



ALTERNATIVE MUTUAL FUND

ALGONQUIN FIXED INCOME 2.0 FUND

Offering of

Series A, Series F Founders, Series F, Series I and Series I (USD) Units

**SIMPLIFIED PROSPECTUS DATED SEPTEMBER 20, 2021 AND AMENDED AND
RESTATED SIMPLIFIED PROSPECTUS DATED SEPTEMBER 20, 2021,
AMENDING AND RESTATING THE SIMPLIFIED PROSPECTUS DATED
DECEMBER 4, 2020**

The Fund and the units of the Fund are offered under this document in each of the provinces and territories of Canada. The units are intended primarily for purchase by residents of Canada. The units offered under this Simplified Prospectus are not registered with the United States Securities and Exchange Commission and such securities are sold in the United States only in reliance on exemptions from registration.

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

TABLE OF CONTENTS

PART A: GENERAL DISCLOSURE	1
INTRODUCTION	1
WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?	2
ORGANIZATION AND MANAGEMENT OF THE FUND	16
PURCHASES, REDESIGNATIONS AND REDEMPTIONS	17
OPTIONAL SERVICES	22
FEES AND EXPENSES	23
DEALER COMPENSATION	28
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS FOR INVESTORS	29
WHAT ARE YOUR LEGAL RIGHTS?	35
PART B: SPECIFIC INFORMATION ABOUT THE ALTERNATIVE MUTUAL FUND DESCRIBED IN THIS DOCUMENT	37
ALGONQUIN FIXED INCOME 2.0 FUND	39
WHAT DOES THE FUND INVEST IN?	39
WHAT ARE THE RISKS OF INVESTING IN THE FUND?	42
WHO SHOULD INVEST IN THIS FUND	43
INVESTMENT RISK CLASSIFICATION METHODOLOGY	43
DISTRIBUTION POLICY	44
FUND EXPENSES INDIRECTLY BORNE BY INVESTORS	45

PART A: GENERAL DISCLOSURE

INTRODUCTION

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

- **We, us, our, Manager** and Algonquin refer to Algonquin Capital Corporation in its capacity as trustee, manager and portfolio manager of the Fund.
- **You** refers to an individual investor and everyone who invests or may invest in the Fund.
- **Declaration of Trust** refers to the master declaration of trust of the Fund dated August 20, 2019.
- **Fund** refers to the Algonquin Fixed Income 2.0 Fund offered to the public under this Simplified Prospectus. The Fund is an alternative mutual fund which is subject to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (“**NI 81-101**”) and National Instrument 81-102 *Investment Funds* (“**NI 81-102**”).
- **Dealer** refers to both the dealer and the registered representative in your province or territory who advises you on your investments.
- **Registered Plans** refer to RRSPs, RRIFs, TFSAs, RESPs, RDSPs and DPSPs, each as defined under “*Taxation of Unitholders – Registered Plans*” section of this Simplified Prospectus.
- **Simplified Prospectus** refers to this simplified prospectus.

This document contains selected important information to help you make an informed investment decision about investing in the Fund and to help you understand your rights as an investor. This document is divided into two parts.

- **Part A**, from pages 1 through 36, contains general information applicable to the Fund.
- **Part B**, from pages 37 through 46, contains specific information about the Fund described in this document.

Additional information about the Fund is available in the following documents:

- the Annual Information Form;
- the most recently filed Fund Facts;
- the most recently filed annual financial statements;
- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance; and
- any interim management report of fund performance filed after those annual management reports of fund performance.

These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as a part of this document. These documents are available at your request, and at no cost, by calling us toll free at 1-833-306-8404, by emailing us at info@algonquincap.com or by contacting your Dealer.

These documents and other information about the Fund are available on our website at www.algonquincap.com and are also available at www.sedar.com.

WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?

What is a Mutual Fund?

A mutual fund is an investment vehicle that pools money contributed by people with similar investment objectives and invests in a portfolio of securities to be managed by a professional investment manager. Investing in a mutual fund allows investors to hold a larger variety of securities than most investors could hold individually. By investing in a mutual fund, investors often increase their ability to diversify their investment portfolios. Unitholders share a mutual fund's income, common expenses, gains and losses in proportion to their interest in the mutual fund.

The value of an investment in a mutual fund is primarily realized through distributions paid by the mutual fund to its investors and through redeeming securities of the mutual fund.

The Fund is an alternative mutual fund organized as an open-ended unit trust governed by the laws of the Province of Ontario and established under the Declaration of Trust. In this document, we refer to the securities issued by the Fund as "**units**". The Fund is an alternative mutual fund with a specific investment objective and portfolio of investments. The Fund currently offers four series of units (each, a "**series**" and together, "**series**") but may, in the future, offer additional series of units without notification to, or approval of, investors. Each series of units is intended for a different investor and may entail different fees. The owner of a unit is referred to as a "**unitholder**". The different series of units available under this Simplified Prospectus are described under the section entitled "*Purchases, Redesignations and Redemptions*".

What are the risks of investing in a mutual fund generally?

As an investor, there is always a risk you could lose money. Mutual funds are no exception, but the degree of risk varies considerably from one mutual fund to the next. As a general rule, the more investment risk you are willing to accept, the higher your potential returns and the greater your potential losses.

Mutual funds own different types of investments, depending upon their investment objectives. These can include stocks, bonds, securities of other mutual funds and/or exchange-traded fund, called "underlying funds", cash and cash equivalents like treasury bills and derivatives. There is no guarantee that a mutual fund will be able to achieve its investment objective. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions, and market and company news. As a result, the net asset value ("**NAV**") of a mutual fund's units may go up and down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it.

The full amount of your original investment in the Fund is not guaranteed. Unlike bank accounts or guaranteed investment certificates, mutual fund units are not covered by Canada Deposit Insurance Corporation or any other government deposit insurer. It is possible to lose money by investing in a mutual fund.

Under exceptional circumstances, a mutual fund may suspend redemptions. For more information, please refer to the section entitled "*Purchases, Redesignations and Redemptions*" for further details.

What are the specific investment risks of investing in a mutual fund?

Mutual funds are subject to a variety of risk factors depending on their investment objectives. Set out below in alphabetical order is a general description of the specific risks of investing in the Fund. The following does not purport to be a complete summary of all the risks associated with an investment in the Fund.

Prospective unitholders should read this entire Simplified Prospectus and consult with their own advisors before deciding to subscribe.

Borrowing Risk

Borrowing cash or securities by the Fund magnifies the impact of any movements in the prices of the Fund's underlying investments and therefore the value of your investment. Consequently, these investments may produce more volatile gains or losses compared to investing in the same investments without borrowing.

Company Risk

Equity investments, such as stocks and investments in trusts and fixed-income investments, such as bonds, carry several risks that are specific to the company that issues these securities. A number of factors may cause the price of these investments to fall. These factors include specific developments relating to the company, conditions in the market where these investments are traded, and general economic, financial and political conditions in the countries where the company operates.

Concentration Risk

The Fund may concentrate its investments in securities of a small number of issuers, sectors or countries or may use a specific investment style, such as growth or value. A relatively high concentration of assets in a small number of investments may reduce the diversification of the Fund's portfolio. Investment concentration may also increase the illiquidity of the Fund's portfolio if there is a shortage of buyers willing to purchase those investments, therefore, the Fund may be unable to satisfy redemption requests if it cannot sell these investments in a timely and orderly manner. The Fund's performance may be more volatile due to the impact of the changes in value of these investments on the Fund. The Fund may concentrate on a style or sector to either provide investors with more certainty about how the Fund will be invested or the style of the Fund or because the portfolio manager believes that specialization increases the potential for good returns. If the issuers, sectors or countries face difficult economic times or if the investment approach used by the Fund is out of favour, the Fund will likely lose more than it would if it diversified its investments or style. If the Fund's investment objectives or strategies require concentration, it may continue to suffer poor returns over a prolonged period of time.

Convertible Securities Risk

Convertible securities are fixed-income securities, preferred stocks or other securities that are convertible into common stock or other securities. The market value of convertible securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. A convertible security's market value, however, tends to reflect the market price of the issuer's common stock when that price approaches or exceeds the convertible security's "conversion price". The conversion price is defined as the predetermined price at which the convertible security could be exchanged for the associated common stock or other securities. As the market price of the common stock or other security declines, the price of the convertible security tends to be influenced more by the yield of the convertible security. Thus, it may not decline in price to the same extent as the underlying common stock or other security.

In the event of a liquidation of the issuing company, holders of convertible securities would be paid before the company's common stockholders but after holders of any senior debt obligations of the company. Consequently, the issuer's convertible securities generally entail less risk than its common stock but more risk than its senior debt obligations.

Coronavirus Pandemic Related Risk

A novel coronavirus was detected in late 2019 in Wuhan City, Hubei Province, China and has resulted in an outbreak of respiratory disease in countries around the world. On February 11, 2020, the World Health Organization (the “WHO”) named the disease “COVID-19” and on March 11, 2020, the WHO declared a global pandemic. The continued or prolonged spread of COVID-19 or variants of COVID-19 may have an adverse impact on the Fund. A further escalation of the COVID-19 outbreak could see a significant decline in global economic growth (worst case predictions estimate that global economic growth could be cut in half and, according to the Organization for Economic Cooperation and Development, plunge several countries into recession). Businesses in major financial centers around the world have curtailed their travel and meeting plans. This is likely to continue to slow consumer demand and both domestic and international business activity. The banking industry and, in particular, financial markets may be significantly adversely affected by credit losses resulting from financial difficulties of borrowers impacted by COVID-19. COVID-19 requires certain employees of the Manager and certain key service providers to the Fund to work remotely for prolonged periods of time. The ability of the employees of the Manager and/or other service providers to the Fund to work effectively on a remote basis may adversely impact the day-to-day operations of the Fund. Any similar future outbreaks or pandemics could have similar potential adverse effects on the global economy and the Fund.

Counterparty Risk

This is a risk that entities upon which the Fund’s investments depend may default on their obligations, for instance, by failing to make a payment when due. Such parties can include brokers (including clearing brokers), foreign exchange counterparties, derivative counterparties and deposit taking banks. Default on the part of an issuer or counterparty could result in a financial loss to the Fund.

Credit Risk

An issuer of a bond or other fixed-income investment, including asset-backed securities, may not be able to pay interest or repay the principal at maturity. The risk of such a failure to pay is known as credit risk. Some issuers have more credit risk than others. Issuers with higher credit risk typically pay higher interest rates than interest rates paid by issuers with lower credit risk because higher credit risk issuers expose investors to a greater risk of loss. Credit risk can increase or decline during the term of the fixed-income investment.

Companies, governments and other entities, including special purpose vehicles that borrow money and the debt securities they issue, are assigned credit ratings by specialized rating agencies such as Moody’s[®] Investor’s Services, Inc. (“**Moody’s**”), DBRS Limited (“**DBRS**”), Standard & Poor’s Corporation (“**S&P**”) and Fitch Rating Service Inc. (“**Fitch**”). The ratings are a measure of credit risk and take into account many factors, including the value of any collateral underlying a fixed-income investment. Issuers with low and no ratings typically pay higher yields, but can subject investors to substantial losses. Credit ratings are one factor used by the portfolio managers of mutual funds in making investment decisions. A credit rating may prove to be wrong, which can lead to unanticipated losses on fixed-income investments. If the market perceives that a credit risk rating is too high, then the value of the investments may decrease substantially. A downgrade in an issuer’s credit rating or other adverse news regarding an issuer can reduce a security’s market value.

The difference in interest rates between an issuer’s bond and a government-issued bond that are otherwise identical in all respects except for the credit rating is known as the credit spread. Credit spreads widen if the market determines that a higher return is necessary to compensate for the increased risk of owning a

particular fixed-income investment. An increase in credit spread after the purchase of a fixed-income investment decreases the value of the investment.

