

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

LYSANDER-SLATER PREFERRED SHARE *ActivETF*

PROSPECTUS

Continuous Distribution

July 24, 2019

This prospectus qualifies the distribution of units (the “**Units**”) of the Lysander-Slater Preferred Share *ActivETF* (“**ActivETF**”). The *ActivETF* is an exchange-traded mutual fund established as a trust under the laws of the Province of Ontario. It seeks to generate income while preserving investor capital by investing primarily in preferred shares of Canadian entities that are listed on a Canadian stock exchange. See “Investment Objectives.”

Lysander Funds Limited (the “**Manager**”), a registered investment fund manager, is the trustee and manager of the *ActivETF* and is responsible for the administration of the *ActivETF*. Slater Asset Management Inc. (the “**Portfolio Manager**”), a registered portfolio manager, is the portfolio manager of the *ActivETF*. See “Organization and Management Details of the Lysander-Slater Preferred Share *ActivETF*”.

Listing of Units

The *ActivETF* issues Units on a continuous basis and there is no maximum number of Units that may be issued.

Units of the *ActivETF* are listed on the Toronto Stock Exchange (the “**TSX**”) and an investor may buy or sell Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units. Unitholders may redeem Units in any number for cash for a redemption price equal to the lesser of (i) 95% of the closing price on the TSX for the Units on the effective day of the redemption and (ii) the net asset value per Unit on the effective day of the redemption, or may exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for a Basket of Securities and cash or, in certain circumstances, for cash. See “Redemption of Units.”

The *ActivETF* will issue Units directly to the Designated Broker and Dealers.

Eligibility for Investment

In the opinion of Borden Ladner Gervais LLP, the Units of the *ActivETF* will be qualified investments under the *Income Tax Act* (Canada) (the “**Tax Act**”) for a trust governed by a

registered retirement savings plan, registered retirement income fund, registered education savings plan, tax-free savings account, deferred profit sharing plan or registered disability savings plan (each a “**Registered Plan**”) provided that the *ActivETF* qualifies as a “mutual fund trust” within the meaning of the Tax Act or the Units are listed on a “designated stock exchange” within the meaning of the Tax Act, which includes the TSX.

Unitholders should consult their own tax advisors for advice on whether Units of the *ActivETF* would be a “prohibited investment” under the Tax Act for their Registered Plans. See “Income Tax Considerations – Eligibility for Investment.”

Additional Consideration

No Dealer or Designated Broker has been involved in the preparation of the prospectus or has performed any review of the contents of the prospectus and, as such, the Dealers and the Designated Broker do not perform many of the usual underwriting activities in connection with the distribution by the *ActivETF* of its Units under this prospectus.

For a discussion of the risks associated with an investment in Units of the *ActivETF*, see “Risk Factors.”

Registration of interests in, and transfer of, the Units will be made only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership.

The *ActivETF* is a mutual fund under the securities legislation of the provinces and territories of Canada.

Documents Incorporated by Reference

Additional information about the *ActivETF* is available in the most recently filed ETF facts, the most recently filed annual financial statements, any interim financial statements filed after the most recently filed annual financial statements, the most recently filed annual management report of fund performance (“**MRFP**”) and any interim MRFP filed after the most recently filed annual MRFP. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. See “Documents Incorporated by Reference” for further details.

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IMPORTANT TERMS

Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.

Basket of Securities – a group of securities selected by the Portfolio Manager from time to time that collectively reflect the constituents of the portfolio of the *ActivETF*.

Canadian securities legislation – the securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the securities regulatory authorities, as the same may be amended, restated or replaced from time to time.

CDS – CDS Clearing and Depository Services Inc.

CDS Participant – a registered dealer or other financial institution that is a participant in CDS and that holds Units on behalf of beneficial owners of Units.

CRA – The Canada Revenue Agency.

Custodian – CIBC Mellon Trust Company or its successor.

Custodial Agreement – the custodial agreement made as of December 8, 2011, effective as of September 25, 2009, between the Manager and the Custodian, amongst others, as the same may be amended or restated from time to time.

Cut-Off Time – in relation to each issuance and exchange of Units of the *ActivETF*, the applicable time set out under “Purchases of Units – Issuance of Units.”

Dealer – a registered dealer (that may or may not be a Designated Broker) that has entered into a continuous distribution dealer agreement with the Manager, on behalf of the *ActivETF*, and that subscribes for and purchases Units from the *ActivETF* as described under “Purchases of Units – Issuance of Units.”

Declaration of Trust – the master declaration of trust establishing the *ActivETF* dated July 28, 2015, as the same may be amended or restated from time to time.

Designated Broker – a registered dealer that has entered into a designated broker agreement with the Manager, on behalf of the *ActivETF*, pursuant to which the Designated Broker agrees to perform certain duties in relation to the *ActivETF*.

distribution payment date – a date, which is no later than the tenth business day following the applicable distribution record date, on which the *ActivETF* pays a distribution to its Unitholders.

distribution record date – a date designated by the Manager as a record date for the determination of Unitholders entitled to receive a distribution from the *ActivETF*.

ETF Facts – a document that summarizes certain features of the Units of the *ActivETF*.

Fund Administration Services Agreement – the agreement dated April 1, 2015 between the Manager and the Fund Administrator, as the same may be amended or restated from time to time.

Fund Administrator – CIBC Mellon Global Securities Services Company or its successor.

Investment Management Agreement – the investment management agreement dated July 29, 2015 between Lysander Funds Limited as manager of the *ActivETF* and Slater Asset Management Inc. as portfolio manager of the *ActivETF*.

IRC – the Independent Review Committee of the *ActivETF*.

Management Agreement – the management agreement dated July 28, 2015 between Lysander Funds Limited, as trustee of the *ActivETF*, and the Manager, as the same may be amended or restated from time to time.

Manager – Lysander Funds Limited, a corporation established under the laws of Ontario, or its successor.

MRFP – management report of fund performance as defined in NI 81-106.

NAV and *NAV per Unit* – the net asset value and the net asset value per Unit of the *ActivETF*, calculated by the Fund Administrator as described under “Calculation of Net Asset Value.”

NI 81-102 – National Instrument 81-102 – *Investment Funds*, as the same may be amended, restated or replaced from time to time.

NI 81-106 – National Instrument 81-106 – *Investment Fund Continuous Disclosure*, as the same may be amended, restated or replaced from time to time.

NI 81-107 – National Instrument 81-107 – *Independent Review Committee for Investment Funds*, as the same may be amended, restated or replaced from time to time.

Plan Agent – AST Trust Company (Canada) or its successor, as the plan agent under the Reinvestment Plan.

Plan Participant – a Unitholder that participates in any Reinvestment Plan.

Plan Units – additional Units acquired in the market by the Plan Agent under any Reinvestment Plan.

Portfolio Manager – Slater Asset Management Inc., a corporation established under the laws of Ontario, or its successor.

Prescribed Number of Units – the number of Units determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

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

Registrar and Transfer Agent – AST Trust Company (Canada) or its successor.

Reinvestment Plan – means any distribution reinvestment plan offered by the Manager for the *ActivETF*.

securities regulatory authorities – the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian securities legislation in force in such province or territory.

Tax Act – the *Income Tax Act* (Canada) and the regulations issued thereunder, as amended, restated or replaced from time to time.

Tax Proposals – all specific proposals to amend the Tax Act that have been publicly announced by the Minister of Finance (Canada) prior to the date of this prospectus.

Trading Day – for the *ActivETF*, unless otherwise agreed by the Manager, a day on which: (i) a session of the TSX is held; and (ii) the primary market or exchange for the securities held by the *ActivETF* is open for trading.

TSX – the Toronto Stock Exchange.

Unit – a redeemable, transferable unit of the *ActivETF*, which represents an equal, undivided interest in the *ActivETF*.

Unitholder – a holder of Units of the *ActivETF*.

Valuation Date – each business day or any other day designated by the Manager on which the NAV and NAV per Unit of the *ActivETF* are calculated.

Valuation Time – 4:00 p.m. (Toronto time) or such other time that the Manager deems appropriate on each Valuation Date.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Units of the ActivETF and should be read together with the more detailed information and statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.

Issuer: *ActivETF*

The *ActivETF* is an exchange-traded mutual fund established as a trust under the laws of Ontario. Lysander Funds Limited is the trustee and manager of the *ActivETF*. Slater Asset Management Inc. is the portfolio manager of the *ActivETF*.

Continuous Distribution:

Units of the *ActivETF* are being offered on a continuous basis and there is no maximum number of Units that may be issued.

Units of the *ActivETF* are listed on the TSX and an investor may buy or sell Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units. Investors may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders.

The *ActivETF* will issue Units directly to the Designated Broker and Dealers. From time to time, as may be agreed between a prospective purchaser and the Designated Broker or the Dealers, the Designated Broker and the Dealers may agree to accept securities as payment for Units from prospective purchasers.

See “Purchases of Units – Issuance of Units” and “Purchases of Units – Buying and Selling Units.”

Investment Objectives:

ActivETF seeks to generate income while preserving investor capital by investing primarily in preferred shares of Canadian entities that are listed on a Canadian stock exchange.

See “Investment Objectives – Investment Objectives of the *ActivETF*.”

Investment Strategies:

In order to achieve its investment objective, the *ActivETF* will invest primarily in preferred shares of Canadian issuers listed in Canada, using fundamental and credit research. The *ActivETF* may also invest up to 10% of its assets at the time of investment in other income-generating securities. The *ActivETF* will be actively managed and will seek to invest in select securities at attractive valuations within the preferred share market in order to achieve additional income and/or capital appreciation. The *ActivETF* may use derivatives in accordance with NI 81-102.

See “Investment Strategies.”

Special Considerations for Purchasers:

The provisions of the so-called “early warning” reporting requirements in Canadian securities legislation do not apply in connection with the acquisition of Units of the *ActivETF*. The *ActivETF* has obtained exemptive relief to permit Unitholders to acquire more than 20% of the Units of the *ActivETF* without regard to the takeover bid requirements of applicable Canadian securities legislation.

See “Purchases of Units – Special Considerations for Unitholders.”

Risk Factors:

There are certain risk factors inherent in an investment in the *ActivETF*, including:

- (i) the general risks of investments;
- (ii) the general risks of preferred share investments;
- (iii) fluctuations in the NAV and NAV per Unit of the *ActivETF*;
- (iv) the risks of reliance on key personnel for portfolio management services;
- (v) the risks associated with changes in interest rates;
- (vi) the risks associated with the liquidity of the securities in which the *ActivETF* invests;
- (vii) the risks associated with currency or exchange rates;
- (viii) the risks associated with the cease trading of securities held by the *ActivETF*;
- (ix) the risks associated with the subscription for Units by the Designated Broker and Dealers;
- (x) the risks associated with substantial redemptions;

- (xi) the risk that Units may trade at a premium or a discount to the NAV per Unit;
- (xii) counterparty risks associated with securities lending;
- (xiii) changes in legislation, including tax legislation;
- (xiv) risks relating to the taxation of the *ActivETF*;
- (xv) the absence of an active public trading market for the Units;
- (xvi) the risks associated with the use of derivative instruments;
- (xvii) the risks relating to cyber security; and
- (xviii) the trading of Units on the TSX may be halted in certain circumstances.

See “Risk Factors.”

Income Tax Considerations:

Each year a Unitholder (other than a Registered Plan) is generally required to include in the calculation of income for tax purposes the amount of any income and the taxable portion of any capital gains of the *ActivETF* distributed to the Unitholder in the year, whether or not the distribution is paid in cash or reinvested in additional Units. A Unitholder will generally realize a capital gain (or loss) on the sale, redemption, exchange or other disposition of a Unit to the extent that the proceeds of disposition for the Unit exceed (or are less than) the total of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition.

See “Income Tax Considerations.”

Exchanges and Redemptions:

In addition to the ability to sell Units on the TSX, Unitholders may redeem Units in any number for cash for a redemption price equal to the lesser of (i) 95% of the closing price on the TSX for the Units on the effective day of the redemption and (ii) the NAV per Unit on the effective day of the redemption, or exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for a Basket of Securities and cash or, in certain circumstances, for cash.

See “Redemption of Units.”

Distributions:

Cash distributions, if any, will be paid on a monthly basis. These cash distributions may include a return of capital.

Each year, the *ActivETF* intends to distribute a sufficient amount of its net income and net realized capital gains for the year to Unitholders so

that the *ActivETF* will not be liable for ordinary income tax. To the extent that the *ActivETF* has not otherwise distributed a sufficient amount of its net income or net capital gains, a distribution will be paid to Unitholders at the end of the year and that distribution will be automatically reinvested in additional Units. Immediately following such reinvestment, the number of Units outstanding will be consolidated so that the NAV per Unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid.

The tax treatment to Unitholders of distributions is discussed under the heading “Income Tax Considerations.”

See “Distribution Policy.”

**Distribution
Reinvestment:**

The Manager may implement a Reinvestment Plan under which cash distributions are used to acquire Plan Units in the market and are credited to the account of the Plan Participant through CDS. Following implementation of the Reinvestment Plan, a Unitholder may elect to participate in the Reinvestment Plan by contacting the CDS Participant through which the Unitholder holds his, her or its Units.

See “Distribution Policy – Reinvestment Plan.”

Termination:

The *ActivETF* does not have a fixed termination date but may be terminated by the Manager upon not less than 60 days’ written notice to Unitholders.

See “Termination of the Lysander-Slater Preferred Share *ActivETF*.”

**Documents
Incorporated by
Reference:**

Additional information about the *ActivETF* is available in the most recently filed ETF Facts, the most recently filed annual financial statements, any interim financial statements filed after the most recently filed annual financial statements, the most recently filed annual MRFP and any interim MRFP filed after the most recently filed annual MRFP. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. These documents are publicly available on the Manager’s website at www.lysanderfunds.com and may be obtained upon request, at no cost, by calling us collect at 1-877-308-6979 or by contacting a registered dealer. These documents and other information about the *ActivETF* are also publicly available at www.sedar.com.

