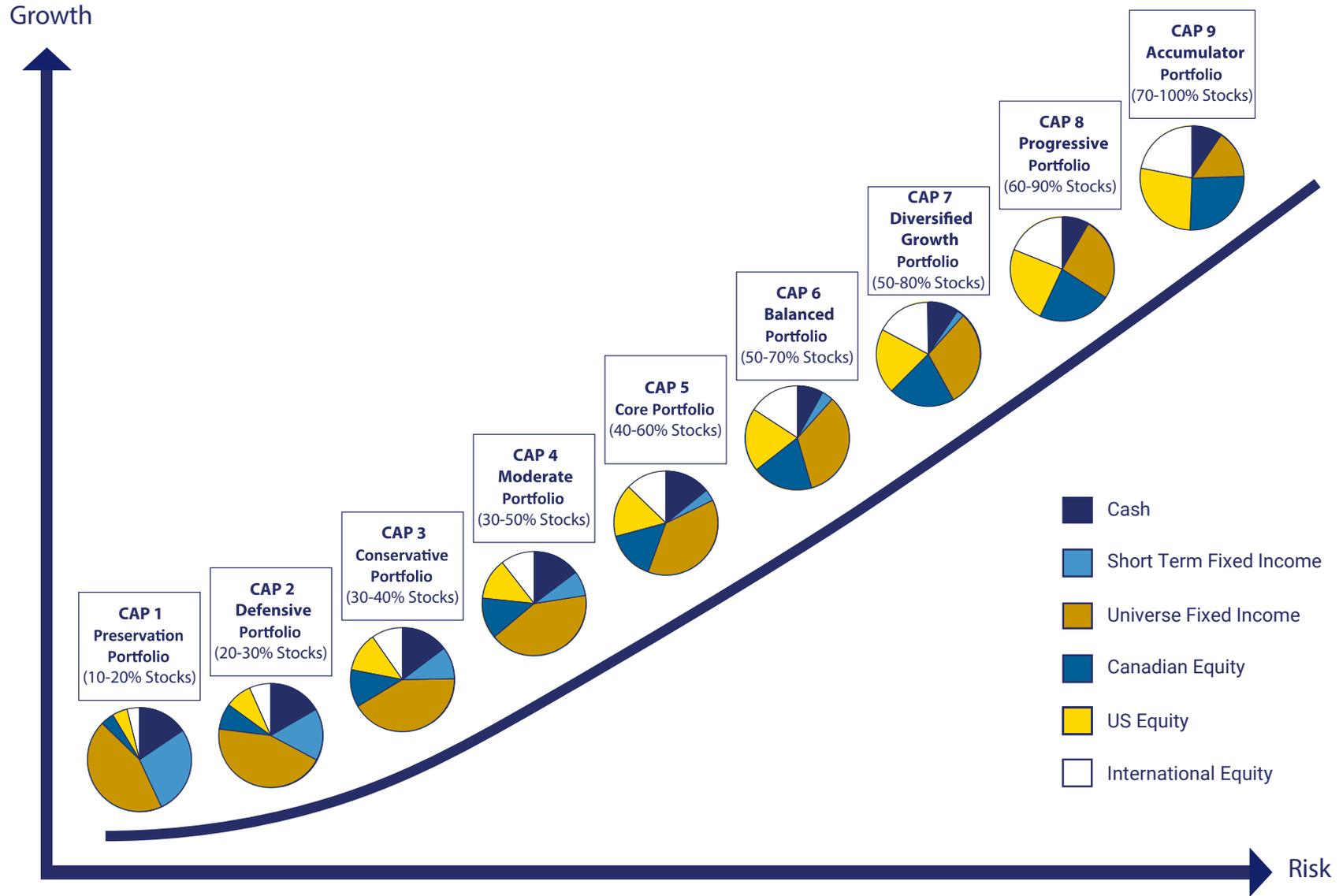




CAP Portfolio Information

CAP Portfolio Holdings



Your Fund Managers



Beutel Goodman Canadian Equity
Beutel Goodman Small Cap



CIBC ASSET MANAGEMENT

CIBC Canadian Bond Index
CIBC Canadian Money
Market CIBC Short Term
Bond Index CIBC US Index



Mawer New Canada
Mawer International Equity Fund



PICKTON Long Short Equity (130/30) Fund

P I M C O

PIMCO Canadian Core Bond Fund
PIMCO Monthly Income Fund (Canada)



**TD Asset
Management**

TD International Index Fund

Your Fund Managers

Beutel Goodman Investment Counsel

Beutel Goodman Canadian Equity Fund – seeks long-term capital appreciation primarily through investments in common shares and other equity securities of established Canadian issuers; the number of securities held is generally in a range of 35 to 45 issues; no foreign issues are held.