Currency and Exchange Rate Risk

The base currency of the Fund is the Canadian dollar. The principal currency of the Series A, Series F Founders, Series F and Series I units (collectively, the “CAD Series”) of the Fund is the Canadian dollar for the calculation and reporting of NAV, while the NAV of the Series I (USD) units is calculated and reported in U.S. dollars. Some of the Fund’s cash assets may be held in currencies other than the Canadian dollar, and gains and losses in securities transactions may be in currencies other than the Canadian dollar. Accordingly, a portion of the income received by the Fund will be denominated in non-Canadian currencies. The Fund will nevertheless compute and pay distributions, if any, in Canadian dollars on the CAD Series and will compute and pay distributions, if any, in U.S. dollars on the Series I (USD) units. Changes in currency exchange rates may affect the value of the Fund’s portfolio and the unrealized appreciation or depreciation of investments. Further, the Fund may incur costs in connection with conversions between various currencies. The Manager may use derivatives such as forward contracts, futures contracts, swaps or customized derivatives and may also engage in spot trades on currency, to reduce the effect of changes in exchange rates. However, there is no guarantee that attempts to hedge currency risk will be successful and no hedging strategy can eliminate currency risk entirely. There may be an imperfect historical correlation between the behavior of the derivative instrument and the currency being hedged. Any historical correlation may not continue for the period during which the hedge is in place. In addition, the inability to close out derivative positions could prevent the Fund from investing in derivatives to effectively hedge its currency exposure. Should a hedging strategy be incomplete or unsuccessful, the value of the Fund’s assets and income can remain vulnerable to fluctuations in currency exchange rates.

The Canada Revenue Agency (the “CRA”) requires that capital gains and losses be converted into Canadian dollars. As a result, when you redeem Series I (USD) units, you will need to calculate gains or losses based on the Canadian dollar value of your units when they were purchased and when they were redeemed.

Foreign investments made by the Fund are generally purchased in currencies other than Canadian dollars. When foreign investments are purchased in a currency other than Canadian dollars, the value of those foreign investments will be affected by the value of the Canadian dollar relative to the value of the foreign currency. If the Canadian dollar rises in value relative to the other currency but the value of the foreign investment otherwise remains constant, the value of the investment in Canadian dollars will have fallen. Similarly, if the value of the Canadian dollar has fallen relative to the foreign currency, the value of the mutual fund’s investment will have increased.

Cyber Security Risk

With the increased use of technology in the course of business, the Fund is susceptible to operational, information security and related risks. Generally, cyber security incidents can result from deliberate attacks or unintentional events that threaten the integrity, confidentiality or availability of the Fund’s information resources. A cyber security incident includes, but is not limited to, gaining unauthorized access to the Fund’s electronic systems (e.g., through hacking or malicious software) to corrupt data, disrupt business operations or steal confidential or sensitive information, or may involve denial of service attacks which may cause system failures and disrupt business operations. Failures or breaches of the electronic systems of the Fund, Algonquin, other service providers (e.g., transfer agent, custodian, sub-custodians and prime brokers) or the issuers of securities in which the Fund invests have the ability to cause disruptions and negatively impact the Fund’s business operations. These disruptions could potentially result in financial losses, interference with the Fund’s ability to calculate its NAV, impediments to trading, an inability of the Fund to process transactions including redeeming units, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or compensation or additional compliance

costs associated with corrective measures. Similar adverse consequences could result from cyber security incidents affecting the issuers of securities in which the Fund invests and counterparties with which the Fund engages in transactions. In addition, substantial costs may be incurred to prevent any cyber security incidents in the future. While the Fund has established business continuity plans and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems and there is no guarantee that such efforts will succeed. Furthermore, the Fund cannot control the cyber security plans and systems of the Fund's service providers or issuers of securities in which the Fund invests.

Derivatives Risk

The Fund may use derivative instruments to help it achieve its investment objectives. These investments usually take the form of a contract between two parties where the value of the payments required under the contract is derived from an agreed source, such as the market price (or value) of an asset (which could be, for example, currency or stocks) or from an economic indicator (such as a stock market index or a specified interest rate). Derivatives are not a direct investment in the underlying asset itself. If the Fund uses derivatives, applicable securities laws require that the Fund hold enough assets or cash to cover its commitments in the derivative contracts. This limits the amount of losses that could result from the use of derivatives.

The Fund may generally use four types of derivatives: options, forwards, futures, and swaps. An option gives the holder the right, but not the obligation, to buy or sell the underlying interest at an agreed price within a certain time period. A call option gives the holder the right to buy; a put option gives the holder the right to sell. A forward is a commitment to buy or sell the underlying interest for an agreed price on a future date. A future is similar to a forward, except that futures are traded on exchanges. A swap is a commitment to exchange one set of payments for another set of payments.

Some derivatives are settled by one party's delivery of the underlying interest to the other party; others are settled by a cash payment representing the value of the contract.

The Fund is expected to use derivatives for hedging and non-hedging purposes as described below and within its investment objectives and strategies as set out in Part B of this Simplified Prospectus.

The use of derivatives carries several risks:

- There is no guarantee that a hedging strategy will be effective or achieve the intended effect.
- There is no guarantee that a market will exist for some derivatives, which could prevent the Fund from selling or exiting the derivatives at the appropriate time. Therefore, the Fund may be unable to realize its profits or limit its losses.
- It is possible that the other party to the derivative contract will not meet its obligations under the contract. To minimize this risk, Algonquin monitors all of the Fund's derivative transactions regularly to ensure that the credit rating of the contract counterparty or its guarantor will generally be at least as high as the minimum approved credit rating required under NI 81-102.
- When entering into a derivative contract, the Fund may be required to deposit funds with the contract counterparty. If the counterparty goes bankrupt, or if the counterparty is unable or unwilling to perform its obligations in respect of the Fund, the Fund could lose these deposits.

- The Fund may use derivatives to reduce certain risks associated with investments in foreign markets, currencies or specific securities. Using derivatives for these purposes is called hedging. Hedging may not be effective in preventing losses. Hedging may also reduce the opportunity for gain if the value of the hedged investment rises, because the derivative could incur an offsetting loss. Hedging may also be costly or difficult to implement.
- Securities and commodities exchanges could set daily trading limits on options and futures. This could prevent the Fund or the counterparty from carrying out its obligations under a derivative contract.

Changes in domestic and foreign tax laws, regulatory laws, or the administrative practices or policies of a tax or regulatory authority may adversely affect the Fund and its investors. For example, the domestic and foreign tax and regulatory environment for derivative instruments is evolving, and changes in the taxation or regulation of derivative instruments may adversely affect the value of derivative instruments held by the Fund and the ability of the Fund to pursue its investment strategies. In addition, interpretation of the law and the application of administrative practices or policies by a taxation authority may also affect the characterization of the Fund's earnings as capital gains or income. In such a case, the net income of the Fund for tax purposes and the taxable component of distributions to investors could be determined to be more than originally reported, with the result that investors or the Fund could be liable to pay additional income tax. Any liability imposed on the Fund may reduce the value of the Fund and the value of an investor's investment in the Fund. When the Fund invests in a derivative, the Fund could lose more than the initial amount invested.

Developed Countries Investments Risk

Investments in a developed country may subject the Fund to regulatory, political, currency, security, economic and other risks associated with developed countries. Developed countries generally tend to rely on services sectors (e.g., the financial services sector) as the primary means of economic growth. A prolonged slowdown in the services sectors is likely to have a negative impact on economies of certain developed countries, although individual developed country economies can be impacted by slowdowns in other sectors. In the past, certain developed countries have been targets of terrorism. Acts of terrorism in developed countries or against their interests may cause uncertainty in the financial markets and adversely affect the performance of the issuers to which the Fund has exposure. Heavy regulation of certain markets, including labour and product markets, may have an adverse effect on certain issuers. Such regulations may negatively affect economic growth or cause prolonged periods of recession. Many developed countries are heavily indebted and face rising healthcare and retirement expenses. In addition, price fluctuations of certain commodities and regulations impacting the import of commodities may negatively affect developed country economies.

Equity Investment Risk

Companies issue equity securities, or stocks, to help pay for their operations and to finance future growth. Stocks carry several risks and a number of factors may cause the price of a stock to fall. These include specific developments relating to the company, stock market conditions where the company's securities trade and general economic, financial and political conditions in the countries where the company operates. Since the Fund's unit price is based on the value of its investments, an overall decline in the value of the stocks it holds will reduce the value of the Fund and, therefore, the value of your investment. However, if the price of the stocks in the portfolio increases, your investment will be worth more. Equity funds generally tend to be more volatile than fixed-income funds, and the value of their units can vary widely.

Mutual funds that invest in limited partnership units or trust units, such as oil and gas royalty trusts, real estate investment trusts and income trusts, will have varying degrees of risk depending on the sector and

the underlying asset or business and may therefore be susceptible to risks associated with the industry in which the underlying business operates, to changes in business cycles, commodity prices, and to interest rate fluctuations and other economic factors.

Exchange-Traded Fund Risk

The Fund may invest in a fund whose securities are listed for trading on an exchange (an “**exchange-traded fund**” or “**ETF**”). The investments made by ETFs may include stocks, bonds, commodities and other financial instruments. Some ETFs, known as index participation units (“**IPUs**”), attempt to replicate the performance of a widely quoted market index. Not all ETFs are IPUs. While investment in an ETF generally presents the same risks as investment in a conventional mutual fund that has the same investment objectives and strategies, it also carries the following additional risks, which do not apply to investment in conventional mutual funds:

- The performance of an ETF may be significantly different from the performance of the index of assets, or financial measure that the ETF is seeking to track. There are several reasons that this might occur, including that ETF securities may trade at a premium or a discount to their net asset value or that ETFs may employ complex strategies, such as leverage, making tracking with accuracy difficult.
- An active trading market for ETF securities may fail to develop or fail to be maintained.
- There is no assurance that the ETF will continue to meet the listing requirements of the exchange on which its securities are listed for trading.

Also, commissions may apply to the purchase of ETF securities. Therefore, investments in ETF securities may produce a return that is different than the change in the net asset value of these securities.

Exchange-Traded Notes Risk

The Fund may invest in exchange-traded notes (“**ETNs**”). The return on ETNs is typically linked to the performance of an underlying interest such as industry market sector, or currency. ETNs are unsecured debt obligations of an issuer. The payment of any amount due on the ETNs is subject to the risk of the issuer. In addition, any decline in the issuer’s credit rating or in the market’s view of the issuer’s creditworthiness may adversely affect the market value of the ETN. Lastly, the ETNs may not achieve the same performance as the underlying interest, due to the fees and expenses associated with the ETNs and the difficulty in replicating the underlying interest.

Foreign Investment Risk

To the extent that the Fund invests in foreign securities, it will be subject to foreign investment risk. The value of an investment in a foreign company or government may depend on general global economic factors or specific economic and political factors relating to the country or countries in which the foreign issuer operates. The regulatory environment in some foreign countries may be less stringent than in Canada, including legal and financial reporting requirements. In other words, depending on the country in which a foreign investment is made, there may be more or less information available with respect to foreign companies. Some foreign stock markets may also have lower trading volumes and have sharper price corrections than in other countries. In some countries that may be politically unstable, there also may be a risk of nationalization, expropriation, or currency controls. Some or all of these factors could make a foreign investment more volatile than a Canadian investment.

Certain countries may also have foreign investment or exchange laws that make it difficult to sell an investment or may impose withholding or other taxes that could reduce the return on the investment. Different financial, political and social factors could hurt the value of foreign investments. The information available to the Fund and the portfolio manager relating to the characterization, for Canadian tax purposes, of the income realized or distributions received by the Fund from issuers of the Fund's foreign investments may be insufficient to permit the Fund to accurately determine its income for Canadian tax purposes by the end of a taxation year and to make sufficient distributions to ensure that it will not be liable to pay income tax in respect of that year. As a result, mutual funds that specialize in foreign investments may experience larger and more frequent price changes in the short term.

High Portfolio Turnover Risk

The investment techniques and strategies utilized by the Fund, including investments made on a shorter term basis or in derivative instruments or instruments with a maturity of one year or less at the time of acquisition, may result in frequent portfolio trading and high portfolio turnover. High portfolio turnover rates cause a fund to incur higher transaction costs, which in the case of fixed-income securities is reflected in a bid-ask spread, if any. Higher levels of transaction costs may reduce performance and may cause higher levels of current tax liability to unitholders.