See “Documents Incorporated by Reference.”

**Eligibility for
Investment:**

The Units of the *ActivETF* will be a qualified investment under the Tax Act for a Registered Plan at any time that the *ActivETF* qualifies or is deemed to qualify as a “mutual fund trust” under the Tax Act or that the

Units are listed on a “designated stock exchange” within the meaning of the Tax Act, which includes the TSX.

Unitholders should consult their own tax advisors for advice on whether Units of the *ActivETF* would be a “prohibited investment” under the Tax Act for their Registered Plan.

See “Income Tax Considerations – Eligibility for Investment”.

ORGANIZATION AND MANAGEMENT OF THE LYSANDER-SLATER PREFERRED SHARE *ActivETF*

Manager:

Lysander is the manager of the *ActivETF* and is responsible for the administration and operations of the *ActivETF*. The registered office of the *ActivETF* and the Manager is located at 3080 Yonge Street, Suite 3037, Toronto, Ontario M4N 3N1.

See “Organization and Management Details of the Lysander-Slater Preferred Share *ActivETF* – Manager of the Lysander-Slater Preferred Share *ActivETF*.”

Trustee:

Lysander is the trustee of the *ActivETF* pursuant to the Declaration of Trust and holds title to the assets of the *ActivETF* in trust for the Unitholders.

See “Organization and Management Details of the Lysander-Slater Preferred Share *ActivETF* – Trustee.”

Portfolio Manager:

Slater Asset Management Inc., at its principal offices in Toronto, Ontario, has been appointed portfolio manager to the *ActivETF*. The Portfolio Manager provides, or causes to be provided, investment management services with respect to the *ActivETF*.

See “Organization and Management Details of the Lysander-Slater Preferred Share *ActivETF* – Portfolio Manager.”

Promoter:

Lysander has taken the initiative in founding and organizing the *ActivETF* and is, accordingly, the promoter of the *ActivETF* within the meaning of securities legislation of certain provinces and territories of Canada.

See “Organization and Management Details of the Lysander-Slater Preferred Share *ActivETF* – Promoter.”

Custodian: CIBC Mellon Trust Company, at its principal offices in Toronto, Ontario, is the custodian of the assets of the *ActivETF* and holds those assets in safekeeping.

See “Organization and Management Details of the Lysander-Slater Preferred Share *ActivETF* – Custodian.”

Registrar and Transfer Agent: AST Trust Company (Canada), at its principal offices in Toronto, Ontario, is the registrar and transfer agent for the Units of the *ActivETF* and maintains the register of registered Unitholders. The register of the *ActivETF* is kept in Toronto, Ontario.

See “Organization and Management Details of the Lysander-Slater Preferred Share *ActivETF* – Registrar and Transfer Agent.”

Auditors: Deloitte LLP, at its principal offices in Toronto, Ontario, are the auditors of the *ActivETF*. The Auditors audit the *ActivETF*'s annual financial statements and provide an opinion as to whether they present fairly the *ActivETF*'s financial position, results and changes in net assets. The Auditors are independent of the Manager.

See “Organization and Management Details of the Lysander-Slater Preferred Share *ActivETF* – Auditors.”

Fund Administrator: CIBC Mellon Global Securities Services Company, at its principal offices in Toronto, Ontario, is the fund administrator. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the *ActivETF*, including NAV calculations, accounting for net income and net realized capital gains of the *ActivETF* and maintaining books and records with respect to the *ActivETF*.

See “Organization and Management Details of the Lysander-Slater Preferred Share *ActivETF* – Fund Administrator.”

SUMMARY OF FEES AND EXPENSES

This table lists the fees and expenses that an investor may have to pay if the investor invests in the *ActivETF*. An investor may have to pay some of these fees and expenses directly. The *ActivETF* may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the *ActivETF*.

See “Fees and Expenses.”

Fees and Expenses Payable by the *ActivETF*

<u>Type of Fee</u>	<u>Amount and Description</u>
Management Fee:	The <i>ActivETF</i> pays a management fee to the Manager at an annual rate of 0.65% of the NAV of the <i>ActivETF</i> , plus applicable taxes. This management fee is calculated and accrued daily. The management fee is payable on a monthly basis from the <i>ActivETF</i> to the Manager.
Operating Expenses:	The <i>ActivETF</i> pays all of its operating expenses, including but not limited to: all brokerage expenses and commissions and any other trading expenses; expenses related to the implementation and on-going operation of the IRC; audit, custodial and legal expenses; valuation, accounting, unitholder servicing and recordkeeping costs; registrar and transfer agent fees; any costs associated with the printing and distribution of any documents that the securities regulatory authorities require be sent or delivered to purchasers of Units of the <i>ActivETF</i> ; prospectus preparation and filing expenses; listing and annual stock exchange fees; CDS fees; expenses related to the Reinvestment Plan including the fees of the Plan Agent; banking and interest expenses; the fees under or in respect of any derivative instrument used by the <i>ActivETF</i> ; the cost of complying with governmental or regulatory requirements; any goods and services taxes, harmonized sales taxes or other taxes on those expenses; and any income, withholding or other taxes payable by the <i>ActivETF</i> .

Fees and Expenses Payable by the Manager

<u>Type of Fee</u>	<u>Amount and Description</u>
Portfolio Manager Fees:	The Manager pays the fees of the Portfolio Manager.

Fees and Expenses Payable Directly by Unitholders

Type of Fee

Amount and Description

Other Charges:

Unitholders who buy and sell their Units through the facilities of the TSX do not pay a fee directly to the Manager or the *ActivETF* in respect of those purchases and sales.

The Manager or the *ActivETF* may charge the Designated Broker and/or Dealers a fee to offset certain transaction costs associated with an issue, exchange or redemption of Units of the *ActivETF* to or by such Designated Broker and/or Dealer. See “Purchases of Units” and “Redemption of Units.”

See “Fees and Expenses.”

Annual Returns, Management Expense Ratio and Trading Expense Ratio

The indicated rate of return below is the historical net total return. This return assumes the reinvestment of distributions, which increases returns, but does not take into account customary brokerage commissions for buying or selling Units on the TSX or other fees or income taxes payable by a Unitholder, which reduce returns. The management expense ratio indicated below for 2015 has been annualized because the *ActivETF* was in distribution for less than a full financial year and for less than twelve months for the period shown.

	2015 ⁽¹⁾	2016	2017	2018
Annual Returns	-3.02%	9.71%	12.20%	-10.74%
Management Expense Ratio ⁽²⁾	1.03%	1.03%	1.03%	1.03%
Management Expense Ratio Before Waivers or Absorptions	1.15%	1.44%	1.07%	1.03%
Trading Expense Ratio ⁽³⁾	0.30%	0.60%	0.47%	0.37%

- (1) The information reported is for the period from August 10, 2015 to December 31, 2015.
- (2) The management expense ratio is based on the total expenses of the *ActivETF* (including goods and services tax, harmonized sales tax and interest, but excluding brokerage commissions and other portfolio transaction costs) expressed as an annualized percentage of the daily average NAV during the period. At its sole discretion, the Manager may waive a portion of the management fees, and, at their discretion, the Manager or Portfolio Manager may absorb a portion of the operating expenses of the *ActivETF*. Unless otherwise noted, such waivers and absorptions can be terminated at any time.
- (3) Trading expense ratio represents total commissions and portfolio transaction costs and is expressed as an annualized percentage of the daily average NAV.

OVERVIEW OF THE LEGAL STRUCTURE OF THE LYSANDER-SLATER PREFERRED SHARE *ActivETF*

The *ActivETF* is an exchange-traded fund established as a trust under the laws of the Province of Ontario. The *ActivETF* has been established pursuant to the Declaration of Trust.

The *ActivETF* is a mutual fund under the securities legislation of certain provinces and territories of Canada.

The principal office of the *ActivETF* and the Manager is located at 3080 Yonge Street, Suite 3037, Toronto, Ontario, M4N 3N1.

INVESTMENT OBJECTIVES

Investment Objectives of the *ActivETF*

The *ActivETF* seeks to generate income while preserving investor capital by investing primarily in preferred shares of Canadian entities that are listed on a Canadian stock exchange.

INVESTMENT STRATEGIES

Principal Investment Strategies

In order to achieve its investment objective, the *ActivETF* will invest primarily in preferred shares of Canadian issuers listed in Canada, using fundamental and credit research. The *ActivETF* may also invest up to 10% of its assets at the time of investment in other income-generating securities. The *ActivETF* will be actively managed and will seek to invest in select securities at attractive valuations within the preferred share market in order to achieve additional income and/or capital appreciation. Some of the Canadian listed preferred shares in which the *ActivETF* invests may be denominated in U.S. dollars.

The underlying securities held by the *ActivETF* will change from time to time as determined by the Portfolio Manager. When there are frequent changes to the securities held by the *ActivETF*, the *ActivETF* is more likely to realize net capital gains and to make distributions of capital gains to Unitholders. The *ActivETF* will also tend to directly or indirectly incur more trading costs, which may lower returns, in these circumstances.

For purposes of a merger or other transaction, or for investment reasons, the *ActivETF* may hold all or a portion of its assets in cash, money market instruments or securities of affiliated money market funds from time to time. As a result, in these limited circumstances, the *ActivETF* may not be fully invested in accordance with its investment objectives and, in a rising market, there could be a negative impact on performance relative to other fully invested exchange-traded funds with a similar objective.

Securities Lending

The *ActivETF* may, in compliance with NI 81-102 and in conjunction with its investment objectives, lend securities to securities borrowers acceptable to it pursuant to the terms of a

securities lending agreement between the *ActivETF*'s securities lending agent and any such borrower under which: (i) the borrower will pay to the *ActivETF* a negotiated securities lending fee and will make compensation payments to the *ActivETF* equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Tax Act; and (iii) the *ActivETF* will receive collateral security. The securities lending agent is responsible for the ongoing administration of the securities loans, including the obligation to mark to market the collateral on a daily basis. Any securities lending revenue earned by the *ActivETF* will be credited to the account of the *ActivETF*.

Under applicable securities legislation, the collateral posted by the securities borrower is required to have an aggregate value of not less than 102% of the market value of the loaned securities. The total value of the securities loaned by the *ActivETF* at any time is not permitted to exceed 50% of the NAV of the *ActivETF* (excluding any collateral received from securities lending activities). Any cash collateral acquired by the *ActivETF* may be invested only in the securities permitted under NI 81-102 that have a remaining term to maturity of no longer than 90 days.

Use of Derivative Instruments

Any use of derivative instruments by the *ActivETF* must be in compliance with NI 81-102 and must be consistent with the investment objectives and investment strategies of the *ActivETF*. The derivatives most likely to be used by the *ActivETF* are forward contracts. The *ActivETF* may also use swaps. Currently, the *ActivETF* will use derivatives for hedging purposes only.

A forward contract is an agreement entered into by two parties to buy or sell a specific amount of an asset at a specified point of time in the future at a predetermined price. Swaps are instruments that involve the exchange of assets (typically securities, cash flows, interest rates or currencies).

The *ActivETF* may use currency forwards to seek to hedge anywhere from 0% to 100% of its direct U.S. dollar exposure back to the Canadian dollar. However, this hedging activity will not address any indirect foreign currency exposure other than exposure to the U.S. dollar that the *ActivETF* may have.

Surplus Cash Management

From time to time, the *ActivETF* may receive or hold surplus cash. The *ActivETF* may temporarily hold this cash or invest it in money market instruments. Alternatively, the *ActivETF* may use the cash to pay those operating expenses that the *ActivETF* is responsible for paying, to purchase additional Baskets of Securities or portions thereof or to increase the notional amount under its derivative instruments, as applicable.

INVESTMENT RESTRICTIONS

The *ActivETF* is subject to certain restrictions and practices contained in securities legislation, including NI 81-102. The *ActivETF* is managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions obtained from the Canadian securities regulatory authorities (see "Exemptions and Approvals"). A change to the investment objectives of the *ActivETF* would require the approval of the Unitholders. Please see "Unitholder Matters – Matters Requiring Unitholders Approval."

The *ActivETF* is also restricted from making an investment or undertaking an activity that would result in such *ActivETF* failing to qualify as a “mutual fund trust” for the purposes of the Tax Act. In addition, the *ActivETF* may not invest in any property or engage in any undertaking that would cause the *ActivETF* to be a “SIFT trust,” as defined in the Tax Act.

FEES AND EXPENSES

This section details the fees and expenses that an investor may have to pay if the investor invests in the *ActivETF*. An investor may have to pay some of these fees and expenses directly. The *ActivETF* may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the *ActivETF*.

Fees and Expenses Payable by the *ActivETF*

Management Fee

The *ActivETF* pays a management fee to the Manager at an annual rate of 0.65% of the NAV of the *ActivETF*, plus applicable taxes. This management fee is calculated and accrued daily. The management fee is payable on a monthly basis from the *ActivETF* to the Manager.

As investment fund manager, the Manager is responsible for the day-to-day business, operations and affairs of the *ActivETF* and provides marketing and administrative services to the *ActivETF*, including office space and facilities, clerical help, bookkeeping, internal accounting services and Unitholder reporting and servicing requirements.

To encourage very large investments in the *ActivETF* by a particular Unitholder, the Manager may, in its discretion, agree to charge the *ActivETF* a reduced management fee as compared to the management fee that it otherwise would be entitled to receive, and the amount of the reduced management fee is distributed periodically by the *ActivETF* to the Unitholder as a management fee distribution. Any reduction will depend on a number of factors, including the amount invested, the NAV of the *ActivETF* and the expected amount of account activity. The tax consequences of a management fee distribution will generally be borne by the Unitholder who receives the distribution.