Beutel Goodman Small Cap Fund – seeks long-term capital appreciation primarily through investments in common shares and other equity securities of Canadian issuers with an adjusted market float between \$100 million and \$1 billion at time of purchase; the number of issues generally held is 30 to 50.

CIBC Asset Management

CIBC Canadian Bond Index Fund – the objectives of this fund is to provide a high level of income and some capital growth, while attempting to preserve capital. The fund is managed to obtain a return that approximates the performance of the Scotia Capital Universe Bond Index. The Scotia Capital Universe Bond Index is comprised of more than 900 marketable Canadian bonds intended to reflect the performance of the broad Canadian investment-grade bond market.

CIBC Canadian Money Market Fund – the objectives of this fund is to maximize interest income while attempting to preserve capital and maintain liquidity by investing primarily in high quality, short-term debt securities issued by the Government of Canada or any Canadian provincial government, obligations of Canadian banks and trust companies, and commercial paper with an approved credit rating.

CIBC Short Term Bond Index Fund – the objective of this fund is to provide a high level of income and some capital growth, while attempting to preserve capital. The fund is managed to obtain a return that approximates the performance of the Scotia Capital Short-Term Bond Index. The Scotia Capital Short-Term Bond Index is intended to represent the Canadian short-term bond market. It contains bonds with remaining effective terms greater than or equal to one year and less than or equal to five years.

CIBC U.S. Index Fund – the objective of the fund is to provide long-term growth through capital appreciation. The fund is managed to obtain a return that approximates the performance of the S&P 500 Index calculated on a total return basis. The S&P 500 Index is a capitalization-weighted index of 500 stocks, designed to measure performance of the broad U.S. economy representing all major industries.

Mawer Investment Management

Mawer New Canada Fund – seeks to invest for above average long-term returns in securities of smaller Canadian companies. Treasury bills or short-term investments, not exceeding three years to maturity, may also be used from time to time. This is a smaller capitalization fund.

Mawer International Equity Fund – the objectives of this fund are to achieve long-term growth and capital gains, and to provide diversification of risk through non-North American companies. The fund will be primarily invested in equities. Investments will be made primarily in companies outside North America including those in Europe, Asia, Latin America, Australia and Africa. The amount invested in any one country will vary depending upon its economic, investment, market outlook and opportunities.



Your Fund Managers



Picton Mahoney Asset Management

Picton Mahoney Fortified Active Extension Alternative Fund – This Fund aims to provide consistent long-term capital appreciation with an attractive risk-adjusted rate of return with similar volatility to traditional equity markets. It employs a long/short equity strategy that targets net market exposure of 100% of fund assets, investing 130% of assets long, while selling 30% of assets short. Over time, this strategy aims to ‘extend’ gross equity exposure to 160%, thereby increasing the opportunity to generate alpha while maintaining a net market exposure which is similar to that of the traditional equity market. The Fund is focused on fundamental change which is identified by way of both independent fundamental research teams and via quantitative engines where both approaches confirm either an improving trend or deterioration at the margin. The improving trend ideas form the long portion of the Fund while the deterioration trend ideas form the short portion of the Fund.

PIMCO Canada

PIMCO Canadian Total Return Bond Fund – This Fund offers diversification and the possibility of higher investment returns relative to the broad Canadian bond market index. The Fund invests in a diversified portfolio of primarily Canadian dollar fixed income instruments of varying maturities, and has flexibility to invest across sectors and issuers. The Fund employs PIMCO’s total return philosophy, seeking to balance capital appreciation potential and income.

PIMCO Monthly Income Fund (Canada) – This Fund may be an attractive option for income-oriented investors who seek a bond investment offering the potential for a relatively high and consistent stream of income with an emphasis on high-quality fixed income securities. The Fund is actively managed in an effort to maximize current income while maintaining a relatively low risk profile, with a secondary goal of capital appreciation.