High-yield Securities Risk

The Fund may be subject to high-yield securities risk. High-yield securities risk is the risk that securities that are rated below investment grade (that is, below "BBB-" by S&P or by Fitch or below "Baa3" by Moody's) or are unrated at the time of purchase may be more volatile than higher-rated securities. The value of high-yield securities can be adversely affected by overall economic conditions, such as an economic downturn or a period of rising interest rates and high-yield securities may be less liquid and more difficult to sell at an advantageous time or price or to value than higher-rated securities. In particular, high-yield securities are often issued by smaller, less creditworthy companies or by highly leveraged forms, which are generally less able than more financially stable firms to make scheduled payments of interest and principal.

Interest Rate Risk

Mutual funds that invest in fixed-income securities, such as bonds, and money market instruments, are sensitive to changes in interest rates. In general, when interest rates are rising, the value of these investments tends to fall. When rates are falling, fixed-income securities tend to increase in value. Fixed-income securities with longer terms to maturity are generally more sensitive to changes in interest rates. Certain types of fixed-income securities permit issuers to repay principal before the security's maturity date. There is a risk that an issuer will exercise this prepayment right after interest rates have fallen and the Fund, if holding these fixed-income securities, will receive payments of principal before the expected maturity date of the security and may need to reinvest these proceeds in securities that have lower interest rates.

Changing interest rates can also indirectly impact the prices of equity securities. When interest rates are high, it may cost a company more to fund its operations or pay down existing debt. This can impair a company's profitability and earnings growth potential, which can negatively impact its share price. Conversely, lower interest rates can make financing for a company cheaper, which can potentially increase its earnings growth potential. Interest rates can also impact the demand for goods and services that a company provides by impacting overall economic activity as described above.

Lack of Operating History Risk

The Fund is a recently-formed investment vehicle with a short operating history and earnings record. The Fund has a limited history of business operations and has nominal assets. There is no assurance that the Fund will be able to successfully achieve its investment objectives or operate profitably over the short or long-term. Investors will have to rely on the expertise and good faith of Algonquin to carry on the business of the Fund.

Large Transaction Risk

If a unitholder has significant holdings in the Fund, the Fund is subject to the risk that such large unitholder may request a significant purchase or redemption of units of the Fund, which may impact the cash flow of the Fund. Large purchases and redemptions may result in: (a) the Fund maintaining an abnormally high cash balance; (b) large sales of portfolio securities impacting market value; (c) increased transaction costs (e.g., commissions); (d) significant changes to the composition of the Fund's portfolio; (e) purchase and/or sale of investments at unfavourable prices; and/or (f) capital gains being realized which may increase taxable distributions to investors. If this should occur, the returns of investors (including other mutual funds) that invest in the Fund may be adversely affected.

Legislation Risk

There can be no assurance that applicable laws, or other legislation, legal and statutory rights will not be changed in a manner which adversely affects the Fund or its unitholders. Securities, tax or other regulators may make changes to legislation, rules, interpretations, or administrative practices. Those changes may have an adverse impact on the value of a mutual fund.

Leverage Risk

When the Fund makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities, fixed-income securities or other portfolio assets, leverage may be introduced into the Fund. Leverage occurs when the Fund's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that can magnify gains and losses. Consequently, any adverse change in the value or level of the underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the Fund and may result in losses greater than the amount invested in the derivative itself. Leverage may increase turnover, transaction and market impact costs, volatility, or may impair the Fund's liquidity and may cause the Fund to liquidate positions at unfavourable times. The Fund is subject to a gross aggregate exposure limit of three times its NAV which is measured on a daily basis and described in further detail within the "*Investment Objectives*" section in Part B of this Simplified Prospectus. This will operate to limit the extent to which the Fund is leveraged.

Pursuant to NI 82-102, the aggregate use of leverage by the Fund – through the use of cash borrowing, short selling, or specified derivatives – is limited to 300% of the Fund's NAV. The Fund's aggregate exposure is calculated as the sum of the following and divided by the NAV of the Fund: (i) the aggregate value of the Fund's outstanding indebtedness under any borrowing agreements; (ii) the aggregate market value of all securities sold short by the Fund; and (iii) the aggregate notional amount of the Fund's specified derivative positions minus the aggregate notional amount of the specified derivative positions that are hedging transactions. The Fund must determine its aggregate gross exposure as of the close of business of each day it calculates NAV. If the Fund's aggregate gross exposure exceeds three times the Fund's NAV, the Fund must, as quickly as is commercially reasonable, take all necessary steps to reduce the aggregate gross exposure to three times the Fund's NAV or less.

Liquidity Risk

Liquidity is a measure of how quickly an investment can be sold for cash at a fair market price. If the Fund cannot sell an investment quickly, it may lose money or make a lower profit, especially if it has to meet a large number of redemption requests. Substantial redemptions by unitholders within a short period of time could require the Manager to arrange for the Fund's positions to be liquidated more rapidly than would otherwise be desirable, which could adversely affect the value of the remaining units of the Fund. In general, investments in smaller companies, smaller markets or certain sectors of the economy tend to be less liquid than other types of investments. The less liquid an investment, the more its value tends to fluctuate.

The Fund may hold a portion of its net assets in illiquid securities. A security is illiquid if it cannot be sold at an amount that at least approximates the amount at which the security is valued. Illiquidity can occur if the securities have resale restrictions, if the securities do not trade through normal market facilities or if there is simply a shortage of buyers, or for other reasons. In highly volatile markets, such as in periods of sudden interest rate changes or severe market disruptions, securities that were previously liquid may suddenly and unexpectedly become illiquid. Illiquid securities are more difficult to sell, and the Fund may be forced to accept a discounted price.

Some high-yield debt securities, which may include, but are not limited to, security-types commonly known as high-yield bonds, floating rate debt instruments and floating rate loans, as well as some fixed-income securities issued by corporations and governments in emerging market economies, may be more illiquid in time of market stress or sharp declines. In addition, the liquidity of individual securities may vary widely over time. Illiquidity in these circumstances may take the form of wider bid/ask spreads (i.e., significant differences in the prices at which sellers are willing to buy the same security). Illiquidity may also take the form of extended periods for trade settlement and delivery of securities. In some circumstances of illiquidity, it may be difficult to establish a fair market value for particular securities, which could result in losses to the Fund or may result in the risk that a unitholder who redeems all or part of their units while the Fund holds such investments receiving lower proceeds than such unitholder would otherwise receive if the actual value of such investments is higher than the value designated by the Fund.

Market Risk

Market risk is the risk of being invested in the equity and fixed-income markets. The market value of the Fund's investments will rise and fall based on specific company developments and broader equity or fixed-income market conditions. Market value will also vary with changes in the general economic, political, social and financial conditions in countries where the investments are based.

Multiple Series Risk

The Fund is available in more than one series of units. Each series has its own fees and expenses, which are tracked separately. Those expenses will be deducted in calculating the unit value for that series, thereby reducing its unit value. If one series is unable to pay its expenses or liabilities, the assets of the other series will be used to pay those expenses or liabilities. As a result, the unit price of the other series may also be reduced. Please refer to sections of this Simplified Prospectus entitled "*Purchases, Redesignations and Redemptions*" and "*Fees and Expenses*" for more information regarding each series and how their unit value is calculated.

Nature of Units Risk

Securities such as the units share certain attributes common to both equity securities and debt instruments. As holders of units, unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The

units represent an undivided fractional interest in the Fund. The unitholders will not take part in the management or control of the Fund's business, which is the sole responsibility of Algonquin. Algonquin will have wide latitude in making investment decisions. In certain circumstances, Algonquin also has the right to dissolve the Fund. The unitholders have certain limited voting rights, including the right to amend the Declaration of Trust under certain circumstances, but do not have any authority or power to act for or bind the Fund. Algonquin may require a unitholder, at any time, to withdraw, in whole or in part, for the Fund. Unitholders may not be able to liquidate their investment in a timely manner and the units may not be readily accepted as collateral for a loan.

Portfolio Manager Risk

A mutual fund is dependent on its portfolio manager or sub-advisor to select its investments. A balanced fund or an asset allocation fund is also dependent on its portfolio manager or sub-advisor to decide what proportion of the mutual fund's assets to invest in each asset series. Mutual funds are subject to the risk that poor security selection or asset allocation decisions will cause a mutual fund to underperform relative to its benchmark or other mutual funds with similar investment objectives.

Potential Conflicts of Interest Risk

The Manager is required to satisfy a standard of care in exercising its duties in connection with the Fund. However, neither Algonquin nor its directors, officers, or employees are required to devote all or any specified portion of their time to their responsibilities relating to the Fund. Certain inherent conflicts of interest arise from the fact that Algonquin and its affiliates may carry on investment activities for other clients (including investment funds sponsored by Algonquin and its affiliates) or on a proprietary basis in which the Fund will have no interest. Future investment activities by Algonquin, including the establishment of other investment funds, may give rise to additional conflicts of interest.

The Manager and its affiliates may also engage in the promotion, management or investment management of any other fund or trust or engage in other activities. In addition, directors, officers and employees of Algonquin may act as directors, officers or employees of other entities that provide services to other investment funds or clients.

The Manager has discretion regarding the selection of the broker-dealers and other intermediaries with and through which the Fund executes and clears portfolio transactions, the commissions and fees payable and the prices at which investments are bought and sold. Some allocations may be based in part on the provision of or payment for other products or services (including but not limited to investment research) to the Fund, Algonquin or affiliated persons ("**soft-dollars**"). Such services may not be used for the direct or exclusive benefit of the Fund and may reduce the overhead and administrative expenses otherwise payable.

Prime Broker Risk

Some or all of the assets of the Fund may be held in one or more margin accounts due to the fact that the Fund may borrow cash for investment purposes, sell securities short and post margin as collateral for specified derivatives transactions. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. As a result, the assets of the Fund could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Fund may experience losses due to insufficient assets of the prime broker to satisfy the claims of its creditors. In addition, the possibility of adverse market movements while its positions cannot be traded could adversely affect the total return to the Fund.

Regulatory and Legal Risk

Some industries, such as telecommunications and financial services, are heavily regulated by governments and in some cases depend on government funding and favourable decisions made by those governments. Investments in such industries may be substantially affected by changes in government policy, regulation or deregulation, ownership restrictions, funding and the imposition of stricter operating conditions. The value of the securities of issuers in regulated industries may change substantially based on these factors.

Securities Lending, Repurchase and Reverse Repurchase Transaction Risk

The Fund may enter into securities lending, repurchase and reverse repurchase transactions in accordance with NI 81-102 and applicable tax legislation. In a securities lending transaction, the Fund lends its portfolio securities through an authorized agent to another party (a “**counterparty**”) in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, the Fund sells its portfolio securities for cash through an authorized agent while at the same time it assumes an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. In a reverse repurchase transaction, the Fund buys portfolio securities for cash while at the same time it agrees to resell the same securities for cash (usually at a higher price) at a later date. We have set out below some of the general risks associated with securities lending, repurchase and reverse repurchase transactions:

- When entering into securities lending, repurchase and reverse repurchase transactions, the Fund is subject to the credit risk that the counterparty may default under the agreement and the Fund would be forced to make a claim in order to recover its investment.
- When recovering its investment on a default, the Fund could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by the Fund.
- Similarly, the Fund could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by the Fund to the counterparty.

To address these risks, any such transactions entered into by the Fund will comply with NI 81-102 including the requirement that each agreement be, at a minimum, fully collateralized by investment grade securities or cash with a value of at least 102% of the market value of the securities subject to the transaction. The Fund will enter into these transactions only with parties that we believe, through conducting credit evaluation, have adequate resources and financial ability to meet their obligations under such agreements. In the case of securities lending transactions and repurchase transactions, the aggregate market value of all securities loaned pursuant to the securities lending transactions, together with those that have been sold pursuant to repurchase transactions by the Fund will not exceed 50% of the NAV of the Fund immediately after the Fund enters into the transaction.