Operating Expenses

The *ActivETF* pays all of its operating expenses, including but not limited to: all brokerage expenses and commissions and any other trading expenses; expenses related to the implementation and on-going operation of the IRC; audit, custodial and legal expenses; valuation, accounting, unitholder servicing and recordkeeping costs; registrar and transfer agent fees; any costs associated with the printing and distribution of any documents that the securities regulatory authorities require be sent or delivered to purchasers of Units of the *ActivETF*; prospectus preparation and filing expenses; listing and annual stock exchange fees; CDS fees; expenses related to the Reinvestment Plan including the fees of the Plan Agent; banking and interest expenses; the fees under or in respect of any derivative instrument used by the *ActivETF*; the cost of complying with governmental or regulatory requirements; any goods and services taxes, harmonized sales taxes or other taxes on those expenses; and any income, withholding or other taxes payable by the *ActivETF*.

Fees and Expenses Payable by the Manager

Portfolio Manager Fees

The Manager pays the fees of the Portfolio Manager.

Fees and Expenses Payable Directly by Unitholders

Other Charges

Unitholders who buy and sell their Units through the facilities of the TSX do not pay a fee directly to the Manager or the *ActivETF* in respect of those purchases and sales.

The Manager or the *ActivETF* may charge the Designated Broker and/or Dealers a fee to offset certain transaction costs associated with an issue, exchange or redemption of Units of the *ActivETF* to or by such Designated Broker and/or Dealer. See “Purchases of Units” and “Redemption of Units.”

ANNUAL RETURNS, MANAGEMENT EXPENSE RATIO AND TRADING EXPENSE RATIO

The indicated rate of return below is the historical net total return. This return assumes the reinvestment of distributions, which increases returns, but does not take into account customary brokerage commissions for buying or selling Units on the TSX or other fees or income taxes payable by a Unitholder, which reduce returns. The management expense ratio indicated below for 2015 has been annualized because the *ActivETF* was in distribution for less than a full financial year and for less than twelve months for the period shown.

	2015 ⁽¹⁾	2016	2017	2018
Annual Returns	-3.02%	9.71%	12.20%	-10.74%
Management Expense Ratio ⁽²⁾	1.03%	1.03%	1.03%	1.03%
Management Expense Ratio Before Waivers or Absorptions	1.15%	1.44%	1.07%	1.03%
Trading Expense Ratio ⁽³⁾	0.30%	0.60%	0.47%	0.37%

(1) The information reported is for the period from August 10, 2015 to December 31, 2015.

(2) The management expense ratio is based on the total expenses of the *ActivETF* (including goods and services tax, harmonized sales tax and interest, but excluding brokerage commissions and other portfolio transaction costs) expressed as an annualized percentage of the daily average NAV during the period. At its sole discretion, the Manager may waive a portion of the management fees, and, at their discretion, the Manager or Portfolio Manager may absorb a portion of the operating expenses of the *ActivETF*. Unless otherwise noted, such waivers and absorptions can be terminated at any time.

(3) Trading expense ratio represents total commissions and portfolio transaction costs and is expressed as an annualized percentage of the daily average NAV.

RISK FACTORS

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units that prospective investors should consider before purchasing such Units.

General Risks of Investments

The value of the underlying securities of the *ActivETF* may fluctuate in accordance with developments within and changes in the financial condition of the issuers of those underlying securities, the condition of equity, debt and currency markets and the economy generally and other factors.

General Risks of Preferred Share Investments

Unlike interest payments on debt securities, dividend payments on preferred shares typically must be declared by the issuer's board of directors. An issuer's board of directors is generally not under any obligation to pay dividends (even if such dividends have accrued), and may suspend payment of dividends on preferred shares at any time. In the event that an issuer of preferred shares experiences economic difficulties, the issuer's preferred shares may lose value due to the reduced likelihood that the issuer's board of directors will declare a dividend or that they will make scheduled dividend payments, and the fact that the preferred shares may be subordinated to other securities of the issuer.

In addition, because many preferred shares allow holders to convert preferred shares into common shares of the issuer, their market price can be sensitive to changes in the value of the issuer's common shares. To the extent that the *ActivETF* invests a substantial portion of its assets in convertible preferred shares, declining common share values may also cause the value of the *ActivETF*'s investments to decline.

Fluctuations in NAV

The NAV per Unit of the *ActivETF* will vary according to, among other things, the value of the securities held by the *ActivETF*. The Manager, Portfolio Manager and the *ActivETF* have no control over the factors that affect the value of the securities held by the *ActivETF*, including factors unique to each issuer of the securities held by the *ActivETF*, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

Reliance on Key Personnel

The *ActivETF* will be relying on the decisions of the Portfolio Manager with respect to securities selection and its ability to manage the *ActivETF* in order to achieve its investment objective. There is no certainty that the individuals who are principally responsible for providing portfolio manager services will continue to be employed by the Portfolio Manager.

Interest Rate Risk

Changes in the general level of interest rates may affect the value of dividend paying equity and preferred shares, which may go down in value as interest rates go up.

Liquidity of Investments

If the *ActivETF* is unable to dispose of some or all of the securities held by it, the *ActivETF* may experience a delay in the receipt of the proceeds of disposition until such time as it is able to dispose of such securities or may be able to do so only at prices that may not reflect the true value of the investments. Likewise, if certain securities are not actively traded, the Portfolio Manager may be unable to acquire the number of securities it would like at a price acceptable to it on a timely basis.

Currency or Exchange Rate Risk

Changes in the Canadian dollar/ U.S. dollar exchange rate may affect the *ActivETF* because it may hold investments denominated in U.S. dollars and this foreign currency exposure may not be hedged. The value of an investment measured in U.S. dollars may fluctuate because of changes in currency exchange rates.

Risk of Cease Trading of Securities Held by the ActivETF

If securities held by the *ActivETF* are cease-traded at any time by a securities regulatory authority or other relevant regulator or stock exchange, the Manager may suspend the exchange or redemption of Units of the *ActivETF* until such time as the transfer of the securities is permitted. As a result, since the *ActivETF* holds securities traded on an exchange or other organized market, it bears the risk of cease trading orders against any security held by it.

Subscription Risk

Subscriptions for Units by the Designated Broker and Dealers may impact the market for the securities held by the *ActivETF*, as the Designated Broker or Dealer seeks to buy or to borrow the securities to constitute the Baskets of Securities to be delivered to the *ActivETF* as payment for the Units to be issued.

Substantial Redemption Risk

If holders of a substantial number of Units exercise their redemption rights, the number of Units outstanding and the NAV of the *ActivETF* could be significantly reduced. If a substantial number of Units are redeemed, this could decrease the trading liquidity of the Units in the market and increase the management expense ratio of the *ActivETF*, resulting in a potentially lower distribution per Unit.

Trading Price of Units

Units may trade in the market at a premium or a discount to the NAV per Unit. There can be no assurance that Units will trade at prices that reflect their NAV per Unit. The trading price of the Units will fluctuate in accordance with changes in the *ActivETF*'s NAV, as well as market supply and demand on the TSX.

Securities Lending

The *ActivETF* may engage in securities lending in accordance with NI 81-102. Although it will receive collateral for the loans and such collateral will be marked-to-market, the *ActivETF* may be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral be insufficient to reconstitute the portfolio of loaned securities.

Changes in Legislation

There can be no assurance that income tax, securities and other laws will not be changed in a manner that adversely affects the *ActivETF* or the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts, or SIFT trusts will not be changed in a manner that adversely affects the *ActivETF* or the Unitholders.

Taxation of the ActivETF

The *ActivETF* will be subject to certain tax risks generally applicable to Canadian investment funds, including the following.

If the *ActivETF* ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading “Income Tax Considerations” could be materially and adversely different in some respects.

There can be no assurance that the CRA will agree with the tax treatment adopted by the *ActivETF* in filing its tax return and the CRA could reassess the *ActivETF* on a basis that results in tax being payable by the *ActivETF* or by Unitholders.

For example, in determining its income for tax purposes, the *ActivETF* will treat gains or losses in respect of portfolio securities as capital gains and losses. In addition, gains or losses in respect of foreign currency hedges entered into in respect of amounts invested in the portfolio will likely constitute capital gains or capital losses to the *ActivETF* if the portfolio securities are capital property to the *ActivETF* and there is sufficient linkage, and designations with respect to its income and capital gains will be made and reported to Unitholders on this basis. If these dispositions or transactions of the *ActivETF* are determined not to be on capital account, the net income of the *ActivETF* for tax purposes and the taxable component of distributions to Unitholders could increase. Any such redetermination by the CRA may result in the *ActivETF* being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the NAV or NAV per Unit.

The Notice of Ways and Means Motion that accompanied the federal budget tabled by the Minister of Finance (Canada) on March 19, 2019 proposed amendments to the Tax Act that will prohibit the *ActivETF* from deducting in the computation of its income, (i) the portion of a capital gain allocated to a Unitholder on a redemption of Units that is greater than the Unitholder’s accrued gain; and (ii) the income allocated to a Unitholder on a redemption of Units, where, in each case, the Unitholders’ proceeds of disposition are reduced by the allocation. If enacted as proposed, such income (including any taxable capital gains) may be made payable to non-redeeming Unitholders

so that the *ActivETF* will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable components of distributions to non-redeeming Unitholders of the *ActivETF* may be greater than they would have been in the absence of such amendments.

The Tax Act contains loss restriction rules that may apply to a trust, including the *ActivETF*. The loss restriction rules generally apply at any time when a person, partnership or group becomes a majority-interest beneficiary, or a majority interest group of beneficiaries, of the trust, unless the trust meets certain investment requirements and qualifies as an “investment fund” under the rules. If applicable, the taxation year of the *ActivETF* will be deemed to end and an automatic distribution of income and net capital gains may occur under the terms of the Declaration of Trust so that the *ActivETF* will not be liable for income tax. Because of the way Units are bought and sold, it may not be possible for the *ActivETF* to determine if or when a person, partnership or group has become a majority interest beneficiary. Therefore, there can be no assurances that the *ActivETF* has not or will not in the future be subject to the loss restriction rules and there can be no assurances regarding when or to whom the distributions resulting from a loss restriction event will be made, or that the *ActivETF* will not be required to pay tax notwithstanding such distributions. It is expected that the *ActivETF* will qualify as an investment fund under the rules.

The *ActivETF* will be a “SIFT trust” (as defined in the Tax Act) if it holds a “non-portfolio property” (as defined in the Tax Act). If the *ActivETF* is a SIFT trust, it will generally be subject to tax at rates applicable to a Canadian corporation on income from a non-portfolio property (other than a taxable dividend) and net taxable capital gains realized on the disposition of a non-portfolio property (generally, “non-portfolio earnings” under the Tax Act). Unitholders who receive distributions from the *ActivETF* of this income and gain are deemed to receive an eligible dividend from a Canadian corporation for tax purposes. The total of the tax payable by the *ActivETF* on its non-portfolio earnings and the tax payable by a Unitholder on the distribution of those earnings will generally be more than the tax that would have been payable in the absence of the tax rules that apply to a SIFT trust. The Declaration of Trust requires the *ActivETF* to restrict its investments and activities so that it will not be a “SIFT trust”; however, no assurance can be given in this regard.

Absence of an Active Public Trading Market

Although the Units of the *ActivETF* are listed on the TSX, there can be no assurance that an active public market for the Units will be sustained.

Use of Derivative Instruments

The *ActivETF* may use derivative instruments from time to time in accordance with NI 81-102 as described under “Investment Strategies.” The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (i) there is no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when the *ActivETF* wants to complete the derivative contract, which could prevent the *ActivETF* from reducing a loss or making a profit; (iii) the *ActivETF* could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; (iv) if the *ActivETF* has an open position in a forward contract or a swap with a dealer

or counterparty who goes bankrupt, the *ActivETF* could experience a loss and, for an open forward contract or a swap, a loss of margin deposits with that dealer or counterparty; and (v) if a derivative is based on a stock market index and trading is halted on a substantial number of stocks in the index or there is a change in the composition of the index, there could be an adverse effect on the derivative.

Cyber Security

As the use of technology has become more prevalent in the course of business, the *ActivETF* has become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause the *ActivETF* to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause the *ActivETF* to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Cyber security breaches may involve unauthorized access to the *ActivETF*'s digital information systems (e.g., through "hacking" or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cyber security breaches of the *ActivETF*'s third party service providers (e.g., Portfolio Manager, Designated Broker, Custodian, Registrar and Transfer Agent and Fund Administrator) or issuers that the *ActivETF* invests in can also subject the *ActivETF* to many of the same risks associated with direct cyber security breaches. As with operational risk in general, the Manager has established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed, especially since the Manager does not directly control the cyber security systems of issuers or third party service providers.

Cease Trading of Units

Trading of Units on the TSX may be halted by the activation of individual or marketwide "circuit breakers" (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of Units may also be halted if (i) the Units are delisted from the TSX without first being listed on another exchange; or (ii) TSX officials determine that such action is appropriate in the interest of a fair and orderly market or to protect investors.

INVESTMENT RISK CLASSIFICATION METHODOLOGY

We identify the investment risk level of the *ActivETF* as an additional guide to help you decide whether the *ActivETF* is right for you. The *ActivETF* is assigned a risk rating in one of the following categories: low, low-to-medium, medium, medium-to-high or high.