TD Asset Management

TD International Index Fund – The objective of this fund is to provide long-term growth through capital appreciation. This fund seeks to track the performance of an international equity markets index that measures the investment return of company shares traded in European, Asian and Far East regional stock markets.

Risks Associated with Investing in Mutual Funds

Concentration risk

Funds may concentrate their investments in a portfolio made up of only a small number of securities. Therefore, the securities in which they invest may not be diversified across many sectors. They also might be concentrated in specific regions or countries. By investing in a relatively small number of securities, the portfolio manager may have a significant portion of the fund invested in a single security. The value of the portfolio will vary considerably in response to changes in the market value of that individual security. This may result in higher volatility and reduced liquidity and diversification.

Credit risk

Funds that invest in fixed income securities such as bonds are vulnerable to credit risk (the risk that the government or company issuing a fixed income security will not be able to pay the interest as required or pay back the original principal). Securities that have a low credit rating have high credit risk. Funds that invest in companies or markets with low credit risk may be less volatile in the short term than those funds that invest in securities with higher credit risk.

Currency risk

Funds that invest in foreign securities are vulnerable to foreign currency risk (the risk that the value of the Canadian dollar will increase as measured against a foreign currency). A security traded in U.S. dollars will fall in value, in Canadian dollar terms, if the U.S. dollar declines in value relative to the Canadian dollar, even though there is no change to the U.S. dollar value of the security. On the other hand, if the Canadian dollar falls in value relative to the U.S. dollar, there is a corresponding gain in the value of the security attributable solely to the change in the exchange rate.

Derivatives risk

Hedging is a term used to describe when derivatives are used to limit or hedge potential losses connected with currencies, stock markets and interest rates. Derivatives may also be used for non-hedging purposes such as to reduce transaction costs, achieve greater liquidity, and create effective

- A hedging strategy may not be effective
- There is no guarantee a market will exist when a fund wants to buy or sell the derivative contract
- A large percentage of the assets of a fund may be placed on deposit with one or more counterparties, which exposes the fund to the credit risk of those counterparties
- There is no guarantee that an acceptable counterparty will be willing to enter into the derivatives contracts
- The counterparty to the derivative contract may not be able to meet its obligations
- The exchanges on which the derivative contracts are traded may set daily trading limits, preventing a fund from closing out a particular contract
- If an exchange halts trading in any particular derivative contract, a fund may not be able to close out its position in that contract
- The price of a derivative may not accurately reflect the value of the underlying security or index

Equity risk

Companies issue equities to help finance their operations and future growth. Investors who purchase equities become part owners in companies. The value of equities varies according to how the market reacts to factors relating to the company, market activity or the economy in general. When the economy is expanding, the market tends to have positive outlooks toward companies and the value of their stocks tends to rise. The opposite is also true. For small companies, start-ups, resource companies and companies in emerging sectors, the risks and potential rewards are usually greater. Some of the products and services offered by technology companies can become obsolete as science and technology advance. Usually, the greater the potential reward, the greater the risk.

Foreign market risk

Funds may hold foreign securities within the foreign property limits set out in the Income Tax Act. The value of foreign securities and the unit price of the funds that hold them may fluctuate more than Canadian investments because:

- Companies outside North America are not subject to the regulations, standards, reporting practices and disclosure requirements that apply in Canada and the US
- Some foreign markets may not have laws to protect investor rights
- Political instability, social unrest or diplomatic developments in foreign countries could affect the fund's securities or result in their loss
- There is a chance that foreign securities may be highly taxed or that government-imposed exchange controls may prevent a fund from taking money out of the country
- Some foreign stock markets have less trading volume which may make it more difficult to sell an investment or may make prices of securities more volatile
- A country may have a weak economy due to the factors like high inflation, weak currency government debt or narrow industrial base
- Foreign exchanges may be open on days when the funds do not price the units and, therefore, the value of the securities in the funds portfolios may change on days when investors will not be able to purchase or sell units

General risks of money market investments

Funds may invest in money market instruments which are low risk, short term debt instruments issued by governments and corporations. Because of their short term maturities, usually under one year, the value of such investments is not sensitive to changes in interest rates. In periods when short term rates rise substantially over a short period, however, the principal value of the money market instruments may go down.

