

**ANNUAL INFORMATION FORM**

May 31, 2018



**LDIC North American Infrastructure Fund**  
(Class A and Class F units)

**LDIC North American Small Business Fund (Corporate Class)**  
(Series A shares and Series F1 shares)

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

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## INTRODUCTION

This annual information form (“**Annual Information Form**”) contains information applicable to units of the LDIC North American Infrastructure Fund, a mutual fund trust. In this document, we refer to a mutual fund that is established as a trust as a “Trust Fund”.

This Annual Information Form also contains information application to the shares of the LDIC North American Small Business Fund (Corporate Class), a class of shares of the LDIC Mutual Fund Corporation Inc. In this document, the LDIC Mutual Fund Corporation Inc. is referred to as the “Fund Corporation” and we refer to a mutual fund that is established as a class of shares of the Fund Corporation as a “Corporate Fund”.

In this document, we refer to a Trust Fund and a Corporate Fund individually as a “Fund” and collectively as the “Funds”. We also refer to “units” and “shares” collectively as “securities”.

We have used personal pronouns in this Annual Information Form whenever possible to make it easier to read and understand. Throughout this document “we”, “us”, or the “Manager” refers to LDIC Inc., “you” means an investor or potential investor, “dealer” refers to the company where your registered representative works and “registered representative” refers to the representative registered in your province who advises you on your investments.

## NAME, FORMATION AND HISTORY OF THE FUND

The LDIC Group of Funds currently consists of one Trust Fund and one Corporate Fund.

The LDIC North American Infrastructure Fund is an open-end mutual fund trust established under the laws of the Province of Ontario and governed by a declaration of trust dated April 12, 2013 (the “**Declaration of Trust**”) made by LDIC Inc. as trustee and Manager.

The Corporate Fund is a class of shares of the Fund Corporation, a mutual fund corporation incorporated by articles of incorporation under the laws of the Province of Ontario on April 1, 2015. The Fund Corporation is authorized to issue an unlimited number of common shares and an unlimited number of shares designated as mutual fund shares which are issuable in classes. The Fund Corporation filed articles of amendment on May 27, 2016 to create an additional series of the Corporate Fund being an unlimited number of Series F1 shares. All of the outstanding common shares of the Fund Corporation are held by the Manager. The Fund Corporation currently offers one class of shares, consisting of the LDIC North American Small Business Fund (Corporate Class). We may offer additional Corporate Funds in the future.

The head office of the Manager and the Fund Corporation is the Exchange Tower, 130 King Street West, Suite 2130, Toronto, Ontario, M5X 1E2.

## INVESTMENT RESTRICTIONS AND PRACTICES

The Funds are subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 - *Investment Funds* (“**NI 81-102**”), which are designed in part to ensure that the investments of a Fund are diversified and relatively liquid and to ensure the appropriate administration of the Funds. Each Fund is managed in accordance with these restrictions and practices.

The simplified prospectus of the Funds contains detailed descriptions of the investment objectives, investment strategies and risk factors for each of the Funds. Before a change is made to the

fundamental investment objective of a Fund, the prior approval of securityholders of such Fund is required. This approval must be given by a resolution passed by at least a majority of the votes cast at a meeting of securityholders of such Fund. See “*Description of the Units of the Fund - Matters Requiring Unitholder Approval under NI 81-102*”.

The Funds are subject to restrictions that result from the Trust Fund’s intention to remain a “mutual fund trust” and the Fund Corporation’s intention to remain a “mutual fund corporation” under the provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and to ensure the units and shares remain “qualified investments” as defined in the Tax Act for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), deferred profit-sharing plans (“**DPSPs**”), registered education savings plans (“**RESPs**”), registered disability savings plans (“**RDSPs**”), and tax-free savings accounts (“**TFSAs**”). See “*Certain Canadian Federal Income Tax Considerations*” below for more information.

Each Fund will not engage in any undertaking other than the investment of its assets in property for the purposes of the Tax Act. In the last year, no Fund has deviated from the rules in the Tax Act that apply to the status of its securities as qualified investments. Each Fund will continue to ensure that it will be a qualified investment.

## **DESCRIPTION OF SECURITIES**

Each Corporate Fund offers more than one class of shares which are divisible into series. Similarly, the Trust Fund offers securities in more than one class. Each class or series of securities of a Fund is intended for different kinds of investors. If you cease to satisfy the criteria for holding any class or series of securities of a Fund, the Manager may switch such class or series into another class or series, as applicable, of securities of the same Fund. For details of the class and series of securities offered by each Fund, please see the front cover of this Annual Information Form.