The investment risk level of the *ActivETF* is required to be determined in accordance with a standardized risk classification methodology that is based on the *ActivETF*'s historical volatility as measured by the 10-year annualized standard deviation of the returns of the *ActivETF*. The use of standard deviation as a measurement tool allows for a reliable and consistent quantitative comparison of the *ActivETF*'s relative volatility and related risk. Standard deviation is widely used to measure volatility of return. The standard deviation represents, generally, the level of volatility

in returns that an exchange-traded fund has historically experienced over the set measurement periods. The higher the standard deviation of the *ActivETF*, the greater the range of returns it experienced in the past. In general, the greater the range of observed or possible returns, the higher the risk.

As the *ActivETF* does not have a 10-year return history, we calculate the investment risk level of the *ActivETF* by using the actual return history of the *ActivETF* and, for the remainder of the 10-year period, the return history of a reference index that reasonably approximates the standard deviation of the *ActivETF*. For this particular purpose, we use the S&P/TSX Preferred Share Total Return Index, which is comprised of preferred stocks trading on the TSX that meet criteria relating to minimum size, liquidity, issuer rating and exchange listing. Based on this calculation, the risk rating of the *ActivETF* is low-to-medium.

Other types of risk, both measurable and non-measurable, may exist. It is also important to note that an exchange-traded fund's historical volatility may not be indicative of its future volatility.

Although monitored on an ongoing basis, we review the investment risk level of the *ActivETF* on an annual basis and each time a material change is made to the *ActivETF*'s investment strategies and/or investment objective. We may exercise our discretion and assign the *ActivETF* a higher risk classification than indicated by the 10-year annualized standard deviation and the prescribed ranges if we believe that that the *ActivETF* may be subject to other foreseeable risks that the 10-year annualized standard deviation does not reflect.

The method that we use to identify the investment risk level of the *ActivETF* is available on request, at no cost, by calling us at 1-877-308-6979 or by sending an email to manager@lysanderfunds.com.

DISTRIBUTION POLICY

Distributions

Cash distributions, if any, will be paid monthly by the *ActivETF*. These cash distributions may include a return of capital.

Each year, the *ActivETF* intends to distribute a sufficient amount of its net income and net realized capital gains for the year to Unitholders so that the *ActivETF* will not be liable for ordinary income tax. To the extent that the *ActivETF* has not otherwise distributed a sufficient amount of its net income or net capital gains, a distribution will be paid to Unitholders at the end of the year and that distribution will be automatically reinvested in additional Units. Immediately following such reinvestment, the number of Units outstanding will be consolidated so that the NAV per Unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid.

Units of the *ActivETF* trade on an ex-dividend basis at the opening of trading on the date that is one business day prior to the record date for the applicable distribution. A Unitholder that subscribes for Units during the period that is one business day before a distribution record date until that distribution record date will not be entitled to receive the applicable distribution in respect of those Units.

Income and/or capital gains of the *ActivETF* may be distributed to a Unitholder as part of the price paid to the Unitholder on the exchange or redemption of Units.

Management fee distributions, if any, will be paid first out of the net income and net realized capital gains of the *ActivETF* and then out of capital.

The tax treatment to Unitholders of distributions is discussed under the heading “Income Tax Considerations.”

Reinvestment Plan

The Manager may implement a Reinvestment Plan under which cash distributions are used to purchase Plan Units in the market and are credited to the Plan Participant through CDS. Following implementation of the Reinvestment Plan, a Unitholder who wishes to enrol in the Reinvestment Plan as of a particular distribution record date should notify his, her or its CDS Participant sufficiently in advance of that distribution record date to allow the CDS Participant to notify CDS no later than 3:00 p.m. (Toronto time) on that distribution record date.

Fractional Units

No fractional Plan Units will be delivered under the Reinvestment Plan. Payment in cash for any remaining uninvested funds may be made in lieu of delivering fractional Plan Units by the Plan Agent to CDS or a CDS Participant, on a monthly or quarterly basis, as the case may be. Where applicable, CDS will, in turn, credit the Plan Participant, via the applicable CDS Participant.

Amendments, Suspension or Termination of the Reinvestment Plan

Plan Participants will be able to terminate their participation in the Reinvestment Plan as of a particular distribution record date by notifying their CDS Participant no later than 4:00 p.m. (Toronto time) at least two business days prior to the applicable distribution record date. Beginning on the first distribution payment date after such notice is delivered, distributions to such Unitholders will be in cash. The form of termination notice will be available from CDS Participants and any expenses associated with the preparation and delivery of such termination notice will be for the account of the Plan Participant exercising its rights to terminate participation in the Reinvestment Plan.

The Manager is permitted to terminate the Reinvestment Plan, in its sole discretion, upon not less than 30 days’ notice to the Plan Participants and the Plan Agent, subject to any required regulatory approval. The Manager is also permitted to amend, modify or suspend the Reinvestment Plan at any time, in its sole discretion, provided that it complies with certain requirements, and gives notice of such amendment, modification or suspension to the Plan Participants and the Plan Agent, subject to any required regulatory approval, which notice may be given by issuing a press release containing a summary description of the amendment or in any other manner that the Manager determines to be appropriate.

The Manager may from time to time adopt rules and regulations to facilitate the administration of the Reinvestment Plan. The Manager reserves the right to regulate and interpret the Reinvestment

Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Reinvestment Plan.

Other Provisions

Participation in the Reinvestment Plan is restricted to Unitholders who are residents of Canada for the purposes of the Tax Act or “Canadian partnerships” as defined in the Tax Act. Immediately upon becoming a non-resident of Canada or ceasing to be a Canadian partnership, a Plan Participant is required to notify his, her or its CDS Participant and terminate participation in the Reinvestment Plan.

The automatic reinvestment of distributions under the Reinvestment Plan does not relieve Plan Participants of any income tax applicable to the distributions. See “Income Tax Considerations.”

PURCHASES OF UNITS

Continuous Distribution

Units of the *ActivETF* are being offered on a continuous basis and there is no maximum number of Units that may be issued.

Designated Broker

The Manager, on behalf of the *ActivETF*, has entered into a designated broker agreement with a Designated Broker pursuant to which the Designated Broker has agreed to perform certain duties relating to the *ActivETF* including, without limitation: (i) to subscribe for a sufficient number of Units to satisfy the TSX’s original listing requirements; (ii) to subscribe for Units when cash redemptions of Units occur as described under “Redemption of Units”; and (iii) to post a liquid two-way market for the trading of Units on the TSX.

The Manager may from time to time and, in any event, not more than once quarterly, require the Designated Broker to subscribe for Units of the *ActivETF* for cash. The number of Units issued will be the subscription amount divided by the NAV per Unit next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the Units must be made by the Designated Broker by no later than the second Trading Day after the subscription notice has been delivered.

Issuance of Units

To the Designated Broker and Dealers

Generally, all orders to purchase Units directly from the *ActivETF* must be placed by the Designated Broker or Dealers. The *ActivETF* reserves the absolute right to reject any subscription order placed by the Designated Broker or a Dealer. No fees will be payable by the *ActivETF* to the Designated Broker or a Dealer in connection with the issuance of Units. On the issuance of Units, an amount may be charged to the Designated Broker or a Dealer to offset the expenses incurred in issuing the Units.

After the initial issuance of Units to the Designated Broker to satisfy the TSX's original listing requirements, on any Trading Day, a Dealer (who may also be the Designated Broker) may place a subscription order for the minimum of a Prescribed Number of Units (and any additional multiple thereof) of the *ActivETF*. If a subscription order is received by the *ActivETF* by the applicable Cut-Off Time on a Trading Day, the *ActivETF* will issue to the Dealer a minimum of a Prescribed Number of Units (and any additional multiple thereof) based on the NAV per Unit determined on such Trading Day. If a subscription order is not received by the applicable Cut-Off Time on a Trading Day, subject to the discretion of the Manager, the subscription order will be deemed to be received only on the next Trading Day. The Cut-Off Time for the *ActivETF* for subscriptions and exchanges is 2:00 p.m. (Toronto time) on a Trading Day (or such later time on such Trading Day as the Manager may permit).

For each Prescribed Number of Units issued, a Dealer must deliver payment consisting of, in the Portfolio Manager's discretion, (i) one Basket of Securities and cash in an amount sufficient so that the value of the securities and the cash received is equal to the aggregate NAV per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order; (ii) cash in an amount equal to the aggregate NAV per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order; or (iii) a combination of securities and cash, as determined by the Manager, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate NAV per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order.

The Manager will make available to the Designated Broker and the Dealers information as to the Prescribed Number of Units and the Basket of Securities for the *ActivETF* for each Trading Day. The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time.

To the Designated Broker in Special Circumstances

Units may also be issued by the *ActivETF* to the Designated Broker in certain special circumstances, including when cash redemptions of Units occur as described under "Redemption of Units – Redemption of Units in any Number for Cash."

To Unitholders

Units may be issued by the *ActivETF* to Unitholders on the automatic reinvestment of certain distributions as described under "Distribution Policy – Distributions," and "Income Tax Considerations — Taxation of the *ActivETF*."

Buying and Selling Units

Units of the *ActivETF* are listed on the TSX and an investor may buy or sell Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units. Investors may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders. Unitholders may redeem Units in any number for cash, for a redemption price equal to the lesser of (i) 95% of the closing price on the TSX for the Units on the effective day of

the redemption and (ii) the NAV per Unit on the effective day of the redemption, or may exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for securities and cash or, in certain circumstances, for cash. See “Redemption of Units.”

The *ActivETF* will issue Units directly to the Designated Broker and Dealers.

From time to time, as may be agreed by a prospective purchaser and the Designated Broker and the Dealers, the Designated Broker and the Dealers may agree to accept securities as payment for Units from a prospective purchaser.

Special Considerations for Unitholders

The provisions of the so-called “early warning” reporting requirements in Canadian securities legislation do not apply in connection with the acquisition of Units of the *ActivETF*. The *ActivETF* has obtained exemptive relief from the securities regulatory authorities to permit Unitholders to acquire more than 20% of the Units of the *ActivETF* without regard to the takeover bid requirements of applicable Canadian securities legislation.

Non-Resident Unitholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of the *ActivETF* at any time during which more than 10% of the property of the *ActivETF* consists of certain “taxable Canadian property” (as defined in the Tax Act). The Manager shall inform the Registrar and Transfer Agent of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of the *ActivETF* then outstanding are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of such Units are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-resident Unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may, on behalf of such Unitholders, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager reasonably determines that the failure to take any such action would not adversely impact the status of the *ActivETF* as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain

the status of the *ActivETF* as a mutual fund trust for purposes of the Tax Act. Such action may include, without limitation, causing the *ActivETF* to redeem the Units of that Unitholder for a redemption price equal to their NAV per Unit on the redemption date.

Registration and Transfer through CDS

Registration of interests in, and transfers of, the Units will be made only through the book-entry only system of CDS. Units must be purchased, transferred and surrendered for exchange or redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation. All distributions and redemption proceeds in respect of Units will be made or paid initially to CDS, which payments will be forwarded by CDS to the CDS Participants and, thereafter, by such CDS Participants to the applicable Unitholders. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the *ActivETF* nor the Manager will have any liability for (i) any aspect of the records maintained by CDS relating to the beneficial interests in the Units or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS, whether contained in this prospectus or otherwise, or made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Units must look solely to CDS Participants for payment made by the *ActivETF* to CDS.

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

The *ActivETF* has the option to terminate registration of the Units through the book entry only system, in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

REDEMPTION OF UNITS

Redemption of Units in any Number for Cash

On any Trading Day, Unitholders may redeem Units of the *ActivETF* in any number for cash at a redemption price per Unit equal to the lesser of (i) 95% of the closing price for the Units on the TSX on the effective day of the redemption, and (ii) the NAV per Unit on the effective day of the redemption. Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Units for cash.

For such a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered through a CDS Participant by 9:00 a.m. (Toronto time) on that day to the *ActivETF* at its head office or as the Manager may otherwise direct. If a cash redemption request is received after 9:00 a.m. (Toronto time) on a Trading Day, the cash redemption request will be effective only on the next Trading Day. Payment of the redemption price will be made by no later than the second Trading Day after the effective day of the redemption. The cash redemption request forms may be obtained from the Manager.

Units of the *ActivETF* trade on an ex-dividend basis at the opening of trading on the date that is one business day prior to the record date for the applicable distribution. A Unitholder that exercises this cash redemption right in respect of Units during the period commencing on and including the business day that is one business day prior to the distribution record date and ending on and including the distribution record date will be entitled to receive the applicable distribution in respect of those Units.

In connection with the redemption of Units, the *ActivETF* will generally dispose of securities or other assets in order to fund the required redemption proceeds. The redemption price paid to a Unitholder may include income and/or capital gains realized by the *ActivETF*. The remaining portion of the exchange or redemption price will be proceeds of redemption.

The Manager reserves the right to cause the *ActivETF* to redeem the Units held by a Unitholder at a price equal to the NAV per Unit on the effective date of such redemption if the Manager believes it is in the best interests of the *ActivETF* to do so.

Exchange of Prescribed Number of Units

On any Trading Day, Unitholders may exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for Baskets of Securities and cash. To effect an exchange of Units, a Unitholder must submit an exchange request in the form prescribed by the Manager from time to time to the *ActivETF* at its head office or as the Manager may otherwise direct by the applicable Cut-Off Time on a Trading Day. The exchange price will be equal to the aggregate NAV per Unit of the Prescribed Number of Units on the effective day of the exchange request, payable by delivery of Baskets of Securities (constituted prior to the receipt of the exchange request) and cash. In certain circumstances and only with the consent of the Manager, the exchange price may be paid fully in cash. In this case, the Manager may, in its discretion, require the Unitholder to pay or reimburse the *ActivETF* for the trading expenses incurred or expected to be incurred by the *ActivETF* in connection with the sale by such *ActivETF* of securities in order to obtain the necessary cash to fund the exchange price. On an exchange, the applicable Units will be redeemed.

