independent review committee to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintain records in respect of these matters and provide assistance to the IRC in carrying out its functions. The IRC is required to conduct regular assessments and provide reports to the Manager and to Unitholders in respect of its functions. The IRC's annual report of its activities for Unitholders is available on the Fund's website at www.durhamasset.ca or at the Unitholder's request at no cost by calling us toll free at +1 (905) 239-2436 or toll free +1 (833) 444-DAMI(2346) or, or by emailing us at info@durhamasset.ca.

For the first 2 years the Fund will not pay any fees to the members of the IRC. The Fund may pay fees to members of the IRC after two years of operation of the Fund. Expenses incurred by the members of the IRC in connection with performing their duties are also the responsibility of the investment funds, including the Fund.

In accordance with NI 81-107, the mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager may be subject when managing the Fund. The IRC is empowered to represent the best interest of the Fund in any matter where the Manager has referred a conflict of interest matter to it. In those cases, it has sought to ensure that the Manager's proposed course of action represents a fair and reasonable result for the Fund.

The IRC may also approve certain mergers between the Fund and other funds, and any change of the auditor of the Fund. Subject to any corporate and securities law requirements, no unitholder approval will be obtained in such circumstances, but you will be sent a written notice at least 60 days before the effective date of any such transaction or change of auditor. In certain circumstances, unitholder approval may be required to approve certain mergers.

The current members of the IRC are Leon Efraim, Gregory Ross and Hosen Marjaee.

As of the filing date, the members of the IRC do not own, directly or indirectly, any securities of the Fund, the Manager or any person or company that provides services to the Fund or to the Manager.

Policies Regarding Business Practices

The Manager maintains policies, procedures and guidelines concerning governance of the Fund. These policies, procedures and guidelines aim to monitor and manage the business and sales practices, risk management and internal conflicts of interest relating to the Fund, and to ensure compliance with regulatory and corporate requirements. The Fund is also managed in accordance with its investment guidelines and those guidelines are monitored regularly by appropriate personnel and senior management of the Manager to ensure compliance therewith.

The Manager is committed to the fair treatment of investors in the products managed by the Manager through the application of high standards of integrity and ethical business conduct by its employees. As a result of this, the Manager has established a compliance manual to guide the firm and its employees. This manual governs policies relating to the following subject matter: code of ethics and conduct, trading procedures and proxy voting, in addition to other procedures.

The Manager manages its investment funds in the best interest of the funds, in compliance with the requirements of NI 81-107 by setting out its policies and procedures for dealing with conflict of interest

matters and providing guidance on managing these conflicts.

In addition to the policies, practices or guidelines applicable to the Fund relating to the business practices, sales practices, risk management and internal conflicts already disclosed in this Annual Information Form, all employees of the Manager are bound by the code of ethics and conduct which, among other things, addresses proper business practices and conflicts of interest and a trading and disclosure policy which sets out the policies and procedures of the Manager with respect to trading and disclosure.

Securities Lending, Repurchase and Reverse Repurchase Transactions

The Fund may, from time to time, engage in securities lending, repurchase and reverse repurchase transactions to generate additional income consistent with its investment objectives. The Fund has entered into the Securities Lending Agreement with the Securities Lending Agent to administer the Fund's securities lending.

Written policies and procedures regarding objectives and risk management procedures have been adopted by the Manager in connection with its securities lending, repurchase and reverse repurchase activities. The Chief Compliance Officer of the Manager is responsible for setting and reviewing these policies and procedures. Such policies and procedures are reviewed and approved at least annually by the management committee of the Manager. The authorization of securities lending, repurchase and reverse repurchase activities and placing limits or other controls on these transactions is the responsibility of the portfolio manager with post-trade review conducted by the compliance department. Risk measurement procedures and simulations are not used to test the Fund's portfolio under stress conditions.

The risk factors associated with securities lending are disclosed in the Simplified Prospectus.