Short Selling Risk

A short sale is a transaction in which a mutual fund sells, on the open market, securities that it has borrowed from a lender for this purpose. At a later date, the mutual fund purchases identical securities on the open market and returns them to the lender. In the interim, the mutual fund must pay compensation to the lender for the loan of the securities and provide collateral to the lender for the loan. If the value of the securities declines between the time that the Fund borrows the securities and the time it repurchases and returns the securities, the Fund makes a profit for the difference (less any interest the Fund is required to pay to the lender). The Fund is permitted to sell securities short up to a maximum of 50% of its NAV, including up to 10% of its NAV in the securities of one issuer, as described in further detail within the “*Investment Objectives*” section in Part B of this Simplified Prospectus. Short selling involves certain risks:

- There is no assurance that the borrowed securities will decline in value during the period of the short sale by more than the compensation paid to the lender, and securities sold short may instead increase in value.
- The Fund may experience difficulties in purchasing and returning borrowed securities if a liquid market for the securities does not exist at that time.
- A lender may require the Fund to return borrowed securities at any time. This may require the Fund to purchase such securities on the open market at an inopportune time.
- The lender from whom the Fund has borrowed securities, or the prime broker who is used to facilitate short selling, may become insolvent and the Fund may lose the collateral it has deposited with the lender and/or the prime broker.

Taxation of the Fund Risk

Under special rules contained in the *Income Tax Act* (Canada) (the “**Tax Act**”), trusts that constitute “SIFT trusts” (as defined in the Tax Act) will generally be precluded from deducting certain amounts that would otherwise be deducted for tax purposes if they were paid or became payable to unitholders in a particular taxation year. If the Fund were found to be a “SIFT trust”, the amounts available to be distributed by the Fund to its unitholders could be materially reduced.

If the Fund ceases to qualify as a “mutual fund trust” under the Tax Act, the income tax considerations described under the heading “*Certain Canadian Federal Income Tax Considerations for Investors*” would be materially and adversely different in certain respects. More generally, there can be no assurance that income tax laws and the treatment of the Fund will not be changed in a manner which adversely affects unitholders and the Fund.

All unitholders will be responsible for the preparation and filing of their own tax returns in respect of their investment in the Fund. Costs associated with the preparation and filing of such returns may be material. Potential investors should consult their own tax advisors for the specific Canadian federal and provincial and foreign tax consequences to them.

Trust Loss Restriction Rule Risk

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

U.S. Foreign Account Tax Compliance Act Risk

In March 2010, the U.S. enacted the Foreign Account Tax Compliance Act (“**FATCA**”), which imposes certain reporting requirements on non-U.S. financial institutions. The governments of Canada and the United States have entered into an Intergovernmental Agreement (the “**IGA**”) which establishes a framework for cooperation and information sharing between the two countries and may provide relief from a 30% U.S. withholding tax under U.S. tax law (the “**FATCA Tax**”) for Canadian entities such as the Fund,

provided that (i) the Fund complies with the terms of the IGA and the Canadian legislation implementing the IGA in Part XVIII of the Tax Act, and (ii) the government of Canada complies with the terms of the IGA. The Fund will endeavor to comply with the requirements imposed under the IGA and Part XVIII of the Tax Act. Under Part XVIII of the Tax Act, unitholders of the Fund are required to provide identity and residency and other information to the Fund (and may be subject to penalties for failing to do so), which, in the case of “Specified U.S. Persons” or certain non-U.S. entities controlled by Specified U.S. Persons, such information and certain financial information (for example, account balances) will be provided by the Fund to the CRA and from the CRA to the U.S. Internal Revenue Service (the “**IRS**”). However, the Fund may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or Part XVIII of the Tax Act, or if the Canadian government is not in compliance with the IGA and if the Fund is otherwise unable to comply with any relevant and applicable U.S. legislation. Any such FATCA Tax in respect of the Fund would reduce the Fund’s distributable cash flow and NAV.

In addition, there can be no assurance that applicable laws, or other legislation, legal and statutory rights will not be changed in a manner which adversely affects the Fund or its unitholders. There can be no assurance that income tax, securities, and other laws or the interpretation and application of such laws by courts or government authorities will not be changed in a manner which adversely affects the distributions received by the Fund or by the unitholders.

ORGANIZATION AND MANAGEMENT OF THE FUND

<p><i>Manager, Trustee and Portfolio Manager</i></p> <p>Algonquin Capital Corporation 40 King Street West Suite 3402 Toronto, Ontario M5H 3Y2</p>	<p>The Manager is a corporation established under the laws of Ontario, with its office in Toronto, Ontario. As Manager, we manage the overall business and operations of the Fund, including such matters as administration services and fund accounting.</p> <p>The Fund is organized as a unit trust. When you invest in the Fund, you are buying units of the trust. As Trustee, we are the legal owner of the assets of the Fund and hold those assets on your behalf.</p> <p>As Portfolio Manager, Algonquin is responsible for portfolio management and advisory services for the Fund. The portfolio manager makes the purchase and sale decisions for securities in the Fund's portfolio.</p>
<p><i>Custodian</i></p> <p>TD Securities Inc. Toronto, Ontario</p>	<p>The custodian has physical custody of the Fund's property.</p>
<p><i>Prime Broker and Borrowing Agent</i></p> <p>TD Securities Inc. Toronto, Ontario</p>	<p>The Prime Broker provides prime brokerage services to the Fund, including trade execution and settlement, custody, margin lending and securities lending in connection with the short sale strategies of the Fund.</p> <p>The Manager may appoint additional prime brokers from time to time.</p>
<p><i>Administrator and Registrar</i></p> <p>SGGG Fund Services Inc. Toronto, Ontario</p>	<p>The Administrator provides administrative services to the Fund, including maintaining the accounting records of the Fund, fund valuation and NAV calculation and financial reporting services.</p> <p>The Registrar keeps track of the owners of units of the Fund, processes purchases, redesignation and redemption orders, maintains the unit register, issues investor account statements and trade confirmations and issues annual tax reporting information.</p> <p>The Manager continues to be responsible for the services provided by the Administrator and Registrar.</p>
<p><i>Independent Auditor</i></p> <p>KPMG LLP Toronto, Ontario</p>	<p>The Independent Auditor is responsible for auditing the annual financial statements of the Fund.</p>

<i>Independent Review Committee</i>	The independent review committee (the “ IRC ”) provides independent oversight of conflict of interest matters that may arise between Algonquin and the Fund. Among other things, the IRC prepares an annual report of its activities for unitholders of the Fund which will be available on our website at www.algonquincap.com or upon request by any unitholder, at no cost, by calling us toll free at 1-833-306-8404 or emailing info@algonquincap.com . The members of the IRC are independent of Algonquin. Additional information concerning the IRC, including the names of the members, is available in the Fund’s Annual Information Form.
--	--

PURCHASES, REDESIGNATIONS AND REDEMPTIONS

Description of Units

The Fund is permitted to issue an unlimited number of series of units and may issue an unlimited number of units of each series. The Fund has created Series A, Series F Founders, Series F, Series I and Series I (USD) units.

The series are subject to their respective minimum investment requirements, as detailed below under “*Purchases*”. The Fund is also only available with confirmation that your Dealer has signed an agreement with us authorizing the Dealer to sell such units of the Fund.

In addition to the minimum investment requirements, the following describes the suggested series suitability (your financial advisor can best assist you with determining the right series for you) and any further series eligibility requirements you must meet to qualify to purchase the series.

- *Series A units:* Available to all investors.
- *Series F Founders units:* Available for purchase only until such time as the Series reaches a net asset value of \$50 million (the “**Founders Investment Period**”). Series F Founders units will be available during the Founders Investment Period to investors who are enrolled in a Dealer sponsored free for service or wrap program and who are subject to an annual asset based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs. Holders of Series of F Founders units may continue to purchase Series F Founders units through pre-authorized contribution plans established before the end of the Founders Investment Period or through reinvested distributions.
- *Series F units:* Available to investors who are enrolled in a Dealer-sponsored fee for service or wrap program and who are subject to an annual asset-based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs.
- *Series I units:* Available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager. Series I units will generally only available for certain individual investors who make large investments in the Fund. The management fees for Series I units are paid directly by Series I Unitholders, not by the Fund. Such investors who purchase Series I units must enter into an agreement with us which identifies the management fee negotiated with the investor and payable by the investor directly to us. No sales commissions or trailing commissions are payable by us to a Dealer for

investments in Series I units. Series I units are also available to certain of our employees and employees of affiliated entities and, at our discretion, to former employees and to relatives of current and former employees.

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

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

How We Price the Fund's Units

The Fund's NAV is calculated at the close of regular trading, normally 4:00 p.m. (Eastern Time), on a day the Toronto Stock Exchange ("TSX") is open and/or any day or days as we determine subject to compliance with applicable securities laws (each, a "**Valuation Date**").

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

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

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

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

The NAV of the Fund will be calculated in Canadian dollars.

The Unit Price for each CAD Series of units is calculated and reported in Canadian dollars. The Unit Price for the Series I (USD) units is calculated and reported in U.S. dollars by taking the NAV per unit as calculated in Canadian dollars and converting it to U.S. dollars based on the exchange rate at the time that the NAV is calculated. The exchange rate used for such conversion is the rate of exchange established on the applicable Valuation Date using customary banking sources.

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

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

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

Any purchase, redesignation or redemption instruction received after 4:00 p.m. (Eastern Time) on a Purchase Date or a Redemption Date (each as defined below), as applicable, will be processed on the next Purchase Date or Redemption Date.

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

You can get the NAV of the Fund or the Unit Price of a series of the Fund, at no cost, by sending an email to info@algonquincap.com, on Algonquin's website at www.algonquincap.com, by calling us toll free at 1-833-306-8404 or by asking your Dealer.

Purchases

You may purchase any series of units of the Fund on a weekly basis on or before 4:00 p.m. (Eastern Time) on Wednesday of each week (or the following business day if this day is not a business day) or any other day as the Manager may designate (each, a "**Purchase Date**") through a Dealer that has entered into a distribution agreement with us to sell the Fund. See "*Description of Units*" for a description of each series of units offered by the Fund. The issue price of the units is based on the Unit Price for that particular series on the Purchase Date.

The minimum initial investment in Series A, Series F Founders and Series F units of the Fund is \$1,000 while the minimum initial investment in Series I and Series I (USD) units of the Fund is negotiable between the investor and the Manager. The minimum subsequent investment in each series is \$100 or US\$100, as applicable, unless you buy through a pre-authorized contribution plan, in which case, the minimum subsequent investment is \$50 or US\$50, as applicable. These minimum investment amounts may be adjusted or waived in the discretion of Algonquin.

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

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

We must receive the appropriate documentation and payment in full within two (2) business days of receiving your purchase order in order to process a purchase order. If the Fund does not receive payment in full within the required time, we will sell the units that you bought. If we sell them for more than you paid, the Fund will keep the difference. If we sell them for less than you paid, we will bill you for the difference plus any costs or interest. We do not issue certificates when you purchase units of the Fund. We are entitled to reject any purchase order, but we can only do so within one (1) business day of receiving it. If we reject

an order, we will return immediately to your Dealer any monies we have received from you in connection with that order.

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

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

Redemptions

Units of the Fund can be redeemed on a weekly basis on or before 4:00 p.m. (Eastern Time) on Wednesday of each week (or the following business day if this day is not a business day) or any other business day as the Manager may designate (each, a "**Redemption Date**"). If we receive your redemption order before 4:00 p.m. (Eastern Time) on any Redemption Date, we will process your order at the Unit Price calculated later that day. Otherwise, we will process your order at the Unit Price calculated on the next Redemption Date. We may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next Redemption Date.

Redemption payments will be made in Canadian dollars except that redemptions of Series I (USD) units will be paid in U.S. dollars.

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

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

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

There are no redemption fees for the Fund, except as described under "*Short-Term Trading Fee*".

Redesignations between Series of the Fund

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

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

You may have to pay a fee to your Dealer to effect such a redesignation. You negotiate the fee with your investment professional. See “Fees and Expenses” for details.