If an exchange request is not received by the applicable Cut-Off Time on a Trading Day, subject to the discretion of the Manager, the exchange order will be effective only on the next Trading Day. Settlement of exchanges for Baskets of Securities and/or cash, as the case may be, will be made by no later than the second Trading Day after the effective day of the exchange request.

The Manager will make available to the Designated Broker and the Dealers information as to the Prescribed Number of Units and the Basket of Securities for the *ActivETF* for each Trading Day.

The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time.

Units of the *ActivETF* trade on an ex-dividend basis at the opening of trading on the date that is one business day prior to the record date for the applicable distribution. A Unitholder that exchanges or redeems Units during the period commencing on and including the business day that is one business day prior to the distribution record date and ending on and including the distribution record date will be entitled to receive the applicable distribution in respect of those Units.

If securities held in the portfolio of the *ActivETF* are cease-traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of such securities to a Unitholder on an exchange may be postponed until such time as the transfer of the securities is permitted by law.

Characterization of Redemption or Exchange Amount

The exchange or redemption price paid to a Unitholder may include income and/or capital gains realized by the *ActivETF*. The remaining portion of the exchange or redemption price will be proceeds of disposition.

Suspension of Exchanges and Redemptions

The Manager may suspend the exchange and/or redemption of Units or the payment of the exchange or redemption price of the *ActivETF* (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the *ActivETF* are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the *ActivETF*, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the *ActivETF*; or (ii) with the prior permission of the applicable securities regulatory authority. The suspension shall apply to all requests for exchange or redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the exchange or redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have, and shall be advised that they have, the right to withdraw their requests for exchange or redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with the official rules and regulations promulgated by any government body having jurisdiction over the *ActivETF*, any declaration of suspension made by the Manager shall be conclusive.

Costs Associated with Exchanges and Redemptions

The Manager or the *ActivETF* may charge the Designated Broker and/or Dealers a fee to offset certain transaction costs associated with an exchange or redemption of Units of the *ActivETF* to or by such Designated Broker and/or Dealer.

Unitholders who buy and sell their Units through the facilities of the TSX do not pay a fee directly to the Manager or the *ActivETF* in respect of those purchases and sales.

Exchange and Redemption of Units through CDS Participants

The exchange and redemption rights described above must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold Units sufficiently in advance of the cut-off times set by CDS Participants to allow such CDS Participants to notify the Manager or as the Manager may direct prior to the relevant cut-off time.

Short Term Trading

The Manager does not believe that it is necessary to impose any short-term trading restrictions on the *ActivETF* at this time, as the *ActivETF* is an exchange-traded fund that is primarily traded in the secondary market.

PRICE RANGE AND TRADING VOLUME OF UNITS

The following tables set forth the market price range and trading volume of the Units of the *ActivETF* on the TSX for the calendar periods indicated. The greatest volume of trading of the *ActivETF* generally occurs on the TSX.

	Price (\$)		Volume
	High	Low	
2018			
July	\$10.61	\$10.44	72,554
August	\$10.61	\$10.48	192,474
September	\$10.58	\$10.45	92,565
October	\$10.52	\$9.82	208,371
November	\$10.13	\$9.14	168,290
December	\$9.26	\$8.48	465,189
2019			
January	\$9.40	\$8.91	75,783
February	\$9.18	\$8.91	128,890
March	\$9.19	\$8.92	144,414
April	\$9.11	\$9.01	109,735
May	\$9.08	\$8.77	82,901
June	\$8.65	\$8.32	70,666

INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act for the *ActivETF* and for a prospective investor in the *ActivETF* who is a natural individual and who, for the purpose of the Tax Act, is resident in Canada, holds Units of the *ActivETF* either directly as capital property or in a Registered Plan, is not affiliated with the *ActivETF* and deals at arm's length with the *ActivETF*. This summary is based on the current provisions of the Tax Act and regulations

thereunder, the Tax Proposals and counsel's understanding of the current published administrative policies and assessing practices of the CRA. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Prospective investors should therefore consult their own tax advisors about their individual circumstances.

This summary is also based on the following assumptions: (i) none of the issuers of securities held by the *ActivETF* will at any time be treated as a "foreign affiliate" or a "controlled foreign affiliate" within the meaning of the Tax Act of the *ActivETF* or any Unitholder; (ii) none of the securities held by the *ActivETF* will be an "offshore investment fund property" as defined in section 94.1 of the Tax Act; (iii) the *ActivETF* will not be a "SIFT trust" as defined in the Tax Act; (iv) none of the securities held by the *ActivETF* will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act; and (v) the *ActivETF* will not enter into any arrangement where the result is a "dividend rental arrangement" for the purposes of the Tax Act.

Status of the *ActivETF*

This summary is also based on the assumption that the *ActivETF* will qualify as a "mutual fund trust" under the Tax Act at all material times. The Manager has advised counsel that the *ActivETF* is expected to so qualify. If the *ActivETF* does not so qualify at any time or for any period of time, the tax considerations for the *ActivETF* and a prospective investor in the *ActivETF* could be materially different than described below.

Eligibility for Investment

The Units of the *ActivETF* will be a qualified investment under the Tax Act for a Registered Plan at any time that the *ActivETF* qualifies or is deemed to qualify as a "mutual fund trust" under the Tax Act or that the Units are listed on a "designated stock exchange" within the meaning of the Tax Act, which includes the TSX.

Generally, the Units of the *ActivETF* will not be a prohibited investment under the Tax Act for a Registered Plan that is a tax-free savings account, registered retirement savings plan, registered retirement income fund, registered education savings plan or registered disability savings plan if the holder/annuitant/subscriber of the Registered Plan (together with non-arm's length persons and partnerships) directly or indirectly holds Units having a fair market value of less than 10% of all the Units of the *ActivETF*. Investors should consult their own tax advisor for advice on whether or not Units would be prohibited investments for their Registered Plans.

In the case of a disposition of Units of the *ActivETF* by a Registered Plan in exchange for a Basket of Securities of the *ActivETF* or a distribution in specie on the termination of the *ActivETF*, the Registered Plan will receive securities. The securities so received may or may not be qualified investments for the Registered Plan and may or may not be prohibited investments for the Registered Plan. Investors should consult their own tax counsel for advice on whether or not such

securities would be qualified investments and not prohibited investments for their Registered Plans.

Taxation of the *ActivETF*

The *ActivETF* is subject to tax under Part I of the Tax Act on its net income, including net taxable capital gains, as calculated under the Tax Act for a taxation year (after deducting available loss carryforwards) to the extent that it is not paid or payable to Unitholders. The *ActivETF* is entitled to a refund (“**capital gains refund**”) of its tax liability on its net realized capital gains equal to an amount determined by formula under the Tax Act based on the redemption of Units during the year and accrued gains on the *ActivETF*’s assets. The capital gains refund for a particular taxation year may not completely offset the tax liabilities of the *ActivETF* with respect to capital gains for such taxation year, which may arise upon the sale or other disposition of securities in connection with the redemption of Units. The Declaration of Trust requires the *ActivETF* to distribute a sufficient amount of its net income and net realized capital gains, if any, for each taxation year to Unitholders so that the *ActivETF* will not be liable in any taxation year for income tax under Part I of the Tax Act after taking into account any entitlement to a capital gains refund.

The *ActivETF* is required to calculate its net income, including net taxable capital gains, in Canadian dollars, for each taxation year according to the rules in the Tax Act. Net income, including net taxable capital gains, is affected by fluctuations in the value of the Canadian dollar relative to foreign currency where amounts of income, expense, cost or proceeds of disposition are denominated in foreign currency. The *ActivETF* is generally required to include in the calculation of its income interest as it accrues and capital gains and losses when they are realized. The *ActivETF* is required to include in computing its income for each taxation year dividends received (or deemed to be received) by it in such taxation year on a security held in its portfolio. Distributions of business income and non-portfolio earnings by a Canadian resident, publicly-traded trust that is a “SIFT trust” under the Tax Act are treated as taxable dividends received from a Canadian resident corporation. Generally, income that is paid or becomes payable by a trust that is not a SIFT trust under the Tax Act (including a real estate investment trust that is not a SIFT trust under the Tax Act) to the *ActivETF* in a calendar year is included in the *ActivETF*’s income for the taxation year that ends in the calendar year. Amounts paid or payable by a Canadian resident trust that is not a SIFT trust may have the character of ordinary property income, dividends received from a taxable Canadian corporation, capital gains or non-taxable capital.

In computing its income under the Tax Act, the *ActivETF* may deduct reasonable administrative and other expenses incurred to earn income, in accordance with the rules in the Tax Act.

The *ActivETF* generally may be subject to loss restriction rules at any time when a person, partnership or group becomes a “majority-interest beneficiary,” or a “majority interest group of beneficiaries”, as defined in the Tax Act, of the *ActivETF*, unless the *ActivETF* meets certain investment requirements and qualifies as an “investment fund” under the rules. A Unitholder will be a majority-interest beneficiary of the *ActivETF* at any time when Units held by that Unitholder and all persons with whom that Unitholder is affiliated represent more than 50% of the fair market value of the *ActivETF*. Each time the loss restriction rules apply, the taxation year of the *ActivETF* will be deemed to end and the *ActivETF* will be deemed to realize its capital losses. The *ActivETF* may elect to realize capital gains in order to offset its capital losses and non-capital losses,

including undeducted losses from prior years. Any undeducted losses will expire and may not be deducted by the *ActivETF* in future years. The Declaration of Trust provides for the automatic distribution to Unitholders of a sufficient amount of income and capital gains of the *ActivETF* for each taxation year (including a taxation year that is deemed to end by virtue of the loss restriction rules) so that the *ActivETF* will not be liable for income tax. The Declaration of Trust provides that any such distribution is automatically reinvested in Units of the *ActivETF* and the Units of the *ActivETF* are immediately consolidated to the pre-distribution NAV.

Gains or losses realized by the *ActivETF* on the disposition of securities held by it constitute capital gains or capital losses unless the *ActivETF* is considered to be trading or dealing in securities, or otherwise carrying on a business of buying and selling securities, or has acquired the securities in a transaction or transactions considered to be an adventure in the nature of trade. The Manager has advised counsel that the *ActivETF* purchases securities (other than derivative instruments) with the objective of earning income thereon and takes the position that gains and losses realized on the disposition of its securities (other than gains and losses on certain derivative instruments) are capital gains and capital losses. In certain circumstances, losses realized by the *ActivETF* may be suspended or restricted under the Tax Act, and therefore would be unavailable to shelter capital gains or income. Generally, a gain and loss from a cash settled option, futures contract, forward contract, total return swap and other derivative instrument is treated on account of income rather than as a capital gain or loss unless the derivative is used by the *ActivETF* as a hedge to limit its gain or loss on a specific capital asset or group of capital assets held by the *ActivETF*.

The *ActivETF* will enter into transactions denominated in currencies other than the Canadian dollar, including the acquisition of portfolio securities. The cost and proceeds of disposition of securities and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars using the appropriate exchange rates determined in accordance with the detailed rules in the Tax Act in that regard. The amount of income, gains and losses realized by the *ActivETF* may be affected by fluctuations in the value of foreign currencies relative to the Canadian dollar. Gains or losses in respect of currency hedges entered into in respect of amounts invested in the portfolio will likely constitute capital gains and capital losses to the *ActivETF* if the portfolio securities are capital property to the *ActivETF*, and provided that the hedge is sufficiently linked.

Net capital losses and non-capital losses of the *ActivETF* for a taxation year cannot be allocated to Unitholders, but generally can be carried forward to be used to shelter income and capital gains of the *ActivETF* in future taxation years in accordance with the Tax Act.

Taxation of Unitholders (other than Registered Plans)

Distributions

A Unitholder is required to include in the calculation of income for tax purposes, the amount of any income and the taxable portion of any capital gains of the *ActivETF* that is paid or payable to the Unitholder in the year (including by way of management fee distributions), whether or not such amounts are paid in cash or reinvested in additional Units. The non-taxable portion of any capital gains of the *ActivETF* that is paid or payable to the Unitholder in the year is not included in the Unitholder's income and, provided the *ActivETF* makes the appropriate designation in its tax return, does not reduce the adjusted cost base of the Unitholder's Units of the *ActivETF*. Any other

non-taxable distribution (including by way of management fee distributions), such as a return of capital, reduces the Unitholder's adjusted cost base. A Unitholder is deemed to realize a capital gain to the extent that the adjusted cost base of the Unitholder's Units would otherwise become a negative amount and the adjusted cost base is nil immediately thereafter.

The *ActivETF* may, and is expected to, designate, to the extent permitted by the Tax Act, the portion of the net income of the *ActivETF* distributed to Unitholders that may reasonably be considered to consist of net taxable capital gains realized or considered to be realized by the *ActivETF*, or taxable dividends received or deemed to be received by the *ActivETF* on shares of taxable Canadian corporations. Any amounts so designated are deemed, for tax purposes, to be realized by Unitholders in the year as a taxable capital gain, or received by Unitholders as a taxable dividend from a taxable Canadian corporation, as the case may be. Taxable capital gains so designated are subject to the general rules relating to the taxation of capital gains described below. Taxable dividends so designated will be subject to the gross-up and dividend tax credit rules in the Tax Act, including the enhanced gross-up and dividend tax credit rules in respect of eligible dividends paid by taxable Canadian corporations. In addition, the *ActivETF* may make designations in respect of its foreign source income, if any, so that Unitholders may be able to claim a foreign tax credit (in accordance with and subject to the general limitations under the Tax Act) for foreign taxes paid and not deducted by the *ActivETF*. A loss realized by the *ActivETF* may not be allocated to, and may not be treated as a loss of the Unitholders of the *ActivETF*.