Proxy Voting Policy

As the Fund invests primarily in fixed income securities, it is not expected that it will receive many proxies requesting the Fund to vote on security holder matters. Any proxies associated with the securities of the Fund will be voted by the Manager in accordance with the Manager's proxy voting policy (the "**Proxy Voting Policy**"). The objective in voting is to support proposals and director nominees that maximize the value of the applicable fund's investments over the long-term. In evaluating proxy proposals, information from many sources will be considered, including management or shareholders of a company presenting a proposal and independent proxy research services. Substantial weight will be given to the recommendations of a company's board, absent guidelines or other specific facts that would support a vote against management. The Manager has developed guidelines that address the following circumstances: election of directors; contested director elections; classified boards; director/officer indemnification; director ownership; approval of independent auditors; stock-based compensation plans; bonus plans; employee stock purchase plans; executive severance agreements; shareholder rights plans; defences; cumulative voting; voting requirements matters related to shareholder meetings, among others.

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

The current Proxy Voting Policy and procedures of the Manager are available to Unitholders at no

cost by calling toll free at +1 (905) 239-2436 or toll free +1 (833) 444-DAMI(2346) or, on the Manager's website at www.durhamasset.ca or by writing to Durham Asset Management Inc.: 22 Shorten Place, Ajax, Ontario, L1T 0E9.

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

Short-Term Trading

In order to protect the interest of the majority of Unitholders in the Fund and to discourage inappropriate short-term trading in the Fund, investors may be subject to a short-term trading fee. If an investor redeems Units of the Fund within 120 days of purchasing such units, the Fund may deduct and retain, for the benefit of the remaining Unitholders in the Fund, two percent (2%) of the NAV of the series of units being redeemed.

The short-term trading fee will not apply in certain circumstances, such as:

- redemptions of Series A or Series F units purchased by the reinvestment of distributions;
- for systematic withdrawal plans;
- redesignation of Series A, and Series F units from one series to another series of the Fund, Series I Units shall not have any redesignation rights;
- redemptions initiated by the Manager or where redemption notice requirements have been established by the Manager; or
- in the absolute discretion of the Manager.

The registrar, on behalf of the Manager, monitors and detects short-term trading. The registrar on direction from the Manager, automatically charges a short-term trading fee to any redemption of any Units that is made within 120 days of purchasing those securities. The Manager assesses the short-term trading fee charged to an investor on a case-by-case basis and may, at its absolute discretion, reverse a short-term trading fee that has been charged to an investor.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary, as at the date hereof, of certain of the principal Canadian federal income tax considerations generally applicable to an investor in units of the Fund offered under the Simplified Prospectus. This summary assumes you are an individual (other than a trust) who, for the purposes of the Tax Act and at all times, (i) is a resident of Canada, (ii) deals at arm's length and is not affiliated with the Fund, and (iii) holds units as capital property.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, an understanding of the current published administrative policies and assessing practices of the CRA, and all specific proposals to amend the Tax Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (such proposals referred to hereafter as the "**Tax Proposals**"). However, there can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations.

This summary assumes that none of the issuers of securities held by the Fund will be a “foreign affiliate” of the Fund or any unitholder of the Fund for the purposes of the Tax Act, or a non-resident trust that is not an “exempt foreign trust” as defined in section 94 of the Tax Act. This summary also assumes that the Fund will not be: (i) a “SIFT trust” for the purposes of the Tax Act, (ii) a “financial institution” for purposes of the Tax Act, or (iii) required to include any amounts in income pursuant to section 94.1 or section 94.2 of the Tax Act.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to you in respect of an investment in units of the Fund and does not describe the income tax consequences relating to the deductibility of interest on money borrowed to acquire units. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Accordingly, you are urged to consult with your own tax advisors for advice with respect to the income tax consequences of an investment in units, based on your particular circumstances.