The value of your investment, less any fees, will be the same immediately after the redesignation. You may, however, own a different number of units because each series may have a different Unit Price. Based on the published administrative position of the CRA, redesignating units from one series to another series of the Fund is generally not a disposition for tax purposes provided that the redesignation is between series of units offered in the same currency. Redesignating Series I (USD) units to a CAD Series or vice versa, is not permitted and will likely constitute a disposition for income tax purposes. Please see “*Certain Canadian Federal Income Tax Considerations for Investors*” for details.

Short-Term Trading

We have adopted policies and procedures to detect and deter inappropriate and excessive short-term trading.

Inappropriate short-term trading in units of the Fund can have an adverse effect on the Fund. Such trading can increase brokerage and other administrative costs of the Fund and interfere with our long-term investment decisions.

In order to protect the interest of the majority of unitholders of the Fund and to discourage inappropriate short-term trading in the Fund, investors may be subject to a short-term trading fee. If an investor redeems Series A, Series F Founders or Series F units of the Fund within 30 days of purchasing such units, the Fund may deduct and retain, for the benefit of the remaining unitholders of the Fund, two percent (2%) of the NAV of the units of the particular series of the Fund being redeemed.

We also consider excessive short-term trading as a combination of purchases and redemptions that occurs with such frequency within a 30-day period that we believe is detrimental to the Fund’s investors.

Inappropriate short-term trading may harm Fund investors who do not engage in these activities by diluting the NAV of the Fund’s units as a result of the market timing activities of other investors. Inappropriate and excessive short-term trading may cause the Fund to carry an abnormally high cash balance and/or high portfolio turnover rate, both of which may reduce the Fund’s returns.

We may take such additional action as we consider appropriate to prevent further similar activity by you. These actions may include the delivery of a warning to you, placing you or your account(s) on a watch list to monitor your trading activity and the subsequent rejection of further purchases by you if you continue to attempt such trading activity and/or closure of your account.

In determining whether a short-term trade is inappropriate or excessive, we will consider relevant factors, including the following:

- *bona fide* changes in investor circumstances or intentions;
- unanticipated financial emergencies;
- the nature of the Fund;
- past trading patterns;
- unusual market circumstances; and
- an assessment of harm to the Fund or to us.

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

- redemptions of Series A, Series F Founders or Series F units purchased by the reinvestment of distributions;
- for systematic withdrawal plans;
- redesignation of Series A, Series F Founders or Series F units from one series to another series of the Fund;
- redemptions initiated by Algonquin or where redemption notice requirements have been established by Algonquin; or
- in the absolute discretion of Algonquin.

OPTIONAL SERVICES

Pre-authorized Contribution Plan

You can make regular purchases of units of the Fund through a Pre-authorized Contribution Plan (“PAC”). You can invest weekly, bi-weekly or monthly. You can set up a PAC by contacting your Dealer. There is no administrative charge for this service.

When you enroll in a PAC, your Dealer will send you a complete copy of the Fund’s current Fund Facts document, along with a PAC form agreement as described below. Upon request, you will also be provided with a copy of this Simplified Prospectus.

You will not receive the Fund Facts when you make any subsequent purchases under the PAC unless you request this at the time of your initial investment, or subsequently send a request. You can get copies of these documents at www.algonquincap.com or at www.sedar.com, from your Dealer, or by e-mailing us at info@algonquincap.com. We will only send you an updated copy of the Fund Facts annually upon renewal and any amendments if you have requested them.

You have a statutory right to withdraw from an initial purchase of units of the Fund under the PAC plan, but you do not have a statutory right to withdraw from subsequent purchases of units of the Fund under the PAC. However, you will continue to have all other statutory rights under securities law, including a right of action for damages or rescission in the event any Fund Facts or document incorporated by reference in any renewal simplified prospectus contains any misrepresentation, whether or not you have requested the Fund Facts.

You may change or terminate your PAC at any time before a scheduled investment date as long as we receive at least ten (10) business days’ notice.

The Canadian Payments Association has implemented Rule H1, which is intended to protect consumers from unauthorized debits. On PAC enrolment by your Dealer, you must be given the form or disclosure that describes the PAC terms and conditions and investors’ rights. By enrolling in a PAC, you are deemed to consent to:

- redemptions of units by another fund managed by Algonquin;
- waive any pre-notification requirements;
- authorize us to debit your bank account;
- authorize us to accept changes from your registered Dealer or financial advisor;

- agree to release your financial institution of all liability if your request to stop a PAC is not respected, except where the financial institution is grossly negligent;
- agree that a limited amount of your information will be shared with the financial institution for the purpose of administering your PAC;
- agree that you are fully liable for any charges incurred if the debits cannot be made due to insufficient Fund or any other reason for which you may be held accountable; and
- be aware that you have rights and that you can change your instructions at any time, on ten (10) days' advance notice to us and that you can find out more about your right to cancel a pre-authorized debit agreement by contacting your financial institution or by visiting www.cdnpay.ca.

Pledges

We have the right to refuse any requests made by an investor to pledge any of his/her or its units of the Fund.

Registered Plans

You can open certain Registered Plans through your Dealer. The following Registered Plans are eligible to invest in the Fund:

- registered retirement savings plans (“RRSPs”)
- registered retirement income Fund (“RRIFs”)
- tax-free savings accounts (“TFSA”),
- registered education savings plans (“RESPs”), and
- deferred profit-sharing plans (“DPSPs”).

We do not permit units of the Fund to be held within registered disability savings plans (“RDSPs”). Please see the “*Fund Eligibility Requirements*” section for more information.

FEES AND EXPENSES

The following sections list the fees and expenses that you may have to pay if you invest in the Fund. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund. Your financial advisor will assist you in choosing the appropriate purchase option for you. Some of these fees and expenses are subject to Goods and Services Tax (“GST”) and may be subject to Harmonized Sales Tax (“HST”), including management fees and Fund costs. Interest and sales charges, if any, are not currently subject to GST or HST.

The Fund is required to pay GST or HST on management fees payable to the Manager in respect of each series and on Fund costs attributed to each series, based on the residence for tax purposes of the unitholders of the particular series. GST is currently charged at a rate of 5% and HST is currently charged at a rate of between 13% and 15% depending on the applicable province.

Generally, (i) any changes to the basis of calculation of a fee or expense that is charged to the Fund or directly to its unitholders by the Fund or the Manager in connection with holding of units of the Fund or (ii) the introduction of a new fee or expense that could, in either case, result in an increase in those charges is subject to unitholder approval except that, subject to applicable securities law requirements:

- (a) no unitholder approval will be required if the Fund is at arm's length to the person or company charging the fee or expense to the Fund and if written notice is sent to all unitholders at least 60 days before the effective date of the change that could result in an increase in charges to the Fund; and
- (b) no unitholder approval will be required for units that are purchased on a no load basis, if written notice is sent to all unitholders of such units at least 60 days before the effective date of the change that could result in an increase in charges to the Fund.

The table below lists the fees and expenses that you may have to pay if you invest in the Fund. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund.

Fees and Expenses Payable by the Fund	
Management Fees	<p>The Manager receives a management fee payable by the Fund for providing its services to the Fund. The management fee varies for each series of units. The management fee is calculated and accrued daily based on a percentage of the NAV of the series of units of the Fund, plus applicable taxes, and is payable on the last day of each calendar month.</p> <p>As shown below, the annual management fees vary by series. You should make a specific request through your Dealer to purchase any applicable lower-fee series you may be eligible to purchase, or to switch your existing units to any applicable lower-fee series you may be eligible to purchase.</p> <ul style="list-style-type: none"> • Series A units: 1.45% per annum • Series F Founders units: 0.50% per annum • Series F units: 0.95% per annum • Series I units and Series I (USD) units: Negotiated between the investor and the Manager and paid directly by the investor. The management fee rate on the Series I units will not exceed 0.95% per annum. <p>The management fees for Series I or Series I (USD) units of the Fund are negotiable by you and payable directly to us. Parties related to us and our employees and employees of our affiliates may be charged no fees or fees that are lower than those available to other investors. For Series I or Series I (USD) units, this fee can be paid by: (1) cheque/wire or by the redemption of Series I or Series I (USD) units you hold, if (i) you have the agreed upon minimum amount invested in Series I or Series I (USD) units and (ii) you hold your units outside of a registered plan; or (2) the redemption of Series I or Series I (USD) units you hold, if you have less than the agreed upon minimum amount invested in Series I or Series I (USD) units.</p>

	<p>In consideration of the management fee, Algonquin will provide investment management, clerical, administrative and operational services to the Fund, including: determining and implementing investment policies, practices, fundamental objectives, and investment strategies applicable to the Fund; receiving and processing all subscriptions and redemptions; ensuring the Fund complies with regulatory requirements and filings; offering units of the Fund for sale to prospective purchasers; conducting foreign exchange transactions; purchase, retain, sell and call and put options, futures contracts, or other similar financial instruments; daily operations and usual and ordinary office services; unitholder relations and communications; appointing or changing the auditor of the Fund; banking; establish the Fund’s operating expense budget and authorizing payment of expenses; authorizing contractual arrangements; recordkeeping; and allocating between each series the NAV of the Fund, any distribution of the Fund, the net assets of the Fund, the Fund’s property, any liabilities of the Fund, and any other items. The Manager may delegate the foregoing to third parties if it believes it is in the best interests of unitholders.</p> <p>In order to encourage very large investments in the Fund and to achieve effective management fees that are competitive for these large investments, the Manager may agree to waive a portion of the management fee that it would otherwise be entitled to receive from the Fund or a unitholder with respect to a unitholder’s investment in the Fund. An amount equal to the amount so waived may be distributed to such unitholder by the Fund or the Manager, as applicable, (called a “Management Fee Distribution”). In this way, the cost of Management Fee Distributions is effectively borne by the Manager, not the Fund or the unitholder, as the Fund or the unitholder, as applicable, are paying a discounted management fee. Management Fee Distributions, where applicable, are calculated and credited to the relevant unitholder on each business day and distributed on a monthly basis, first out of net income and net realized capital gains of the Fund and thereafter out of capital. All Management Fee Distributions are automatically reinvested in additional units of the relevant series of the Fund. The payment of Management Fee Distributions by the Fund or the Manager, as applicable, to a unitholder in respect of a large investment is fully negotiable between the Manager, as agent for the Fund, and the unitholder’s financial advisor and/or Dealer, and is primarily based on the size of the investment in the Fund. The Manager will confirm in writing to the unitholder’s financial advisor and/or Dealer the details of any Management Fee Distribution arrangement.</p>
Performance Fees	The Manager does not charge performance fees in respect of any series of units of the Fund.
Operating Expenses	<p>The Fund pays its own operating expenses, other than advertising costs and costs of Dealer compensation programs, which are paid by Algonquin.</p> <p>Operating expenses include, but are not limited to, brokerage commissions and fees (if applicable), taxes, audit and legal fees, fees of the members of the IRC, costs and fees in connection with the operation of the IRC (including the costs of holding meetings, and fees and expenses of any advisers engaged by the IRC), safekeeping and custodial fees, interest expenses, operating, administrative and systems costs, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses, annual information forms and fund facts.</p>