Individuals and certain trusts may be subject to an alternative minimum tax in respect of taxable dividends (including eligible dividends) received or considered to be received from taxable Canadian corporations and realized capital gains.

Disposition of Units

Generally, a Unitholder realizes a capital gain (or loss) on the sale, redemption, exchange or other disposition of a Unit to the extent that the proceeds of disposition for the Unit exceed (or are less than) the total of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition. In general, the adjusted cost base of all Units of the *ActivETF* held by the Unitholder at a particular time is the total amount paid for all Units of the *ActivETF* currently and previously held by the Unitholder (including brokerage commissions paid and the amount of reinvested distributions) less any distributions of capital and less the adjusted cost base of any Units of the *ActivETF* previously disposed of by the Unitholder. The adjusted cost base to a Unitholder of one Unit is the average adjusted cost base of all Units owned by the Unitholder as capital property at that time. If a Unitholder participates in the Reinvestment Plan and the Unitholder acquires a Unit from the *ActivETF* at a price that is less than fair market value of the Unit, it is the administrative position of the CRA that the Unitholder must include the difference in income and that the cost of the Unit will be correspondingly increased. A consolidation of Units following a distribution which is reinvested in Units will not be regarded as a disposition of Units.

When a Unitholder disposes of a Unit of the *ActivETF* on the redemption of the Unit for cash or on the exchange of the Unit for Baskets of Securities and cash, the Unitholder's proceeds of disposition is generally an amount equal to the cash received by the Unitholder plus the fair market value of the Baskets of Securities less the greater of (i) any income and capital gain of the *ActivETF* that is distributed by the *ActivETF* to the Unitholder as part of the redemption price or exchange

price for the Unit; and (ii) any capital gain realized by the *ActivETF* on the disposition of the Baskets of Securities. A Unitholder is advised to confirm this information with the Manager. Any income or capital gains so distributed must be included in the calculation of the Unitholder's income in the manner described above. For tax purposes, the cost of the securities acquired by the Unitholder on the exchange of the Unit will generally be the fair market value of such securities at that time.

Pursuant to the Declaration of Trust, the trustee of the *ActivETF* may distribute income and capital gains to a Unitholder as part of the proceeds of redemption paid to that Unitholder. Any amounts so distributed will reduce the Unitholder's proceeds of disposition for the Units redeemed. If proceeds of redemption are distributed as income, they will generally be taxed in the hands of the Unitholder at a higher rate than if the proceeds of redemption were treated as proceeds of disposition of the Units redeemed. Unitholders should consult with their tax advisors in this regard.

The Notice of Ways and Means Motion that accompanied the federal budget tabled by the Minister on March 19, 2019 proposed amendments to the Tax Act that will deny the *ActivETF* a deduction for: (i) the portion of a capital gain allocated to a Unitholder on a redemption of Units that is greater than the Unitholder's accrued gain; and (ii) the income allocated to a Unitholder on a redemption of Units, where, in each case, the Unitholders' proceeds of disposition are reduced by the allocation. If enacted as proposed, the amendments will be effective for taxation years of mutual fund trusts that begin on or after March 19, 2019. As a result, as of December 16, 2019, no amount of income is expected to be distributed to Unitholders as partial payment of their redemption price.

Taxation of Capital Gains and Capital Losses

One half of any capital gain realized by a Unitholder and the amount of any net taxable capital gains realized or considered to be realized by the *ActivETF* and designated by the *ActivETF* in respect of the Unitholder is included in the Unitholder's income as a taxable capital gain. One half of a capital loss may be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

Tax Implications of the ActivETF's Distribution Policy

A portion of the value of a Unit of the *ActivETF* may reflect income and capital gains accrued or realized by the *ActivETF* before the Unit was acquired by a Unitholder. In particular, this may be the case when Units are acquired shortly before a distribution of income or capital gains, as the case may be. The income and taxable portion of capital gains paid or payable to a Unitholder must be included in the calculation of the Unitholder's income in the manner described above, even if it relates to a period before the Unitholder owned the Units.

Tax Information Reporting

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into between Canada and the United States on February 5, 2014 (the "IGA") and related Canadian legislation found in Part XVIII of the Tax Act, the *ActivETF* and the dealers through which Unitholders hold their Units are required to report certain information with respect to Unitholders who are U.S. residents and U.S. citizens (including

U.S. citizens who are residents or citizens of Canada), and certain other “U.S. Persons” as defined under the IGA (excluding Registered Plans), to the CRA. The CRA will then provide the information to the U.S. Internal Revenue Service.

Part XIX of the Tax Act contains legislation implementing the Organization for Economic Co-operation and Development Common Reporting Standard (the “**CRS Legislation**”). Pursuant to the CRS Legislation, the *ActivETF* and your registered dealer will be required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) and to report required information to the CRA. Such information would be exchanged on a reciprocal, bilateral basis with countries that have agreed to a bilateral information exchange with Canada under the Common Reporting Standard. Under the CRS Legislation, Unitholders will be required to provide certain information regarding their investment in the Fund for the purpose of such information exchange, unless the investment is held within a Registered Plan.

Taxation of Registered Plans

A Registered Plan that holds Units of the *ActivETF* and the holder/annuitant/subscriber of that Registered Plan will not be subject to tax on the value of the Units, income or capital gains distributed by the *ActivETF* or a gain realized on the disposition of the Units (whether payment is received in cash or by reinvestment in additional Units), provided the Units are: (i) qualified investments for the Registered Plan; (ii) in the case of certain Registered Plans, not prohibited investments for the Registered Plan and not used in a transaction that constitutes an advantage in relation to the Registered Plan; and (iii) not used as security for a loan.

A Registered Plan that acquires a Basket of Securities of the *ActivETF* on the disposition of Units of the *ActivETF* or that receives a distribution of securities in specie on the termination of the *ActivETF* (and the holder/annuitant/subscriber of that Registered Plan) will not be subject to tax on the value of such a security, income from such a security or a gain realized on the disposition of such a security, provided the security is, at all times that it is held by the Registered Plan: (i) a qualified investment for the Registered Plan; (ii) in the case of certain Registered Plans, not a prohibited investment for the Registered Plan and not used in a transaction that constitutes an advantage in relation to the Registered Plan; and (iii) not used as a security for a loan. The securities so received may or may not be qualified investments for the Registered Plan and may or may not be prohibited investments for the Registered Plan. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments and not prohibited investments for Registered Plans.

ORGANIZATION AND MANAGEMENT DETAILS OF THE LYSANDER-SLATER PREFERRED SHARE *ActivETF*

Manager of the Lysander-Slater Preferred Share *ActivETF*

Lysander Funds Limited, a registered investment fund manager, is the trustee and manager of the *ActivETF*. The registered office of the *ActivETF* and the Manager is located at 3080 Yonge Street, Suite 3037, Toronto, Ontario, M4N 3N1. The Manager was founded in 2009 and is an investment fund manager for a number of prospectus-qualified investment funds.

Duties and Services Provided by the Manager

Pursuant to the Management Agreement, the Manager has been appointed as the investment fund manager of the *ActivETF* and has the exclusive authority to manage the business and affairs of the *ActivETF*, to make all decisions regarding the business of the *ActivETF* and to bind the *ActivETF*. The Manager may delegate certain of its powers to its affiliates and other third parties where, in the discretion of the Manager, it would be in the best interests of the *ActivETF* to do so.

The Manager is responsible for providing, or causing to be provided, management, and administrative services to the *ActivETF*. The Manager's duties include, without limitation:

- (i) authorizing the payment of, and paying, the operating expenses incurred on behalf of the *ActivETF* that are the responsibility of the *ActivETF*;
- (ii) providing office space, facilities and personnel;
- (iii) preparing financial statements, financial and accounting information and tax returns as required by the *ActivETF*;
- (iv) ensuring that Unitholders are provided with financial statements (including interim and annual financial statements) and other reports as are required by applicable law from time to time;
- (v) ensuring that the *ActivETF* complies with regulatory requirements and applicable stock exchange listing requirements;
- (vi) preparing the *ActivETF*'s reports, including interim and annual MRFPs, and delivering such reports to Unitholders and the securities regulatory authorities;
- (vii) determining the amount of distributions to be made by the *ActivETF*;
- (viii) communicating with Unitholders and calling meetings of Unitholders as required;
- (ix) ensuring that the NAV per Unit is calculated and published;
- (x) administering the purchase, exchange and redemption of Units;
- (xi) negotiating contractual agreements with third party providers of services, including the Designated Broker, the Dealers, the Custodian, the Registrar and Transfer Agent, the Fund Administrator, the auditors, legal counsel and printers; and
- (xii) providing such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the *ActivETF*.

Details of the Management Agreement

Pursuant to the Management Agreement, the Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Unitholders and the *ActivETF* and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably

prudent person would exercise in the circumstances. The Management Agreement provides that the Manager will not be liable in any way for any default, failure or defect in any of the securities held by the *ActivETF* if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, gross negligence or breach of the Manager’s standard of care.

The Management Agreement may be terminated by the *ActivETF* or by the Manager upon 60 days’ prior written notice. The Manager is deemed to have resigned if it becomes bankrupt or insolvent, if its assets are seized or confiscated by a public or government authority, in the event that it ceases to be resident in Canada for purposes of the Tax Act or if it no longer holds the necessary registrations to enable it to carry out its obligations under the Management Agreement. If the Manager resigns, it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by the Unitholders. If the Manager is in material default of its obligations under the Management Agreement and such default has not been cured within 30 days after notice of same has been given to the Manager, the trustee may remove the Manager and appoint a successor manager, subject to any required Unitholder approval.

The Manager is entitled to fees for its services as manager under the Management Agreement as described under “Fees and Expenses – Management Fee.” The Manager and each of its directors, officers, employees and agents (the “**Indemnified Parties**”) are indemnified by the *ActivETF* for all claims brought against such Indemnified Party in respect of any act or matter done or omitted in relation to the execution of the Manager’s duties under the Management Agreement for the *ActivETF* and also from and against all other costs, charges and expenses any Indemnified Party may reasonably sustain or incur in relation to the performance of the Manager’s duties under the Management Agreement for the *ActivETF*. However, none of the Indemnified Parties will be entitled to be indemnified under the Management Agreement if the liability results from the Manager’s wilful misconduct, bad faith, or gross negligence or if there has been a failure of the Manager or any person retained by the Manager to meet the standard of care set out in the Management Agreement.

The management services of the Manager under the Management Agreement are not exclusive and nothing in the Management Agreement prevents the Manager from providing similar services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the *ActivETF*) or from engaging in other activities. See “Conflicts of Interest,” below.

Officers and Directors of the Manager of the ActivETF

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

Name and Municipality of Residence	Position with the Manager	Principal Occupation in Past 5 Years
John P. Carswell Richmond Hill, Ontario	Director	President, Canso Investment Counsel Ltd.

Name and Municipality of Residence	Position with the Manager	Principal Occupation in Past 5 Years
Timothy Hicks Toronto, Ontario	Chief Investment Officer and Director	Portfolio Manager, Canso Investment Counsel Ltd.
Ruth Liu Vaughan, Ontario	Corporate Secretary	General Counsel of the Manager since August 2018; Senior Counsel, TD Bank from November 2015 to July 2018; Director, Compliance Legal Counsel, Scotiabank from April 2015 to October 2015; Partner, Borden Ladner Gervais LLP from January 2013 to April 2015
Heather Mason-Wood Richmond Hill, Ontario	Director	Portfolio Manager and Chief Strategy and Operating Officer, Canso Investment Counsel Ltd. since June 2019 Chief Compliance Officer of Canso Investment Counsel Ltd. until June 2019
Raymond Oh Richmond Hill, Ontario	Director	Currently retired President and Chief Operating Officer, Toogood Financial Systems Inc. until November 2018 Chief Executive Officer, Convexus Managed Services Inc. until November 2018
Salvatore Reda Verdun, Québec	Director	President, Maralex Capital Inc. since 2011
B. Richard Usher-Jones Toronto, Ontario	President, Chief Executive Officer and Ultimate Designated Person	Portfolio Manager, Canso Investment Counsel Ltd.
Rajeev Vjih Toronto, Ontario	Chief Operating Officer, Chief Financial Officer and Chief Compliance Officer	Chief Operating Officer, Chief Financial Officer and Chief Compliance Officer of the Manager
Lee Wong Markham, Ontario	Director	Chief Executive Officer, Toogood Financial Systems Inc.

Portfolio Manager

Slater Asset Management Inc., a registered portfolio manager at its principal office in Toronto, Ontario, is the portfolio manager of the *ActivETF*. The Portfolio Manager specializes in active portfolio management of Canadian preferred share portfolios.

The individuals of the Portfolio Manager principally responsible for providing advice to the *ActivETF* are as follows:

Name and Municipality of Residence	Position with the Portfolio Manager	Principal Occupation in Past 5 Years
Douglas S. Grieve Toronto, Ontario	President	President of Slater Asset Management Inc. since June 2009.

Details of the Investment Management Agreement

Under the Investment Management Agreement, the Portfolio Manager is responsible for providing, or causing to be provided, portfolio advisory and investment management services to the *ActivETF*. The Portfolio Manager will manage the investment portfolio of the *ActivETF* with complete discretion in accordance with its investment objectives, strategies, restrictions and applicable securities legislation. The Portfolio Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the *ActivETF* and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. The Investment Management Agreement provides that the Portfolio Manager will not be liable in any way for any loss arising solely from the Portfolio Manager's compliance with the *ActivETF*'s investment policy statement or any act or failure to act by any broker or person with whom the Portfolio Manager has been specifically directed to deal by the Manager in connection with the *ActivETF*.