Tax Status of the Fund

This summary is based on the assumptions that: (i) the Fund will qualify, at all times, as a “mutual fund trust” within the meaning of the Tax Act and will validly elect under the Tax Act to be a “mutual fund trust” from the date it was established, (ii) the Fund will not be maintained primarily for the benefit of non-residents, and (iii) not more than 50% (based on fair market value) of the units of the Fund will be held by non-residents of Canada or by partnerships that are not “Canadian partnerships” as defined in the Tax Act, or by any combination of such partnerships and non-residents.

In order to continue to qualify as a “mutual fund trust”, the Fund must, among other things, comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of units. If the Fund does not qualify as a “mutual fund trust” at all times, the income tax considerations described below could be materially and adversely different.

Taxation of the Fund

In each taxation year, the Fund will be subject to tax under Part I of the Tax Act on its net income, including the taxable portion of any net capital gains, if any, that is not paid or made payable to unitholders in that year. Provided the Fund distributes all of its net taxable income and its net capital gains to its unitholders on an annual basis, it should not be liable for any income tax under Part I of the Tax Act.

The Fund is required to include, in computing its income for each taxation year, the taxable portion of any net capital gains, any dividends received by it in that taxation year and all interest that accrues to it during the year, or which becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. In computing its income, the Fund will take into account any loss carry-forwards, any capital gains refund and all deductible expenses, including management fees.

Gains and losses realized by the Fund on the disposition of securities will generally be reported as capital gains and capital losses. The Fund will elect under subsection 39(4) of the Tax Act so that all gains or losses realized on the disposition of securities that are “Canadian securities” (as defined in the Tax Act) will be deemed to be capital gains or losses to the Fund. Generally, gains and losses realized by the Fund from derivative securities and in respect of short sales of securities (other than Canadian securities) will be treated as income and losses of the Fund, except where a derivative is used to hedge securities held on capital account provided there is sufficient linkage between the derivative and the security being hedged and subject to the detailed rules in the Tax Act. Whether gains or losses realized by the Fund in respect of a particular security (other than a Canadian security) are on income or capital

account will depend largely on factual considerations.

Losses incurred by the Fund in a taxation year cannot be allocated to unitholders, but may be deducted by the Fund in future years in accordance with the Tax Act.

The Fund's portfolio may include securities which are not denominated in Canadian dollars. The cost and proceeds of disposition of securities, dividends, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction, as more particularly determined in accordance with section 261 of the Tax Act. Accordingly, the Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

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

The Fund may be subject to alternative minimum tax in any taxation year throughout which the Fund is not a "mutual fund trust" for purposes of the Tax Act.

The Fund may be subject to the loss restriction rules contained in the Tax Act unless the Fund qualifies as an "investment fund" as defined in the Tax Act, which, among other things, requires that certain investment diversification restrictions are met, and that unitholders hold only fixed (and not discretionary) interests in the Fund. If the Fund experiences a "loss restriction event" (i) the Fund will be deemed to have a year-end for tax purposes (which would result in an allocation of the Fund's net income and net realized capital gains at such time to unitholders so that the Fund is not liable for income tax under Part I of the Tax Act on such amounts), and (ii) the Fund will be deemed to realize any unrealized capital losses and its ability to carry forward such losses will be restricted. Generally, the Fund will have a loss restriction event when a person becomes a "majority-interest beneficiary" of the Fund, or a group of persons becomes a "majority-interest group of beneficiaries" of the Fund, as those terms are defined in the Tax Act.

The Fund may be subject to the "suspended loss" rules contained in the Tax Act, which would generally apply where the Fund disposes of property and subsequently reacquires the property or acquires an identical property within the time period that begins 30 days before the disposition and ends 30 days following the disposition, and the Fund continues to own the reacquired or newly acquired property following that period. Where the "suspended loss" rules apply, any losses arising from the initial disposition of property would be denied but may be realized at a future point in time in accordance with the rules in the Tax Act.