	<p>Operating expenses and other costs of the Fund are subject to applicable taxes including HST.</p> <p>The Fund also pays a proportionate share of the total compensation paid to the IRC each year and reimburses members of the IRC for expenses incurred by them in connection with their services as members of the IRC. Each member of the IRC, other than the Chair, is paid, as compensation for his or her services, \$6,000 (plus applicable taxes or other deductions) per annum. The Chair is paid \$8,000 (plus applicable taxes or other deductions) per annum.</p> <p>Management expense ratios (“MERs”) are calculated separately for each series of units of the Fund and includes series management fees and/or operating expenses.</p> <p>The Fund also pays its own brokerage commissions for portfolio transactions, fees associated with securities lending transactions and related transaction fees. These expenses are not included in the Fund’s MER but are, for tax purposes, added to the cost base or subtracted from the sale proceeds of its portfolio investments. These expenses constitute part of the Fund’s trading expense ratio (“TER”). Both the MER and the TER are disclosed in the Fund’s annual and semi-annual Management Report of Fund Performance.</p> <p>The Manager, in its sole discretion, may waive and/or reimburse a portion or all of the Fund’s operating expenses.</p>
<p>Derivatives Transaction Costs</p>	<p>The Fund may use a variety of derivatives, including options, forward contracts and swaps to hedge against foreign currency risk among other things. The Fund is responsible for paying the transaction costs associated with these derivative contracts.</p>
<p>Fees and Expenses Payable Directly by You</p>	
<p>Series I or Series I (USD) Units Management Fees</p>	<p>Unitholders of Series I or Series I (USD) units pay directly to Algonquin a negotiated management fee based on the NAV of the Series I or Series I (USD) units of the Fund you own, which will not exceed the management fee payable on Series F units of the Fund. There may be no management fee at all for Series I or Series I (USD) units. This fee will be set out in an agreement between you and Algonquin.</p>
<p>Sales Commissions</p>	<p>You may pay a sales commission of up to 5% when you buy Series A units based on the NAV of the series. You may negotiate the amount with your Dealer. There are no sales commissions for Series F Founders, Series F, Series I and Series I (USD) units.</p>
<p>Investment Advisory Fees</p>	<p>Series F Founders and Series F units are only available to investors who have a fee-based account with their representative’s firm and whose representative’s firm has signed an agreement with the Manager. Series F Founders unitholders and Series F unitholders will pay a fee to their representative’s firm for investment advice and other services.</p>
<p>Redesignation Fees</p>	<p>Your Dealer may charge you a redesignation fee, as applicable, of up to 2% based on the NAV of the applicable series of units of the Fund you redesignate. You may</p>

	<p>negotiate the amount with your Dealer. Dealers' fees for redesignations are paid by redeeming units held by you.</p> <p>See "<i>Certain Canadian Federal Income Tax Considerations for Investors – Taxation of Unitholders – Units Not Held in a Registered Plan</i>" section of this Simplified Prospectus.</p>
Redemption Fees	<p>The Fund does not charge redemption fees. However, the Fund may charge a short-term trading fee if you redeem Series A, Series F Founders or Series F units within 30 days of buying them. Please see below and the "<i>Short-Term Trading Fee</i>" section of this Simplified Prospectus.</p>
Short-Term Trading Fee	<p>A short-term trading fee of 2% of the amount redeemed may be charged if you redeem Series A, Series F Founders or Series F units of the Fund within 30 days of purchasing such units and/or your trading is part of a pattern of short-term trading that we believe is detrimental to Fund investors. For a description of Algonquin's policy on short-term trading please see the disclosure under the subheading "<i>Short-Term Trading Fee</i>" under the heading "<i>Fund Governance</i>" in the Annual Information Form.</p> <p>The short-term trading fee charged will be paid directly to the Fund, and is designed to deter excessive trading and offset its associated costs. For the purposes of determining whether the short-term trading fee applies, we will consider the units that were held the longest to be units which are redeemed first. At Algonquin's discretion, the fee will not apply in certain circumstances, such as:</p> <ul style="list-style-type: none"> • redemptions of Series A, Series Founders or Series F units purchased by the reinvestment of distributions; • systematic withdrawal plans; • permitted redesignations of units from one series to another series of the Fund; • redemptions initiated by Algonquin or where redemption notice requirements have been established by Algonquin; or • in the absolute discretion of Algonquin.
Pre-Authorized Contribution Plan Fees	<p>Your Dealer may charge you an administrative fee for this service. You may negotiate the amount with your Dealer.</p>
Registered Tax Plan Fees	<p>Your Dealer may charge you a fee for this service. You may negotiate the amount with your Dealer.</p>

Impact of Sales Commissions

Sales commissions may apply when you purchase Series A units of the Fund. The sales commissions may be negotiated between you and your Dealer. There are no sales commissions payable on the purchase of Series F Founders, Series F, Series I or Series I (USD) units of the Fund.

	Sales Charge At Time of Purchase	Redemption Fee ¹ Before End Of:			
		1 Year ¹	3 Years	5 Years	10 Years
Sales Charge Option	Up to \$50	Nil	Nil	Nil	Nil

¹There is no redemption fee. However, a short-term trading fee may apply only if you redeem Series A, Series F Founders or Series F units within 30 days of purchasing them. Short-term trading fees are shown under “Short-Term Trading Fee” above.

DEALER COMPENSATION

Your Dealer may receive compensation in the form of redesignation fees.

Trailing Commissions – For Series A units of the Fund, we may pay Dealers an ongoing annual service fee known as a “trailing commission”, based on the total value of Series A units held in your account with the Dealer. Payments of trailing commissions are calculated and paid quarterly at the rate of up to 1/12 of 0.50% of the value of the Series A units of the Fund held by clients of the Dealer. We may change the terms of the trailing commission program or cancel it at any time.

There are no trailing commissions paid on Series F Founders, Series F, Series I or Series I (USD) units of the Fund.

Redesignation Fees – You may pay the redesignation fee, as applicable, to your Dealer at the time of redesignating from one series of units to another series of units in the Fund. The maximum redesignation fee you may pay is 2% based on the NAV of the applicable series of units of the Fund being redesignated. You may negotiate this amount with your Dealer. Dealers’ fees for redesignations are paid by redeeming units held by you. See “*Certain Canadian Federal Income Tax Considerations for Investors – Taxation of Unitholders – Units Not Held in a Registered Plan*” section of this Simplified Prospectus.

Other Kinds of Dealer Compensation

We may provide a broad range of marketing support programs to Dealers which include research materials on the Fund and pre-approved advertising copy relating to the Fund. We may also provide advertising programs for the Fund which may indirectly benefit your Dealer, and in some cases, may share with your Dealer the cost of local advertising and marketing activities (including investor conferences and seminars). The cost sharing is on a case-by-case basis and will not exceed 50% of the total direct costs incurred by your Dealer. We may reimburse Dealers for the registration fees of financial advisors attending certain conferences, seminars and courses organized and presented by third parties. We also may reimburse Dealers and certain industry associations for up to 10% of the total direct costs they incur for other kinds of conferences, seminars and courses they organize and present. We may organize and present, at our expense, educational conferences and seminars for financial advisors and provide to financial advisers nonmonetary benefits of a promotional nature and of minimal value.

It is important for you to know that all of the amounts described above are paid by Algonquin, not the Fund, and only in accordance with our policies and the rules set out in National Instrument 81-105 *Mutual Fund Sales Practices*.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS FOR INVESTORS

The following is a general summary, at the time of filing, of certain of the principal Canadian federal income tax considerations generally applicable to you as an investor in units of the Fund offered under this Simplified Prospectus. This summary assumes you are an individual (other than a trust) who, for the purposes of the Tax Act and at all times, (i) is a resident of Canada, (ii) deals at arm's length and is not affiliated with the Fund, (iii) is the original owner of the units, (iv) holds the units as capital property, and (v) has invested in the units for his or her own benefit and not as a trustee of a trust.

Generally, units will be considered to be capital property to a holder provided the holder does not hold the units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain unitholders who might not otherwise be considered to hold their units as capital property may, in certain circumstances, be entitled to have their units, and all other "Canadian securities" owned or subsequently owned by them, treated as capital property by making an irrevocable election under subsection 39(4) of the Tax Act. Unitholders should consult their own tax advisers as to whether an election under subsection 39(4) of the Tax Act is available or advisable in their circumstances.

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

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

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

Tax Status of the Fund

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

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

Taxation of the Fund

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

If the Fund realizes income or capital gains as a result of a transfer or disposition of its property occurring in connection with an exchange or redemption of units by a unitholder, the Declaration of Trust permits the Fund to designate and treat for income tax purposes all or a portion of the amount paid to the unitholder on the redemption or exchange as a distribution to the unitholder out of such income or capital gains rather than being treated as proceeds of disposition of the units. However, the Tax Act contains a special anti-avoidance rule that will (a) deny the Fund a deduction for any income of the Fund designated to a unitholder on a redemption of units, where the unitholder’s proceeds of disposition are reduced by the designation, and (b) deny the Fund a deduction for the portion of a capital gain of the Fund designated to a unitholder on a redemption of units that is greater than the unitholder’s accrued gain on those units, where the unitholder’s proceeds of disposition are reduced by the designation. Any income or taxable capital gains that would otherwise have been designated to redeeming unitholders may be made payable to the remaining non-redeeming unitholders to ensure the Fund will not be liable for non-refundable income tax thereon. Accordingly, the amounts of taxable distributions made to unitholders of the Fund may be greater than they would have been in the absence of the special anti-avoidance rule.

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

The Fund has made an election under section 10.1 of the Tax Act such that each “eligible derivative” (as defined in subsection 10.1(5) of the Tax Act) held by the Fund at the end of a taxation year of the Fund will be deemed to have been (i) disposed of by the Fund and the Fund will be deemed to have received proceeds or paid an amount, as the case may be, on such disposition equal to its fair market value immediately prior to the end of the particular taxation year, and (ii) reacquired, reissued or renewed by the Fund at the end of the taxation year for an equivalent amount. The Fund intends to report gains and losses from the actual or deemed disposition of “eligible derivatives” on income account for the purposes of the Tax Act. The Fund generally intends to take the position that the other property of the Fund may be marked-to-market at the end of each taxation year when computing the income of the Fund for the purposes of the Tax Act, and any gains or losses resulting from the actual or deemed disposition of such property will be reported on income account for the purposes of the Tax Act. The appropriate timing of recognition of gains and losses of the Fund, whether gains or losses realized by the Fund in respect of particular property are on income or capital account, ultimately depends largely on factual circumstances.

Notwithstanding the foregoing, the derivative forward agreement rules (the “**DFA Rules**”) in the Tax Act deem gains on the settlement of certain forward agreements (described as “derivative forward agreements”) to be included in ordinary income rather than treated as capital gains. The Tax Act generally exempts from the application of the DFA Rules currency forward contracts and certain other derivatives that are entered into in order to hedge foreign exchange risk in respect of an investment held as capital property.

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

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

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

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

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, generally including interest payable by the Fund on money borrowed to purchase securities. The Fund may generally deduct the costs and expenses of the offering of units under this Simplified Prospectus that are paid by the Fund at a rate of 20% per year, pro-rated where the Fund’s taxation year is less than 365 days.

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

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

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

Taxation of Unitholders

Units Held in a Registered Plan

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

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

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

Units Not Held in a Registered Plan

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

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

The Manager expects that amounts will generally be declared payable by the Fund on a quarterly basis to holders of units of the Fund in amounts that are generally expected to reflect proportions of income earned. The higher the portfolio turnover rate of the Fund in a year, the greater the chance that an amount will be declared payable or paid in respect of your units of the Fund prior to the end of the year. However, there is

not necessarily a relationship between a high turnover rate of the Fund's portfolio and the performance of the Fund.

Provided that appropriate designations are made by the Fund, such portion of: (i) the taxable portion of any net capital gains of the Fund, and (ii) the taxable dividends, if any, received by the Fund on shares of taxable Canadian corporations as are paid or become payable to you will effectively retain their character and be treated as such in your hands. The gross-up and dividend tax credit rules contained in the Tax Act will apply to such amounts that are designated as taxable dividends from taxable Canadian corporations. If the Fund makes the appropriate designation, you may be entitled to claim a foreign tax credit in accordance with the provisions of, and subject to the general limitations under, the Tax Act for a portion of the foreign tax paid by the Fund in respect of income from foreign sources.

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

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

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

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

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

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

Based on published administrative position of the CRA, a redesignation of units of the Fund should not generally be considered to give rise to a taxable disposition for the purposes of the Tax Act. Unitholders should consult with their own tax advisors in this regard. However, a redesignation of Series I (USD) units into CAD Series units, or vice versa, will likely result in a disposition for tax purposes and consequently may result in a capital gain or capital loss to a taxable unitholder.

Management fees paid directly to Algonquin by holders of Series I and Series I (USD) units will generally not be deductible by those unitholders.