Income and investment trusts risk

Income trusts generally hold debt and/or equity securities of an underlying active business or are entitled to receive a royalty on revenues generated by such business. Funds that invest in income trusts such as oil, gas and other commodity-based royalty trusts, real estate investment trusts and pipeline and power trusts will have varying degrees of risk depending on their sector and the trust units are more volatile than bonds (corporate and government) and preferred shares. As well, investors could be held responsible for such obligations.

Risks Associated with Investing in Mutual Funds

Index funds risk

The objective of an index fund is to replicate the return of a benchmark and such a fund may be affected by a general decline in the market. An index fund invests in its benchmark regardless of its investment merit; it does not attempt to individually select securities or to take defensive positions in declining markets.

Interest rate risk

The value of a fund that invests in bonds, other fixed income investments, preferred shares and dividend yielding common shares, is directly affected by changes in the general level of interest rates. As interest rates increase, the price of these investments tends to fall. If interest rates fall, the price of fixed income securities increase. Thus, funds that invest in certain fixed income securities can experience capital gains or losses as interest rates change.

Large transaction risk

Shares or units of a fund may be purchased by a third-party fund (as part of that fund's "fund-of-funds" portfolio) or other investment product. Any significant transaction made by such an investor could significantly impact a fund's cash flow. If the third party buys large amounts of shares or units of a fund, the fund could temporarily have a high cash balance. If the third party redeems large amounts of shares or units of a fund, the fund may be required to fund the redemption by selling securities at an inopportune time. This unexpected sale may have a negative impact on the performance of the investment. In order to manage this risk, fund companies require third parties that enter into arrangements with them to notify the company as soon as reasonably practical of certain large proposed redemptions so the company can prudently minimize the impact on the fund.

Leverage risk

Funds that leverage their assets through borrowing, short sales and/or derivatives. Investment decisions may be made for the assets of the funds that exceed the net asset value of the funds. As a result, if these investment decisions are incorrect, the resulting losses will be more than if investments were made solely in an unleveraged long portfolio as is the case in most conventional equity mutual funds. Leveraged investment strategies can also be expected to increase a Fund's turnover, transaction and market impact costs, interest and other costs and expenses.

Liquidity risk

Some companies are not well-known, have few shares outstanding or can be significantly affected by political and economic events. Securities issued by these companies may be difficult to buy or sell and the value of funds that buy these securities may rise and fall substantially. Smaller companies may not be listed on a stock market or traded through an organized market. They may be hard to value because they are developing new products or services for which there is not yet an established market or revenue stream. They may have few shares outstanding so a sale or purchase of shares will have a greater impact on the share price. There are restrictions on the amount of illiquid securities a fund is permitted to hold.

Low-rated equity security risk

Some funds offer a better return than others because they carry higher risk. They may have a credit rating below investment grade or be unrated. These funds may be hard to value because market quotations are unavailable and they may be less liquid than higher grade investments. They have the potential for substantial loss as well as gain, as will the funds or the portfolios that hold these funds. If claims, whether in contract, in tort or as a result of tax or statutory liability, against an investment trust are not satisfied by the trust, investors in the investment trust, including the fund, could be held liable for such obligations. Income and investment trusts generally seek to make this risk remote with contracts by including provisions in their agreements that the obligations of the investment trust will not be binding on investors personally.

Redemption suspension risk

Canadian securities regulators may allow a fund company to suspend an investor's rights to redeem:

- If normal trading is suspended in any market where portfolio securities or specified derivatives are traded which represent more than 50% of a fund's total asset value if those portfolio securities or specified derivatives are not traded on another market or exchange that represents a reasonable and practical alternative
- In other circumstances with the consent of the Canadian securities regulators

Unit holders' rights to redeem units in a fund may be automatically suspended if the right to redeem shares or units in the underlying fund is suspended. If redemption rights have been suspended before the redemption proceeds have been determined, a unit holder may either withdraw their redemption request or redeem their shares or units at the Net Asset Value next determined after the suspension has been lifted. During any period of suspension of redemption rights, orders will not be accepted for shares or units.