The Investment Management Agreement may be terminated immediately by either party if either party's registration, license or other authorization required by it to perform the services under the Investment Management Agreement have been revoked by the applicable securities regulatory authority, if either party is unable to meet its obligations under the Investment Management Agreement, or if either party is in material breach of the Investment Management Agreement and such breach has not been cured within 30 days of receipt of written notice of such breach.

The Portfolio Manager is entitled to fees for its services as portfolio manager under the Investment Management Agreement payable by the Manager quarterly.

The portfolio management services of the Portfolio Manager under the Investment Management Agreement are not exclusive and nothing in the Investment Management Agreement prevents the Portfolio Manager from providing similar services to other investment funds and other clients (whether or not their investment objectives, strategies and restrictions are similar to those of the *ActivETF*) or from engaging in other activities. See "Conflicts of Interest" below.

Brokerage Arrangements

Decisions as to the purchase and sale of portfolio securities are made by the Portfolio Manager. Decisions as to the execution of all portfolio transactions, including selection of market, dealer or broker and the negotiation, where applicable, of commissions or spreads are made by the Portfolio Manager. The Portfolio Manager defines best execution as “the process of executing securities transactions for clients in such a manner that the client’s total cost or proceeds in each transaction is the most favourable under the circumstances.”

Factors considered when selecting a broker for a specific transaction may include execution capability, commission rate, willingness to commit capital, anonymity and responsiveness, the nature of the market for the security, the timing or size and type of the transaction, the reputation, experience and financial stability of the broker, the quality of the services rendered in other transactions, financial strength metrics, business continuity and trade settlement capabilities. Best execution does not obligate the Manager, Portfolio Manager or its affiliates to seek the lowest commission rate available on any individual trade, as the rate of commissions is only one component of best execution. A higher commission rate may be determined reasonable in light of the total costs of execution services provided.

Conflicts of Interest

The services of the Manager or Portfolio Manager under the Management Agreement and Investment Management Agreement respectively are not exclusive and nothing in these agreements prevents the Manager or Portfolio Manager from providing similar services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the *ActivETF*) or from engaging in other activities.

Investments in securities purchased by the Portfolio Manager on behalf of the *ActivETF* and other investment funds managed and advised by the Portfolio Manager will be allocated to the *ActivETF* and such other investment funds on a pro rata basis according to the size of the order and the applicable investment restrictions and policies of the *ActivETF* and the other investment funds.

Directors and officers of the Manager must obtain the prior approval of the Manager in order to engage in any outside business activities. One of the activities that requires approval is acting as a director or officer of another company (an “**Issuer**”). The *ActivETF* may invest in an Issuer if this transaction is permitted by law and the Manager has approved this transaction. This approval will be given only if the Manager is satisfied that there has been proper resolution of any potential conflicts of interest.

The Management Agreement acknowledges that the Manager may provide services to the *ActivETF* in other capacities, provided that the terms of any such arrangement are commercially reasonable for comparable services.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the *ActivETF* of its Units under this prospectus. Units of the *ActivETF* do not represent an interest or an obligation of any Designated Broker, any Dealer or any affiliate thereof

and a Unitholder does not have any recourse against any such parties in respect of amounts payable by the *ActivETF* to such Designated Broker or Dealers.

One or more registered dealers acts or may act as the Designated Broker and/or a Dealer. These relationships may create actual or perceived conflicts of interest that investors should consider in relation to an investment in the *ActivETF*. In particular, by virtue of these relationships, these registered dealers may profit from the sale and trading of Units. The Designated Broker, as market maker of the *ActivETF* in the secondary market, may therefore have economic interests that differ from, and may be adverse to, those of Unitholders. Any such registered dealer and its affiliates may, at present or in the future, engage in business with the *ActivETF*, with the issuers of securities making up the investment portfolio of the *ActivETF* or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between any such registered dealer and its affiliates and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

Independent Review Committee

As required by NI 81-107, the Manager has established an IRC to review all conflicts of interest matters identified and referred to the IRC by the Manager relating to the investment funds managed by the Manager, including the *ActivETF*. The IRC reviews and gives its approval or recommendations as to the conflict of interests matters referred to it. A conflict of interest matter is a situation where a reasonable person would consider the Manager or an entity related to the Manager to have an interest that conflicts with the Manager's ability to act in good faith and in the best interest of the *ActivETF*. The IRC is also required to approve certain mergers involving the *ActivETF* and any change of the auditors of the *ActivETF*.

The IRC must have all independent members. The Manager considers that an individual is independent if the individual is not a director, officer or employee of the Manager or an affiliate of the Manager. In addition, the individual must be independent of management and free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the individual's ability to act with the view to the best interest of the *ActivETF*.

The current members of the IRC are Paul Fahey as Chair, Ruth Gould, Jim McGill and Bill Schultz.

The IRC has a written charter that sets out its powers, duties and responsibilities. Additionally, pursuant to NI 81-107, the IRC assesses, at least annually, the adequacy and effectiveness of the following:

- (i) the Manager's policies and procedures regarding conflict of interest matters;
- (ii) any standing instructions that the IRC gave to the Manager for conflict of interest matters related to the *ActivETF*;
- (iii) the compliance of the Manager and the *ActivETF* with any conditions imposed by the IRC in a recommendation or approval it has provided to the Manager; and

- (iv) the independence and compensation of its members, the IRC's effectiveness as a committee and the contribution of each member to the IRC.

The IRC prepares a report for Unitholders, at least annually, of its activities. Such report is made available on the Manager's website at www.lysanderfunds.com or, at the request of a Unitholder and at no cost, by contacting the Manager at 3080 Yonge Street, Suite 3037, Toronto, Ontario, M4N 3N1 or by sending an email to manager@lysanderfunds.com.

Each member of the IRC is paid an annual retainer of \$11,000 (except for Paul Fahey, who is paid \$13,760 as chair) (all amounts exclude applicable HST) in aggregate by all the investment funds managed by the Manager (including its open ended and closed-end funds).

Trustee

Pursuant to the Declaration of Trust, the Manager is also the trustee of the *ActivETF*.

The trustee may resign upon 90 days' notice to Unitholders and the Manager. If the trustee resigns or if it becomes incapable of acting as trustee, the trustee may appoint a successor trustee and its resignation shall become effective upon the acceptance of such appointment by its successor. If no successor has been appointed within 90 days, the *ActivETF* will be terminated.

The Declaration of Trust provides that the trustee shall act honestly, in good faith and in the best interests of the *ActivETF* and shall perform its duties to the standard of care that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the trustee and indemnifying the trustee in respect of certain liabilities incurred by it in carrying out the trustee's duties.

At any time during which the Manager is the trustee, the Manager will receive no fee in respect of the provision of services as trustee.

Custodian

CIBC Mellon Trust Company, at its principal offices in Toronto, Ontario, is the custodian of the assets of the *ActivETF* pursuant to the Custodial Agreement. The Manager or the Custodian may terminate the Custodial Agreement at any time upon 90 days' written notice. The Manager may terminate the Custodial Agreement immediately without any penalty if the Custodian is unable to deliver the services as contemplated in the Custodial Agreement and such failure is not corrected, in a manner satisfactory to the Manager acting reasonably within 60 days after written notice to the Custodian.

The Custodian is entitled to receive fees from the *ActivETF* as described under "Fees and Expenses" and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian with respect to the *ActivETF*.

Auditors

The auditors of the *ActivETF* are Deloitte LLP, at 22 Adelaide Street West, Bay Adelaide Centre, East Tower, Suite 200, Toronto, Ontario.

Registrar and Transfer Agent

AST Trust Company (Canada), at its principal office in Toronto, Ontario, is the registrar and transfer agent for the Units of the *ActivETF*. The register of the *ActivETF* is kept in Toronto, Ontario.

Securities Lending Agent

Prior to engaging in a securities lending transaction, the Manager will enter into an agreement with the Custodian to appoint it as its agent for administering such securities lending transactions. Any such agreement will comply with the requirements of NI 81-102 governing securities lending transactions. The securities lending agent, if appointed, will not be an associate or affiliate of the Manager.

Promoter

Lysander Funds Limited of Toronto, Ontario has taken the initiative in founding and organizing the *ActivETF* and is, accordingly, the promoter of the *ActivETF* within the meaning of securities legislation of certain provinces and territories of Canada.

Fund Administrator

CIBC Mellon Global Securities Services Company, at its principal offices in Toronto, Ontario, is the fund administrator. The Fund Administrator is responsible for certain aspects of the day to day administration of the *ActivETF*, including NAV calculations, accounting for net income and net realized capital gains of the *ActivETF* and maintaining books and records with respect to the *ActivETF*.

CALCULATION OF NET ASSET VALUE

The NAV and NAV per Unit of the *ActivETF* are calculated by the Fund Administrator as of the Valuation Time on each Valuation Date. The NAV of the *ActivETF* on a particular date is equal to the aggregate value of the assets of the *ActivETF* less the aggregate value of the liabilities of the *ActivETF*, including any accrued management fees and any income, net realized capital gains or other amounts payable to Unitholders on or before such date, expressed in Canadian dollars. The NAV per Unit on any day is obtained by dividing the NAV of the *ActivETF* on such day by the applicable number of Units of the *ActivETF* then outstanding.

Valuation Policies and Procedures of the *ActivETF*

In determining the NAV of the *ActivETF* at any time, the Fund Administrator uses the following valuation principles:

- (i) the value of any cash on hand or on deposit, prepaid expenses, cash dividends and other distributions declared and interest accrued and not yet received, shall be deemed to be the full amount thereof, unless the Manager or a person authorized by the Manager determines that any such asset is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as determined by the Manager or a person authorized by

- the Manager to make such determination. Short-term investments including notes and money market instruments will be valued at cost plus accrued interest;
- (ii) bonds, debentures and other debt securities shall be valued at an evaluated mid-price as reported by an independent source on the Valuation Date;
 - (iii) any equity security that is listed or dealt in on a stock exchange shall be valued at the last trade price or official closing price reported at the Valuation Time on the Valuation Date on the principal stock exchange on which such security is traded. If (A) the closing price is not available, or (B) the closing price is deemed unreliable due to lack of trading past a predetermined time before the closing of the securities exchange, the security shall be valued at the average of the last bid/ask quotation generally from the principal stock exchange on which such security is traded;
 - (iv) investments in investment funds that do not trade on an exchange are valued at the end of day net asset value per security;
 - (v) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, shall be treated as a liability of the *ActivETF*;
 - (vi) any security sold but not delivered, pending receipt of the proceeds, shall be valued at the net sale price;
 - (vii) long positions in options shall be valued using the closing price or if the closing price is not available at the average of the last bid/ask quotation generally from the exchange where the option principally trades;
 - (viii) where options are written, the premiums received for those options shall be reflected as a liability that is valued at an amount equal to the closing price or if the closing price is not available at the average of the last bid/ask quotation generally from the exchange where the option principally trades;
 - (ix) the value of any futures contract or forward contract shall be the gain or loss with respect thereto that would be realized if, at the Valuation Time, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
 - (x) swaps shall be valued using an independent pricing vendor's model, which may include end of day net present values, company specific credit spreads, credit ratings, industry and company performance, total return of reference assets, default rates and estimated recovery rates. If values are not readily available through an independent pricing vendor, swaps shall be valued at the Manager's best estimate of fair value;
 - (xi) the value of all assets of the *ActivETF* quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable to the *ActivETF* in foreign currency and the value of all liabilities and contractual obligations payable by the *ActivETF*

in foreign currency shall be determined using the applicable rate of exchange current at, or as nearly as practicable to, the applicable date on which NAV is determined;

- (xii) if a security's market price is not readily available or does not otherwise accurately reflect the fair value of the security, the security will be valued by another method that the Manager or a person authorized by the Manager believes will better reflect fair value. The *ActivETF* may use fair value pricing in a variety of circumstances, including but not limited to, situations when the value of a security in the *ActivETF*'s portfolio has been materially affected by events occurring after the close of the market on which the security is principally traded (such as a corporate action or other news that may materially affect the price of a security) or trading in a security has been suspended or halted; and
- (xiii) estimated expenses of the *ActivETF* shall be accrued daily.

The Manager may authorize third parties, including affiliates, to perform some of the valuation functions and references to the Manager in the above valuation principles may, to the extent the Manager authorizes such parties to perform these functions, include these third parties.

Each portfolio transaction by the *ActivETF* will be reflected in the next calculation of NAV per Unit made after the date on which the transaction becomes binding. A Unit of the *ActivETF* being issued shall be deemed to become outstanding immediately following the calculation of the applicable NAV per Unit that is the issue price per Unit. After that Unit is deemed to become outstanding, the amount payable in connection with the issuance shall then be deemed to be an asset of the *ActivETF*. A Unit of the *ActivETF* being exchanged or redeemed shall be deemed to remain outstanding until immediately following the calculation of the applicable NAV per Unit that is the exchange or redemption price; thereafter, until payment has been made for such exchanged or redeemed Unit, the exchange or redemption price, as the case may be, shall be deemed to be a liability of the *ActivETF*. Accordingly, the issue of Units and the exchange or redemption of Units will be reflected in the next calculation of NAV per Unit made after the date a subscription order or an exchange or redemption request, as the case may be, is accepted and becomes binding.

Reporting of Net Asset Value

The Manager will publish the NAV per Unit for the *ActivETF* following the Valuation Time for each Valuation Date on its website at www.lysanderfunds.com.

ATTRIBUTES OF THE UNITS

Description of the Securities Distributed

The *ActivETF* is authorized to issue an unlimited number of redeemable, transferable Units, each of which represents an equal, undivided interest in the *ActivETF*.

The *Trust Beneficiaries' Liability Act, 2004* (Ontario) provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises, (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of Ontario. The *ActivETF* is a reporting issuer under the

Securities Act (Ontario) and the *ActivETF* is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

Certain Provisions of the Units

Each Unit of the *ActivETF* entitles the owner to one vote at all meetings of Unitholders and is entitled to participate equally with all other Units of the *ActivETF* with respect to all distributions made by the *ActivETF* to Unitholders, other than management fee distributions and amounts paid on the exchange or redemption of Units. Units are issued only as fully paid and are non-assessable.