The Fund may be subject to the "straddle loss" rules contained in the Tax Act, which generally defer the realization of any loss on the disposition of a "position" to the extent of any unrealized gain on an offsetting "position". For the purposes of these rules, a "position" held by the Fund includes any interest in actively traded personal properties such as commodities, derivatives, and certain debt obligations. An offsetting "position" is any similar interest that has the effect of eliminating all or substantially all of the Fund's risk of loss and opportunity for gain in respect of the underlying

“position”. These rules are subject to various exceptions set out in the Tax Act.

Taxation of Unitholders

Units Held in a Registered Plan

If you hold units of the Fund in a Registered Plan, distributions from the Fund and capital gains from a redemption (or other disposition) of units in respect of the Registered Plan are generally not subject to tax under the Tax Act until withdrawals are made from the Registered Plan (however, withdrawals from a TFSA are generally not subject to tax).

Notwithstanding the foregoing, if the units of the Fund are “prohibited investments” (as defined in the Tax Act) for your TFSA, RRSP, RRIF, or RESP you—as the holder of the TFSA, the annuitant under the RRSP or RRIF, or the subscriber of the RESP, as the case may be— may be subject to a penalty tax as set out in the Tax Act. The units of the Fund will be a “prohibited investment” for your TFSA, RRSP, RRIF, or RESP, if you: (i) do not deal at arm’s length with the Fund for purposes of the Tax Act, or (ii) have a “significant interest”, as defined in the Tax Act, in the Fund. Generally, you will not have a significant interest in the Fund unless you own interests as a beneficiary under the Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Fund, either alone or together with persons and partnerships with which you do not deal at arm’s length. In addition, your units will not be a “prohibited investment” if such units are “excluded property” as defined in the Tax Act.

You should consult with your own tax advisors to determine whether units of the Fund would be a “prohibited investment” for your TFSA, RRSP, RRIF, or RESP, based on your particular circumstances.

Units Not Held in a Registered Plan

If you hold units of the Fund outside a Registered Plan, you will generally be required to include in computing your income for a taxation year the portion of the net income of the Fund, including the taxable portion of any capital gains, if any, paid (or payable) to you by the Fund in that taxation year, whether such amounts are paid in cash or automatically reinvested in additional units.

Generally, any distributions to you in excess of your share of the net income and net capital gains of the Fund in a taxation year are a return of capital and will not be taxable to you but will reduce the adjusted cost base of your units. To the extent that the adjusted cost base of your units would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by you and your adjusted cost base will be nil immediately thereafter. The non-taxable portion of any net capital gains of the Fund that is distributed to you will not be taxable and will not, provided the appropriate designations are made by the Fund, reduce the adjusted cost base of your units.

The Manager expects that amounts will generally be declared payable by the Fund on a quarterly basis to holders of units of the Fund in amounts that are generally expected to reflect proportions of income earned. The higher the portfolio turnover rate of the Fund in a year, the greater the chance that an amount will be declared payable or paid in respect of your units of the Fund prior to the end of the year. However, there is not necessarily a relationship between a high turnover rate of the Fund’s portfolio and the performance of the Fund.

Provided that appropriate designations are made by the Fund, such portion of: (i) the taxable portion of any net capital gains of the Fund, and (ii) the taxable dividends received by the Fund on shares of taxable Canadian corporations as are paid or become payable to you will effectively retain their character and be treated as such in your hands. The gross-up and dividend tax credit rules contained in the Tax Act will apply to such amounts that are designated as taxable dividends from taxable Canadian

corporations. If the Fund makes the appropriate designation, you may be entitled to claim a foreign tax credit in accordance with the provisions of, and subject to the general limitations under, the Tax Act for a portion of the foreign tax paid by the Fund in respect of income from foreign sources.

The NAV per unit of the Fund at the time you acquire units may reflect income and gains of the Fund that have accrued prior to that time. Accordingly, if you acquire units, particularly late in a calendar year, you may become taxable on the income or gains of the Fund that accrued before those units were acquired by you.