Calculating the Adjusted Cost Base of a Unit of the Fund

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

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

- the total of all amounts you paid to purchase those units, including any sales charges paid by you at the time of purchase;

plus

- the adjusted cost base of any units of another series of units of the Fund that you hold that were redesignated as units of the subject series (except to the extent that the redesignation resulted in a taxable disposition, in which case the relevant amount may be the fair market value of the units as of the time of the redesignation);

plus

- the amount of any reinvested distributions in respect of units of the subject series;

less

- the return of capital component of distributions paid to you in respect of your units of the subject series; and

less

- the adjusted cost base of any of your units of the subject series that have been redeemed.

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

Tax Reporting

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

International Tax Reporting

Part XIX of the Tax Act came into force on July 1, 2017 and implemented the Organisation for Economic Co-operation and Development Common Reporting Standard. Pursuant to Part XIX of the Tax Act, “Canadian financial institutions” that are not “non-reporting financial institutions” (as both terms are defined in Part XIX of the Tax Act) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which are resident in a foreign country and to report required information to the CRA. Such information is

expected to be exchanged on a reciprocal, bilateral, basis with the tax authorities of the foreign country in which the account holders or such controlling persons are resident, pursuant to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Pursuant to Part XIX of the Tax Act, unitholders are required to provide certain information regarding their investment in the Fund for the purpose of such information exchange, unless the investment is held within certain Registered Plans.

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

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

Eligibility for Investment

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

WHAT ARE YOUR LEGAL RIGHTS?

Securities legislation in some provinces and territories gives you the right to withdraw from an agreement to buy a mutual fund within two (2) business days of receiving the Fund Facts, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy securities of a mutual fund and get your money back, or to make a claim for damages, if: (i) the Fund Facts are not sent or delivered to you within the time required under securities legislation, or (ii) the simplified prospectus, Annual Information Form, Fund Facts or financial statements misrepresent any facts about the mutual fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or consult your lawyer.

ADDITIONAL INFORMATION

Exemptions and Approvals

In order to permit the Fund to engage in the short selling of “government securities” (as that term is defined in NI 81-102) up to a maximum of 300% of the Fund’s NAV, the Fund has obtained exemptive relief from securities regulators from the following provisions of NI 81-102:

- (a) Subparagraph 2.6.1(1)(c)(v), which restricts the Fund from selling a security short it, at that time, the aggregate market value of the securities sold short by the Fund exceeds 50% of the Fund’s NAV; and
- (b) Section 2.6.2, which states that the Fund may not borrow cash or sell securities short if, immediately after entering into a cash borrowing or short selling transaction, the aggregate market value of cash borrowing combined with the aggregate market value of the securities sold short by the Fund would exceed 50% of its NAV.

In connection with this exemptive relief, the Fund has implemented the policies, procedures and controls relating to short selling transactions described under the heading “*Fund Governance – Policies Regarding Business Practices – Short Sales*” in the Annual Information Form.

PART B: SPECIFIC INFORMATION ABOUT THE ALTERNATIVE MUTUAL FUND DESCRIBED IN THIS DOCUMENT

This Part provides specific descriptions of the Fund in this Simplified Prospectus. This introduction explains most of the terms and assumptions which appear in the Fund description and information about the Fund.

Fund Details

This is a summary of some basic information about the Fund, such as when it was started, the type of fund that the Fund is best characterized as, the nature of the securities offered by the Fund, and whether the Fund is eligible as an investment for Registered Plans, such as RRSPs, RRIFs, TFSAs, RESPs, etc.

What does the Fund invest in?

This section describes the Fund's fundamental investment objectives and the principal investment strategies that the portfolio manager uses in trying to achieve those objectives. It also describes the types of securities the Fund can invest in and how the portfolio manager chooses the investments and manages the portfolio.

What are the risks of investing in the Fund?

This section explains some of the risks of investing in the Fund. Please refer to "*What are the specific investment risks of investing in a mutual fund?*" section of this Simplified Prospectus for a description of each risk factor.

Investment Risk Classification Methodology

The methodology used to determine the investment risk level of the Fund for purposes of disclosure in this Simplified Prospectus is the historical volatility risk as measured by the standard deviation of fund performance, which is the standard methodology outlined in Appendix F *Investment Risk Classification Methodology* to NI 81-102.

The investment risk level for an investment fund with at least 10 years of performance history will be based on such fund's historical volatility, as measured by its 10-year standard deviation of performance. The investment risk level for an investment fund with less than 10 years of performance history will be based on the historical volatility of a reference index that reasonably approximates such fund's historical performance, as measured by the reference index's 10-year standard deviation of performance.

Algonquin recognizes that other types of risk, both measurable and non-measurable, may also exist and we remind you that the historical performance of an investment fund (or a reference index used as its proxy) may not be indicative of future returns and that the historical volatility of such fund (or a reference index used as its proxy) may not be indicative of its future volatility.

The risk rating categories of this methodology are:

- **Low (standard deviation range of 0 to less than 6)** - for a fund with a level of risk that is typically associated with investments in Canadian fixed-income funds and in money market funds;
- **Low to Medium (standard deviation range of 6 to less than 11)** - for a fund with a level of risk that is typically associated with investments in balanced funds and global and/or corporate fixed-income funds;

- **Medium (standard deviation range of 11 to less than 16)** - for a fund with a level of risk that is typically associated with investments in equity portfolios that are diversified among a number of large-capitalization Canadian and/ or international equity securities;
- **Medium to High (standard deviation range of 16 to less than 20)** - for a fund with a level of risk that is typically associated with investments in equity funds that may concentrate their investments in specific regions or in specific sectors of the economy; and
- **High (standard deviation range of 20 or greater)** - for a fund with a level of risk that is typically associated with investment in equity portfolios that may concentrate their investments in specific regions or in specific sectors of the economy where there is a substantial risk of loss (e.g., emerging markets, precious metals).

The investment risk level of the Fund is determined when the Fund is first created and is reviewed annually. The methodology that Algonquin uses to identify the investment risk level of the Fund is available on request, at no cost, by calling us toll free at 1-833-306-8404 or by writing to us at Algonquin Capital Corporation, 1 King Street West, Suite 1502, Toronto, Ontario M5H 1A1.

Who should invest in this Fund?

The information is our assessment of the type of investor and the type of portfolio for which the Fund would be most suitable. In this section, we state what type of investor should consider an investment in the Fund having regard to that investor's objectives, i.e., whether the investor is looking to grow their capital over the long term as opposed to an investor who is investing to receive current income; whether an investor should be in a non-registered account; and whether the investor is looking to invest in a specific region or industry. In addition to stating the type of investor for whom an investment in the Fund is suitable, we have also stated the degree of risk tolerance that an investor requires to invest in the Fund.

Distribution Policy

This section explains when the Fund will make distributions. You earn money from the Fund when the Fund distributes amounts to you out of interest, dividend and other income earned and capital gains realized on their underlying investments. Mutual fund trusts may make distributions that are treated as ordinary income, dividend income, capital gains, foreign source income or non-taxable amounts (including returns of capital).

Fund Expenses indirectly borne by investors

The information below is intended to help investors compare the cost of investing in this Fund with the cost of investing in other mutual funds. Mutual funds pay certain expenses out of fund assets. That means investors in a mutual fund indirectly pay for these expenses through lower returns.

ALGONQUIN FIXED INCOME 2.0 FUND

FUND DETAILS

Type of Fund	North American Fixed Income
Date Fund Started:	Series A units: December 9, 2019 Series F Founders units: December 9, 2019 Series F units: December 9, 2019 Series I units: December 9, 2019 Series I (USD) Units: December 9, 2019
Nature of Securities Offered:	Units of a mutual fund trust
Registered Plan Eligibility:	Eligible for Registered Plans
Annual Management Fee:	Series A units: 1.45% Series F Founders units: 0.50% Series F units: 0.95% Series I and Series I (USD) units: Negotiated with the Manager and paid by each Series I unitholder but in any event, not greater than 0.95% per annum.
Performance Fee:	The Manager does not charge a performance fee on any series of units.

WHAT DOES THE FUND INVEST IN?

Investment Objective

The investment objective of the Fund is to generate positive total returns over the long term and to preserve capital. The Fund will primarily invest in debt and income producing instruments of governments, corporations and financial institutions in the developed world as well as derivative contracts for investment or hedging purposes.

The aggregate gross exposure of the Fund shall not exceed the limits on the use of leverage described in the “*Investment Strategies*” section of this Simplified Prospectus or as otherwise permitted under applicable securities legislation.

The fundamental investment objective of the Fund will not change without the consent of a majority of the voting unitholders of the Fund.

Investment Strategies

In order to achieve its investment objective, the Fund will invest primarily in fixed-income securities and will focus on corporate and government debt. The Fund may also invest in convertible debt securities, fixed-income securities of government agencies or of supranational agencies, floating rate securities, trusts, corporate bonds and loans, exchange-traded funds, limited partnerships, and preferred shares. The Fund may hold a portion of its net assets in securities of other investment funds, including ETFs, in accordance with its investment objectives. The types of underlying funds held by the Fund will be selected with consideration for the underlying fund’s investment objectives and strategies, past performance and operational efficiencies.

The Fund may also seek exposure that is similar to direct investment in fixed-income securities by using credit and interest rate derivatives.

The Fund's portfolio will primarily be comprised of Canadian and US securities. The Fund may invest up to 40% of its total NAV in securities with credit ratings below investment grade (BBB- or Baa3). However, the overall credit rating of the Fund's investment portfolio is expected to be investment grade. To be considered investment grade, a security needs to have at least one investment grade rating from a Designated Rating Organization as defined by National Instrument 25-101 *Designated Rating Organizations*. If a security is unrated but has been issued by an issuer that has an investment grade rating or that has issued other similar issuances that have an investment grade rating, the issuance will be deemed by the Manager to be investment grade, otherwise an unrated security will be deemed to be below investment grade.

The Manager will employ a "bottom up" approach, focusing on security selection and then adjusting the portfolio to remain within the Manager's duration, leverage or credit targets.

Besides cash investments, the Fund may employ derivatives such as options, futures, forward contracts, swaps, CDS, CDS index and other similar instruments, in a manner considered appropriate to achieving the Fund's investment objective. Derivatives may be used for hedging and non-hedging purposes. Derivatives may be used, among other purposes, to provide exposure to securities, indices, or currencies without investing in them directly, to manage risk effectively, or for efficient portfolio management purposes.

The Fund will manage its long and short positions to reduce the impact of market volatility on the Fund's investment portfolio.

The Fund may borrow cash or sell securities short whereby the aggregate value of cash borrowed combined with securities sold short will be limited to 50% of the Fund's NAV. The Fund has received exemptive relief from this requirement in NI 81-102 from securities regulators so that the Fund is permitted to short sell up to 300% of its NAV in "government securities" as such term is defined in NI 81-102, provided that the Fund implements a series of controls when engaging in these short sale transactions.

The Fund may invest up to 20% of its NAV: (i) in the securities of a single issuer, (ii) a specified derivative transaction, or (iii) in a purchase of an index participation unit. This restriction does not apply to investments in debt securities issued or guaranteed by the Canadian or U.S. government securities issued by a clearing corporation; securities issued by an investment fund that if the purchase is made in accordance with the requirements of section 2.5 of NI 81-102; index participation units issued by an investment fund; or an equity security if the purchase is made by a fixed portfolio investment fund in accordance with its investment objectives.

Through the use of cash borrowing, short selling, or specified derivatives, the Fund's aggregate leverage will not exceed 300% of the Fund's NAV. The Fund's aggregate exposure is calculated as the sum of the following and divide the sum by NAV: (i) the aggregate value of the Fund's outstanding indebtedness under any borrowing agreements; (ii) the aggregate market value of all securities sold short by the Fund; and (iii) the aggregate notional amount of the Fund's specified derivative positions minus the aggregate notional amount of the specified derivative positions that are hedging transactions.