Exchange of Units for Baskets of Securities

On any Trading Day, Unitholders may exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for Baskets of Securities and cash. See “Redemption of Units – Exchange of Prescribed Number of Units.”

Redemption of Units for Cash

On any Trading Day, Unitholders may redeem Units of the *ActivETF* in any number for cash at a redemption price per Unit equal to the lesser of (i) 95% of the closing price for the Units on the TSX on the effective day of the redemption, and (ii) the NAV per Unit on the effective day of the redemption. See “Redemption of Units – Redemption of Units in any Number for Cash.”

Modification of Terms

All rights attached to the Units of the *ActivETF* may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. See “Unitholder Matters – Amendments to the Declaration of Trust.”

The Manager may amend the Declaration of Trust from time to time to redesignate the name of the *ActivETF* or to create a new class or series of units of the *ActivETF* without notice to existing Unitholders of the *ActivETF*, unless such amendment in some way affects the existing Unitholders’ rights or the value of their investment.

UNITHOLDER MATTERS

Meeting of Unitholders

Except as otherwise required by law, meetings of Unitholders of the *ActivETF* will be held if called by the Manager upon written notice of not less than 21 days nor more than 50 days before the meeting.

Matters Requiring Unitholders Approval

Under the Declaration of Trust, Unitholders are entitled to vote on any matter that pursuant to Canadian securities legislation must be submitted to Unitholders for approval. Subject to certain allowable exceptions, NI 81-102 requires that Unitholders of the *ActivETF* approve the following:

- (i) any change to the basis of the calculation of a fee or expense that is charged to the *ActivETF* or directly to its Unitholders if such change could result in an increase in charges to the *ActivETF* or its Unitholders, except where:
 - (a) the *ActivETF* is at arm's length with the person or company charging the fee or expense; and
 - (b) the Unitholders have received at least 60 days' written notice before the effective date of the change;
- (ii) the introduction of a fee or expense, to be charged to the *ActivETF* or directly to its Unitholders by the *ActivETF* or the Manager in connection with the holding of Units of the *ActivETF* that could result in an increase in charges to the *ActivETF* or its Unitholders, except where:
 - (a) the *ActivETF* is at arm's length with the person or company charging the fee or expense; and
 - (b) the Unitholders have received at least 60 days' written notice before the introduction of the fee or expense;
- (iii) any change to the Manager, unless the new manager of the *ActivETF* is an affiliate of the Manager;
- (iv) any change to the fundamental investment objectives of the *ActivETF*;
- (v) the decrease in the frequency of the calculation of the *ActivETF*'s NAV per Unit;
- (vi) the undertaking by the *ActivETF* of a reorganization with, or transfer of its assets to, another issuer, if the *ActivETF* ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the *ActivETF* becoming securityholders in the other issuer, unless:
 - (a) the IRC of the *ActivETF* has approved the change;
 - (b) the *ActivETF* is being reorganized with, or its assets are being transferred to, another mutual fund that is managed by the Manager, or an affiliate of the Manager;
 - (c) the Unitholders have received at least 60 days' written notice before the effective date of the change; and
 - (d) the transaction complies with certain other requirements of applicable securities legislation;
- (vii) the undertaking by the *ActivETF* of a reorganization with, or acquisition of assets from, another issuer, if the *ActivETF* continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other issuer becoming Unitholders of the *ActivETF* and the transaction would be a material change to the *ActivETF*; and

- (viii) the *ActivETF* implements a restructuring into a non-redeemable investment fund or an issuer that is not an investment fund.

In addition, the Auditors of the *ActivETF* may not be changed unless the IRC has approved the change and Unitholders have received at least 60 days' written notice before the effective date of the change.

Approval of Unitholders of the *ActivETF* of any such matter will be given if a majority of the votes cast at a meeting of Unitholders of the *ActivETF* duly called and held for the purpose of considering the same approve the related resolution.

Subject to any restrictions set out in the Declaration of Trust, Unitholders are entitled to one vote per Unit held on the record date established for voting at any meeting of Unitholders.

Amendments to the Declaration of Trust

The trustee may amend the Declaration of Trust from time to time but may not, without the approval of a majority of the votes of Unitholders of the *ActivETF* voting at a meeting of Unitholders duly called for such purpose, make any amendment relating to any matter in respect of which NI 81-102 requires a meeting, as set out above, or any amendment that will adversely affect the voting rights of Unitholders.

Accounting and Reporting to Unitholders

The fiscal year end of the *ActivETF* is December 31. The *ActivETF* will deliver or make available to Unitholders (i) audited comparative annual financial statements; (ii) unaudited interim financial statements; and (iii) annual and interim MRFPs. Such documents are incorporated by reference into, and form an integral part of, this prospectus. See "Documents Incorporated by Reference."

Each Unitholder will also be mailed annually, by his, her or its broker, no later than March 31, information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the *ActivETF* owned by such Unitholder in respect of the preceding taxation year of the *ActivETF*.

The Manager will ensure that the *ActivETF* complies with all applicable reporting and administrative requirements. The Manager will also ensure that adequate books and records are kept reflecting the activities of the *ActivETF*. A Unitholder or his, her or its duly authorized representative has the right to examine the books and records of the *ActivETF* during normal business hours at the offices of the Fund Administrator. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the *ActivETF*.

Permitted Mergers

The *ActivETF* may, without Unitholder approval, enter into a merger or other similar transaction that has the effect of combining the *ActivETF* with any other investment fund or funds that have investment objectives, valuation procedures and fee structures that are similar to the *ActivETF*, subject to:

- (i) approval of the merger by the IRC;
- (ii) compliance with certain merger pre-approval conditions set out in section 5.6 of NI 81-102; and
- (iii) written notice being sent to Unitholders at least 60 days before the effective date of the merger.

In connection with any such merger, the merging funds will be valued at their respective net asset values and Unitholders of the *ActivETF* will be offered the right to redeem their Units for cash at the applicable NAV per Unit.

TERMINATION OF THE LYSANDER-SLATER PREFERRED SHARE *ActivETF*

The *ActivETF* may be terminated by the Manager on at least 60 days' notice to Unitholders of such termination and the Manager will issue a press release in advance thereof. The Manager may also terminate the *ActivETF* if the trustee resigns or becomes incapable of acting and is not replaced. Upon such termination, the securities held by the *ActivETF*, cash and other assets remaining after paying or providing for all liabilities and obligations of the *ActivETF* shall be distributed pro rata among the Unitholders of the *ActivETF*.

The rights of Unitholders to exchange and redeem Units described under "Redemption of Units" will cease as and from the date of termination of the *ActivETF*.

RELATIONSHIP BETWEEN THE LYSANDER-SLATER PREFERRED SHARE *ActivETF* AND DEALERS

The Manager, on behalf of the *ActivETF*, may enter into various continuous distribution dealer agreements with registered dealers (that may or may not be the Designated Broker) pursuant to which the Dealers may subscribe for Units of the *ActivETF* as described under "Purchases of Units – Issuance of Units."

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the *ActivETF* of its Units under this prospectus. The *ActivETF* has obtained exemptive relief from the Canadian securities regulatory authorities to relieve it from the requirement that this prospectus contain a certificate of the underwriter or underwriters.

PRINCIPAL HOLDERS OF SECURITIES OF THE LYSANDER-SLATER PREFERRED SHARE *ActivETF*

CDS & Co., the nominee of CDS, is the registered holder of all of the issued and outstanding units of the *ActivETF*, which it holds for various brokers and other persons on behalf of their clients and others.

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

The complete proxy voting record of the *ActivETF* for the period ending June 30 each year will be available free of charge to any Unitholder upon request at any time after August 31 following the end of that annual period by writing to the Manager at 3080 Yonge Street, Suite 3037, Toronto, Ontario, M4N 3N1, calling us collect at 1-877-308-6979 or by checking our website at www.lysanderfunds.com.

Proxy Voting Procedures and Policies

A summary of the Portfolio Manager's proxy voting policies and procedures is set out below. A copy of the complete proxy voting policies and procedures for the *ActivETF* is available to you on request, free of charge, by calling 1-877-308-6979, by sending an e-mail to manager@lysanderfunds.com or by mailing to Lysander Funds Limited, 3080 Yonge Street, Suite 3037, Toronto, Ontario, M4N 3N1.

The Portfolio Manager has written policies and procedures ("**Policies**") in relation to proxy voting.

The Portfolio Manager is required to vote proxies in accordance with the Policies, which require the Portfolio Manager to vote in the best interests of the *ActivETF*.

In respect of fixed reset preferred shares with an upcoming reset date, where the Portfolio Manager is to vote, on behalf of its clients, on whether to receive dividends based on a new fixed rate or a new floating rate until the next reset date, the Portfolio Manager will consider, at the time of vote, current and future market conditions and decide on the best voting decision for its clients based on market trends.

For other asset classes such as equity securities, the Portfolio Manager would vote in accordance with the recommendation of the issuer's management for routine matters, and would consider non-routine matters on a case-by-case basis.

The *ActivETF* is considered to have received a solicitation at the time it or the Portfolio Manager has received notice at its offices. In the event that the Portfolio Manager does not receive a solicitation within sufficient time to execute a vote or the proxy is not submitted to the issuer in the time required, the *ActivETF* will not be able to vote on the matters solicited.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Units:

- (i) Declaration of Trust;
- (ii) Management Agreement;
- (iii) Investment Management Agreement; and
- (iv) Custodial Agreement.

Copies of the agreements referred to above may be inspected during business hours at the principal office of the Manager.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

The *ActivETF* is not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the *ActivETF*.

EXPERTS

Borden Ladner Gervais LLP, legal counsel to the *ActivETF* and the Manager, has provided certain legal opinions regarding the principal Canadian federal income tax considerations that apply to an investment in the Units by a Canadian resident individual and by a Registered Plan. See “Income Tax Considerations”.

Deloitte LLP, Chartered Professional Accountants, is the auditor of the *ActivETF* and has consented to the use of its auditor’s report dated March 22, 2019 to the Unitholders of the *ActivETF*. Deloitte LLP has advised that it is independent with respect to the *ActivETF* within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

EXEMPTIONS AND APPROVALS

The *ActivETF* has obtained exemptive relief from the Canadian securities regulatory authorities to permit the following practices:

- (i) the purchase by a Unitholder of more than 20% of the Units of the *ActivETF* without regard to the takeover bid requirements of applicable Canadian securities legislation;
- (ii) to relieve the *ActivETF* from the requirement to include in the prospectus a certificate of an underwriter; and
- (iii) the reference to the FundGrade A+ Awards, FundGrade Ratings, Lipper Awards and Lipper Leader Ratings in sales communications relating to the investment funds subject to NI 81-102 for which the Manager, or an affiliate of the Manager, acts as the investment fund manager, which includes the *ActivETF*.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities of exchange-traded funds within 48 hours after receipt of a confirmation of a purchase of such securities. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages, if the prospectus and any amendment contains a misrepresentation or non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory.

The Manager has obtained exemptive relief from the requirement in securities legislation to include an underwriter's certificate in the prospectus under a decision pursuant to National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*. As such, purchasers of Units of the *ActivETF* will not be able to rely on the inclusion of an underwriter's certificate in the prospectus or any amendment for the statutory rights and remedies that would otherwise have been available against an underwriter that would have been required to sign an underwriter's certificate.

Purchasers should refer to the applicable provisions of the securities legislation and the decision referred to above for the particulars of their rights or consult with a legal adviser.

DOCUMENTS INCORPORATED BY REFERENCE

During the period in which the *ActivETF* is in continuous distribution, additional information is available in:

- (i) the most recently filed ETF Facts of the *ActivETF*;
- (ii) the most recently filed comparative annual financial statements of the *ActivETF*, together with the accompanying report of the auditors;
- (iii) any interim financial statements of the *ActivETF* filed after the most recently filed comparative annual financial statements;
- (iv) the most recently filed annual MRFP of the *ActivETF*; and
- (v) any interim MRFP of the *ActivETF* filed after the most recently filed annual MRFP.

These documents are incorporated by reference into the prospectus, which means that they legally form part of this document just as if they were printed as part of this document. An investor can get a copy of these documents upon request and at no cost by calling us collect at 1-877-308-6979 or by contacting a registered dealer.

These documents are available on the Manager's website at www.lysanderfunds.com or by contacting the Manager collect at 1-877-308-6979 or by email at manager@lysanderfunds.com.

These documents and other information about the *ActivETF* are available on the Internet at www.sedar.com.

In addition to the documents listed above, any documents of the type described above that are filed on behalf of the *ActivETF* after the date of this prospectus and before the termination of the distribution of the *ActivETF* are deemed to be incorporated by reference into this prospectus.

**CERTIFICATE OF THE LYSANDER-SLATER PREFERRED SHARE *ActivETF*,
THE TRUSTEE, MANAGER AND PROMOTER**

Dated: July 24, 2019

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut.

LYSANDER FUNDS LIMITED

as Trustee and Manager of the *ActivETF*

(signed) "Richard Usher-Jones"

Richard Usher-Jones
Chief Executive Officer

(signed) "Raj Vijn"

Raj Vijn
Chief Financial Officer

On behalf of the Board of Directors of Lysander Funds Limited

(signed) "Timothy Hicks"

Timothy Hicks
Director

(signed) "John Carswell"

John Carswell
Director

LYSANDER FUNDS LIMITED

as Promoter of the *ActivETF*

(signed) "Richard Usher-Jones"

Richard Usher-Jones
Chief Executive Officer