We will provide you with prescribed information in the form required by the Tax Act to assist you in preparing your tax return.

Management Fee Distributions (as defined in the Simplified Prospectus), if any, that are received by you, to the extent that they are paid from the net income (including the taxable portion of capital gains) of the Fund, will generally be required to be included in your income for the taxation year in which such distributions are received. To the extent that a Management Fee Distribution represents a return of capital, the adjusted cost base of the units held by you will be reduced by the amount of the Management Fee Distribution.

Upon the redemption (or other disposition) of a unit of a particular series of units of the Fund you will realize a capital gain (or capital loss) to the extent that your proceeds of disposition (i.e., the amount you receive for that unit) exceed (or are less than) your adjusted cost base of the unit and any reasonable costs of disposition. Your adjusted cost base of a single unit of a particular series of units of the Fund at any particular time will generally be the average cost of all such units held by you at that time. For the purpose of determining the adjusted cost base of your units of a particular series of units of the Fund, when units are acquired, including on the reinvestment of distributions, the cost of the newly acquired units will generally be averaged with the adjusted cost base of all such units owned by you as capital property immediately before that time.

One-half of any capital gain realized by you in a taxation year on the disposition of units will be included in your income for that taxation year and one-half of any capital loss realized by you must be deducted from the taxable portion of any capital gains realized in that taxation year. One-half of any unused capital losses may be deducted by you against the taxable portion of any capital gains arising in the three immediately preceding taxation years or in subsequent taxation years, subject to the rules in the Tax Act.

In general terms, net income of the Fund paid or payable to you that is designated as net realized taxable capital gains, taxable Canadian dividends or taxable capital gains realized on the disposition of units may increase your potential liability for alternative minimum tax.

Based on published administrative position of the CRA, a redesignation of units of the Fund should not generally be considered to give rise to a taxable disposition for the purposes of the Tax Act. Unitholders should consult with their own tax advisors in this regard.

Management fees and performance fees paid directly to DAMI by holders of Series I units will generally not be deductible by those unitholders.

Calculating the Adjusted Cost Base of a Unit of the Fund

You must separately compute the adjusted cost base in respect of each series of units of the Fund you own. The adjusted cost base in respect of any series of units of the Fund that you own must be calculated in Canadian dollars.

The total adjusted cost of your units of a particular series of units of the Fund (the “**Subject Series**”) is generally equal to:

- the total of all amounts you paid to purchase those units, including any sales charges paid by you at the time of purchase;
plus
- the adjusted cost base of any units of another series of units of the Fund that you hold that were redesignated as units of the subject series (except to the extent that the redesignation resulted in a taxable disposition, in which case the relevant amount may be the fair market value of the units as of the time of the redesignation);
plus
- the amount of any reinvested distributions in respect of units of the subject series; less
- the return of capital component of distributions paid to you in respect of your units of the subject series; and
less
- the adjusted cost base of any of your units of the subject series that have been redeemed.

The adjusted cost base of a single unit of a subject series is the total adjusted cost base of units of the subject series held by you divided by the number of units of the subject series that you hold at the relevant time.

Tax Reporting

Generally, you will be required to provide your financial advisor with information related to your citizenship, tax residence and, if applicable, your foreign tax identification number. If you are identified as a U.S. citizen (including a U.S. citizen living in Canada), U.S. resident, or a foreign tax resident, details of your investment in the Fund will generally be reported to the CRA unless units are held inside a registered plan. The CRA may provide the information to the relevant foreign tax authorities under exchange of information treaties or other agreements.