Replicating indices risk

Index funds seek to replicate the performance of the underlying index. The performance of the fund may not precisely match the performance of the underlying index. The following factors explain differences between a fund's performance and the performance of the underlying index:

- The size of the fund's portfolio
- Transaction costs
- Currency fluctuations
- Trustee fees
- The unavailability of stock index futures contracts of any kind for certain countries included in the relevant Index
- The unavailability of stock index futures contracts based on the individual country indices that constitute the relevant Index
- The extent and timing of cash flows into and out of the fund
- Changes in the securities markets and in the underlying index

Repurchase, reverse repurchase and securities lending risk

From time to time, funds may enter into repurchase transactions, reverse repurchase transactions and securities lending agreements to the extent permitted by the Canadian securities regulatory authorities. In a repurchase transaction, a fund sells a security at one price to a third party for cash and agrees to buy the same security back from the same party, again for cash, at a specified price on a designated future date. This is a way for the fund to borrow short term cash. In a reverse repurchase transaction, a fund buys a security at one price from a third party and agrees to sell the same security back to the same party (usually at a higher price) later on. This is a way for the fund to earn a profit or interest and for the other party to borrow some short term cash.

Risks Associated with Investing in Mutual Funds

In a securities lending transaction, a fund lends the security to a third party for a fee and can demand the return of the security at any time. While the securities are on loan, the borrower provides the fund with collateral consisting of a combination of cash and securities.

The risks with these types of transactions are that the other party may default under the agreement or go bankrupt. In a reverse repurchase transaction, the fund may be left holding the security and may not be able to sell it at the same price it paid for it, plus interest, if the market value of the security has dropped. In the case of a repurchase or a securities lending transaction, the fund could incur a loss if the value of the security sold or loaned has increased more than the value of the cash or collateral held. To minimize these risks:

- Funds require the other party to the transaction to put up collateral. The value of the collateral must be at least 102% of the market value of the security sold, purchased or loaned.
- The collateral held by a fund may consist only of cash, qualified securities or securities that can be immediately converted into identical securities to those that are on loan. Collateral is checked and reset daily.
- A fund cannot loan more than 50% of the total value of its assets. A fund's total exposure to any one borrower may be up to 10% of the total value of the fund's assets.

Return matching risk

While the objective of a fund may be to replicate, to the extent possible, the return of a stated benchmark, the fund may not be able to replicate exactly the return of the benchmark. However, because the total return generated will be reduced by operating expenses incurred by the fund, such expenses are not included in the return generated by the benchmark.

Sector risk

Some funds concentrate their investments in a certain sector or industry of the marketplace. These funds are better able to focus on a particular sector's potential, however, these funds are also riskier than funds with broader diversification. Sector specific funds tend to experience greater fluctuations in price because securities in the same industry tend to be affected by the same factors. These funds must continue to follow their investment objectives by investing in their particular sector, even during periods when such sector is performing poorly.

Series risk

Funds may be available in more than one series. If a fund cannot pay the expenses of one series using its proportionate share of the fund's assets, it will be required to pay those expenses out of the other series' proportionate share of the fund's assets. This may lower the investment returns of the other series.

Smaller company risk

The valuations of smaller companies tend to be more volatile than those of large established companies. As such, the value of funds that buy these shares in such companies may rise and fall significantly.

Termination of the indices risk

In the event that the relevant index is discontinued, the managers may:

- Terminate the applicable fund on a specified period notice
- On unit holder approval given in accordance with the applicable Declaration of Trust, change the investment objectives of the applicable fund to seek to replicate an alternative index and make any necessary adjustments to its underlying portfolio of investments
- Make such other arrangements as it considers appropriate and in the best interests of the applicable unit holders in the circumstances

Underlying fund risk

Funds may offer investment products which use a "fund of fund" structure whereby a "top fund" invests all or a significant portion of its assets in a "bottom" or "underlying fund". Depending on the size of the investment being made by a top fund in an underlying fund and the timing of the redemption of this investment, an underlying fund could be forced to alter its portfolio assets significantly to accommodate a large redemption request. This could negatively impact the performance of an underlying fund as it may have to dispose prematurely of portfolio assets that have not yet reached a desired market value, resulting in a loss to the underlying fund.

Units will trade at prices other than net asset value risk

A fund may trade below, at, or above its respective net asset value. The net asset value of a unit will fluctuate with changes in the market value of the fund's holdings. The trading prices of units will fluctuate in accordance with changes in the fund's net asset value, as well as market supply and demand on the TSX. A unit is issued only to underwriters in permitted prescribed amounts, and investors may exchange units at their net asset value, subject to a redemption processing fee where less than the prescribed number of units are exchanged.



Contact us



We are here to help

Our Canada-based Client Relations department is here to help should you have any questions or require any assistance with your plan.

Let's talk

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