The Fund may engage in securities lending, repurchase and reverse repurchase transactions to earn additional income for the Fund. On any securities lending, repurchase and reverse repurchase transaction, the Fund must, unless it has been granted relief:

- deal only with counterparties who meet generally accepted creditworthiness standards and who are unrelated to the Fund's portfolio manager, manager or trustee as defined in NI 81-102;
- hold collateral equal to a minimum 102% of the market value of the portfolio securities loaned (for securities lending transactions), sold (for repurchase transactions) or purchased (for reverse repurchase transactions);
- adjust the amount of the collateral on each business day to ensure the value of the collateral relative to the market value of the portfolio securities loaned, sold or purchased remains at or above the minimum 102% limit; and
- limit the aggregate value of all portfolio securities loaned or sold through securities lending and repurchase transactions to no more than 50% of the total assets of the Fund (without including the collateral for loaned securities and cash for sold securities).

The Fund may use derivatives such as futures, forwards, options, and swaps for "hedging" purposes to reduce the Fund's exposure to changes in securities prices, interest rates, exchange rate or other risks. Derivatives may also be used for "non-hedging" purposes, which may include the following: (i) as substitute investments for stocks or a stock market; (ii) to gain exposure to other currencies; (iii) to seek to generate additional income; or (iv) for any other purpose that is consistent with the Fund's investment objectives. Additionally, pursuant to NI 81-102, the Fund may deal with counterparties without a designated rating and the Fund may enter into over the counter derivative transactions with a wider variety of counterparties. The Fund will be permitted to exceed the 10% of NAV mark-to-market limit on specified derivatives exposure to a single counterparty, only if either: (i) the specified derivative is a clear specified derivative; or (ii) the counterparty has a designated rating (generally, a rating of "A" or higher for the counterparty's long-term debt).

For more information on derivatives used by the Fund for hedging and non-hedging purposes as at the last day of the applicable financial reporting period, please refer to the Fund's most recent financial statements. Please also refer to the explanation of risks that accompany the use of derivatives under "*Currency Risk*" and "*Derivatives Risk*" in the "*What are the Risks of Investing in a Mutual Fund?*" section of this Simplified Prospectus.

The Fund may use foreign exchange transactions such as spot transactions or derivatives to seek to hedge against various risks, including currency exchange risk associated with foreign investments. Specifically, the Fund may use specified derivatives to seek to hedge against any fluctuations in the currency of the Fund's underlying assets vis-à-vis its Canadian assets, but has no obligation to do so. To the extent this hedging strategy is used, it may substantially limit investors from benefitting if the Canadian currency falls against the foreign currency in which some or all of the assets of the Fund are denominated. While the Fund may attempt to hedge this risk, there can be no guarantee that it will be successful in doing so.

In respect of the Series I (USD) units, the Fund uses foreign exchange derivatives to hedge the exposure of such units to the Canadian dollar back to U.S. dollars. Derivatives used to hedge the currency exposure for Series I (USD) units will be clearly attributable to the Series I (USD) units. The costs and gains/losses of these transactions will accrue solely to the Series I (USD) units and will be reflected in the Unit Price of the Series I (USD) units. Using derivatives to hedge as completely as possible against currency fluctuations may not result in the impact of currency fluctuations on the Series I (USD) units being entirely eliminated.

Depending on market conditions, the Manager's investment style may result in a higher portfolio turnover rate than less actively managed Fund. Although generally the higher the Fund's portfolio turnover rate, the higher its trading expenses. The higher the portfolio turnover rate the greater the probability that you will receive a distribution of capital gains from the Fund, which may be taxable if you hold the Fund outside a

registered plan. There is no proven relationship between a high turnover rate and the performance of a mutual fund.

The specific strategies that differentiate this Fund from conventional mutual funds include: increased use of derivatives for hedging and non-hedging purposes, use of leverage up to 300% of the Fund's NAV, the ability to short sell government securities up to 300% of NAV or short sell securities up to 50% of NAV (or some combination of the two up to 300% of NAV) and the ability to borrow cash to use for investment purposes. While these strategies will be used in accordance with the Fund's investment objective, during certain market conditions they may accelerate the pace at which your investment decreases in value. Please also refer to the explanation of these risks under "Derivatives Risk", "Short Selling Risk" and "Leverage Risk" in the "What are the Risks of Investing in a Mutual Fund?" section of this Simplified Prospectus.

As Manager of the Fund, we may change the investment strategies from time to time, but will give Fund investors notice of our intention to do so if it would be a material change as defined in National Instrument 81-106 *Investment Fund Continuous Disclosure* ("NI 81-106"). Under NI 81-106, a change in the business, operations or affairs of the Fund is considered to be a "material change" if a reasonable investor would consider it important in deciding whether to purchase or continue to hold units of the Fund.

The Fund may depart from its investment strategy by temporarily investing all or a portion of its assets in cash or fixed-income securities issued or guaranteed by a Canadian or U.S. government, government agency or company. The Manager may take this action to try to protect the Fund during a market downturn or for other reasons.

WHAT ARE THE RISKS OF INVESTING IN THE FUND?

Please see "*What are the specific investment risks of investing in a mutual fund?*" section of this Simplified Prospectus for a full discussion of the risks associated with investing in the Fund. The Fund is generally exposed to the following risks:

- Borrowing Risk
- Company Risk
- Concentration Risk
- Convertible Securities Risk
- Coronavirus Pandemic Related Risk
- Counterparty Risk
- Credit Risk
- Currency and Exchange Rate Risk
- Cyber Security Risk
- Derivatives Risk
- Developed Countries Investment Risk
- Equity Investment Risk
- Exchange-Traded Fund Risk
- Exchange-Traded Notes Risk
- Foreign Investment Risk
- High Portfolio Turnover Risk
- High-yield Securities Risk
- Interest Rate Risk
- Lack of Operating History Risk
- Large Transaction Risk
- Legislation Risk
- Leverage Risk
- Liquidity Risk
- Market Risk
- Multiple Series Risk
- Nature of Units Risk
- Portfolio Manager Risk
- Potential Conflicts of Interest Risk
- Prime Broker Risk
- Regulatory and Legal Risk
- Securities Lending, Repurchase and Reverse Repurchase Transaction Risk
- Short Selling Risk
- Taxation of the Fund Risk
- Trust Loss Restriction Rule Risk
- U.S. Foreign Account Tax Compliance Risk

WHO SHOULD INVEST IN THIS FUND

This Fund may be right for you if:

- you want to gain exposure to a diversified portfolio of primarily investment grade fixed-income investments;
- you want to gain exposure to alternative investment strategies to diversify the fixed-income portion of your investment portfolio;
- you plan to hold your investment for the medium term or longer; and
- you can tolerate a low to medium level of risk.

This fund is not suitable for investors who are investing for the short term or who are not willing to accept periodic volatility.

INVESTMENT RISK CLASSIFICATION METHODOLOGY

The Manager has rated the Fund's risk as low to medium risk. Please see "Investment Risk Classification Methodology" on page 37 for a description of the rating methodology used by the Manager to identify the risk rating of the Fund. As the Fund has less than 10 years of performance history, the Fund's investment risk level is based on the historical volatility of reference indices that are expected to reasonably approximate the standard deviation of the Fund for the remainder of the 10 year history. The reference indices for the Fund are:

- 40% Bloomberg Barclays Canada Aggregate – Corporate TR Index Unhedged CAD, which is an index that tracks Canadian dollar denominated investment grade corporate bonds.
- 30% Bloomberg Barclays US Corporate Total Return Value Unhedged USD, which is an index that tracks US dollar denominated investment grade corporate bonds.
- 30% Bloomberg Barclays US Corporate High-yield Total Return Index Value Unhedged USD, which is an index that tracks US dollar denominated high-yield debt.
- 150% Bloomberg Barclays Canada Aggregate – Corporate 1-5 Years, which is an index that tracks Canadian dollar denominated investment grade corporate bonds with maturities of one year or more and less than 5 years.
- 150% Bloomberg Barclays – US Corporate 1-5 Years Total Return Index Value Unhedged, which is an index that tracks US dollar denominated investment grade corporate bonds with maturities of one year or more and less than 5 years.
- -150% Bloomberg Barclays Canadian Treasury 1-5 Years Total Return Index Unhedged CAD plus 0.35 percent, which is an index that tracks the total return of Canadian government bonds with maturities of one year or greater and less than five years.
- -150% Bloomberg Barclays US Treasury 1-5 Years Total Return Index Value Unhedged plus 0.35%, which is an index that tracks the total return of US government bonds with maturities of one year or greater and less than five years.

There may be times when we believe this methodology produces a result that does not reflect the Fund's risk based on other qualitative factors. As a result, we may place the Fund in a higher risk rating category, but the Fund can never be placed in a lower risk rating category.

You should know that other types of risks, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, historical volatility may not be indicative of future volatility. The risk rating of the Fund is identified under the sub-heading "*Who Should Invest in this Fund?*" and is reviewed annually and at any time that the risk rating is no longer reasonable in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk ratings of the Fund is available on request, at no cost, by contacting us toll free at 1-833-306-8404 or emailing us at info@algonquincap.com.

DISTRIBUTION POLICY

The Fund has a policy to make distributions quarterly at a rate determined from time to time by the Manager. These distributions are not guaranteed and may change at any time at our discretion. The Fund will also distribute, in respect of each taxation year, any net income and net realized capital gains in excess of the quarterly distributions at the end of each taxation year (normally December 31), or at such other times as may be determined by the Manager. If the quarterly distributions exceed the Fund's net income and net realized capital gains for the year, a portion of the Fund's distributions to unitholders may represent return of capital.

The following information applies to all series of units of the Fund, as applicable:

- The record date for a dividend or distribution is the Valuation Date prior to the payment date.
- The Fund may make distributions in cash, units of the same series of the Fund or property in kind payable in proportions to be determined from time to time by the Manager. You may, by written request, elect to receive cash payment by electronic transfer to your bank account; however, the Manager may, in respect of certain distributions, cause any such cash payment to be automatically reinvested in additional units of the same series of the Fund. Cash distributions are not available for Registered Plans. The Manager reserves the right to change this distribution policy, and may elect to have all distributions paid in cash.
- Units acquired through the reinvestment of dividends or distributions are not subject to any sales charges.
- As the Fund may dispose of some of its investment portfolio each year, the amount of dividends or distributions may be material.

FUND EXPENSES INDIRECTLY BORNE BY INVESTORS

The following information is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The management fees and fund costs described under the “*Fees and Expenses*” are generally paid out of the Fund’s assets and constitute the MER of the Fund, which reduces the investment return on your units. The fees and expenses which you pay directly, and which are not included in the Fund’s MER, are described in the “*Fees and Expenses Payable Directly by You*” section in this document.

This example is based on an initial investment of \$1,000 and a total annual return of 5% in each year, and assumes the management expense ratio of the Fund was the same throughout each period shown as it was during the most recently completed financial year. See the “*Fees and Expenses*” section in this document for more information about the cost of investing in this Fund.

Cumulative fund expenses payable over the period	1 year	3 years	5 years	10 years
Series A units	\$16.43	\$50.91	\$87.69	\$190.71
Series F Founders units	\$6.93	\$21.68	\$37.72	\$84.22
Series F units	\$11.43	\$35.60	\$61.64	\$135.92
Series I units	\$1.93	\$6.06	\$10.60	\$24.00
Series I (USD) units ²	n/a	n/a	n/a	n/a

1. This information is not available for Series I (USD) units of the Fund because no Series I (USD) units have been issued as of the date of this Simplified Prospectus.

Additional information about the Fund is available in the Fund's Annual Information Form, Fund Facts, Management Reports of Fund Performance and Financial Statements. These documents are incorporated by reference in this Simplified Prospectus, which means that they legally form part of this document just as if they were printed in it.

You can get a copy of these documents at your request, and at no cost, by calling us toll free at 1-833-306-8404, online at www.algonquincap.com, or by email to info@algonquincap.com.

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

ALGONQUIN FIXED-INCOME 2.0 FUND

Algonquin Capital Corp.
40 King Street West, Suite 3402
Toronto, Ontario
M5H 3Y2

Telephone: (416) 214-3493

Toll free: 1-833-306-8404

Website: www.algonquincap.com

Email: info@algonquincap.com