International Tax Reporting

Part XIX of the Tax Act came into force on July 1, 2017 and implemented the Organization for Economic Co-operation and Development Common Reporting Standard. Pursuant to Part XIX of the Tax Act, “Canadian financial institutions” that are not “non-reporting financial institutions” (as both terms are defined in Part XIX of the Tax Act) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which are resident in a foreign country and to report required information to the CRA. Such information is expected to be exchanged on a reciprocal, bilateral basis with the tax authorities of the foreign country in which the account holders or such controlling persons are resident, pursuant to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Pursuant to Part XIX of the Tax Act, unitholders are required to provide certain information regarding their investment in the Fund for the purpose of such information exchange, unless the investment is held within certain Registered Plans.

U.S. Foreign Account Tax Compliance Act (FATCA)

In March 2010, the U.S. enacted FATCA, which imposes certain reporting requirements on non-U.S. financial institutions. The governments of Canada and the United States have entered into an Intergovernmental Agreement (the “IGA”), which establishes a framework for cooperation and information sharing between the two countries and may provide relief from a 30% U.S. withholding tax under U.S. tax law (the “FATCA Tax”) for Canadian entities, such as the Fund, provided that (i) the Fund complies with the terms of the IGA and the Canadian legislation implementing the IGA in Part XVIII of the Tax Act, and (ii) the government of Canada complies with the terms of the IGA. The Fund will endeavour to comply with the requirements imposed under the IGA and Part XVIII of the Tax Act. Under Part XVIII of the Tax Act, holders of units of the Fund are required to provide identity and residency and other information to the Fund (and may be subject to penalties for failing to do so), which, in the case of “Specified U.S. Persons” or certain non-U.S. entities controlled by “Specified U.S. Persons”, will be provided, along with certain financial information (for example, account balances), by the Fund to the CRA and from the CRA to the U.S. Internal Revenue Service. The Fund may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or Part XVIII of the Tax Act, or if the Canadian government is not in compliance with the IGA and if the Fund is otherwise unable to comply with any relevant and applicable U.S. legislation.

Eligibility for Investment

Provided that the Fund qualifies as a “mutual fund trust” for purposes of the Tax Act, units of the Fund offered hereby will be “qualified investments” under the Tax Act for Registered Plans.

REMUNERATION OF DIRECTORS AND OFFICERS

The Fund does not directly employ any directors, officers or trustees to carry out Fund operations. The Manager, as manager of the Fund, provides or retains all personnel necessary to conduct the Fund’s operations.

MATERIAL CONTRACTS

The material contracts entered into by the Fund as of the date of this Annual Information Form are:

- (a) Declaration of Trust; and
- (b) the Custodian Agreement.

Copies of these agreements are available for inspection at the principal office of the Manager during regular business hours and are also available on www.sedar.com.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

As of the date of this Annual Information Form, there are no ongoing material legal or administrative proceedings pending to which the Fund or the Manager is a party or which are known to be contemplated.

CERTIFICATE OF THE FUND, THE MANAGER, THE TRUSTEE AND THE PROMOTER

This Annual Information Form, together with the Simplified Prospectus and the documents incorporated by reference into the Simplified Prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the Simplified Prospectus, as required by the securities legislation of the Province of Ontario and do not contain any misrepresentations.

DATED June 15, 2021

“Rounak Langhe”

Rounak Langhe, Founder and President in the capacity as Chief Executive Officer and Chief Financial Officer
Durham Asset Management Inc.

On behalf of the Board of Directors of
DURHAM ASSET MANAGEMENT INC.,
as Manager, Trustee and Promoter of the Fund

“Michael Lay”

Michael Lay
Director

“Murray Neal”

Murray Neal
Director

Additional information about the Fund is available in the Fund's Fund Facts, management reports of fund performance and financial statements.

You can get a copy of these documents at no cost by calling us toll free at +1 (905) 239-2436 or toll free +1 (833) 444-DAMI(2346) or, online at www.durhamasset.ca by emailing us at info@durhamasset.ca, or from your Dealer.

These documents and other information about the Fund, such as material contracts and information circulars, are also available at www.sedar.com

DAMI CORPORATE BOND FUND

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