Class A units of the Trust Fund and Series A shares of the Corporate Fund are designed for retail investors. Dealers through whom Class A units or Series A shares are purchased will receive initial commissions payable by the investor, and on-going service fees (also called “trailer fees” or “trailing commissions”) from the Manager on behalf of the relevant Fund.

Class F units of the Trust Fund and Series F1 shares of the Corporate Fund are designed for investors who participate in fee-based investment programs offered by their dealers. Class F units and Series F1 shares are only available to investors whose dealer has entered into an agreement with the Manager to make Class F units or Series F1 shares available to clients of that dealer. As a result, no sales commissions or trailer fees are paid by the Manager to dealers selling Class F units or Series F1 shares of a Fund.

The fees and expenses for a Fund may differ from class to class or series to series. Please see “Fees and Expenses” in the simplified prospectus of the Funds for a description of the fees and expenses that you may have to pay if you invest in any of the above securities of a Fund.

### *Distribution Rights of the Trust Fund*

Each class of units of the Trust Fund ranks equally with all other classes of units of the Trust Fund in the payment of distributions (other than management fee distributions). A class of units of the Trust Fund will generally be entitled to the portion of a distribution equal to that class’ proportionate share of the adjusted net income of the Trust Fund. Adjusted net income is the Trust Fund’s net income adjusted for class specific expenses and management fee distributions. As a result, the amount of

distributions for one class of unit of a Trust Fund will likely be different than the amount of distributions for the other classes of units of the Trust Fund.

#### *Dividend Rights of the Corporate Fund*

Dividends may be paid if, as and when declared by the board of directors of a Corporation. Dividends are not paid at regular intervals. If paid, dividends will generally be allocated proportionately among all of the classes of shares of the Fund Corporation and among all series of shares of a Corporate Fund. However, in appropriate circumstances, the directors of the Fund Corporation have the right to allocate dividends to a particular class of shares if they believe it is reasonable to do so. If dividends are so declared in respect of the Corporate Fund, holders of a particular series of shares of a Corporate Fund which are outstanding on the record date established for the payment of any such dividends shall be entitled to receive that series' proportionate share, as determined on such record date, of any such dividends so declared payable by the Fund Corporation.

#### *Liquidation Rights*

Units of each class of the Trust Fund will generally be entitled to a distribution on liquidation of the Trust Fund equal to that class' proportionate share of the net assets of the Trust Fund less expenses of the Trust Fund attributable to that class.

The shares of the Corporate Fund rank equally with the shares of all other Corporate Funds on a return of capital on a liquidation, dissolution or winding-up of the Fund Corporation. Each series of shares of a Corporate Fund ranks equally with every other series of shares of the same Corporate Fund with respect to return of capital on a liquidation, dissolution or winding-up of the Fund Corporation. In the event of liquidation, dissolution or winding-up of the Fund Corporation or other distribution of assets among its shareholders for the purpose of winding-up its affairs, a shareholder of a Corporate Fund shall be entitled to participate in the remaining property of the Fund Corporation together with the shareholders of all the other Corporate Funds based on the relative net asset value per share of all Corporate Funds, which may be distributed in cash or other property at the discretion of the directors of the Fund Corporation. If any amounts payable on a return of capital in the event of a liquidation, dissolution or winding-up of the Fund Corporation are not paid in full, the shares of each Corporate Fund shall participate ratably in respect of such return of capital attributable to each Corporate Fund of the Fund Corporation, based on the relative net asset value of each such Corporate Fund.

#### *Voting Rights*

Each unitholder of the Trust Fund is entitled to vote on certain amendments to the Declaration of Trust in accordance with such documents or where required by securities legislation. At a unitholder meeting called to vote on these issues, a unitholder will be entitled to one vote per unit of any class of the Trust Fund. If a class of units is affected differently than the other class of units of a Trust Fund, the affected class of units is entitled to vote separately as a class.

Shareholders of a Corporate Fund have one vote for each whole share of any series of shares of a Corporate Fund held by them at all meetings of shareholders of the Corporation. If the shares of one Corporate Fund or one series of shares of a Corporate Fund of a Corporation are affected differently than the shares of another Corporate Fund or other series of shares of a Corporate Fund of a Corporation, the affected shares of that one Corporate Fund or series of shares are entitled to vote separately as a Corporate Fund or as a series.

### *Redemption*

Holders of any class or series of securities of a Fund are entitled to require the Fund to redeem their securities as described under “Redemptions” in this Annual Information Form.

### *Certificates*

No unit or share certificates shall be issued by a Fund. The register for the units and the shares is maintained by RBC Investor Services Trust, as record-keeper, on behalf of the Funds. The Manager or the dealers selling securities will furnish securityholders with statements providing details of any purchase or redemption of units or shares.

### *Switches and Conversions for the Trust Fund*

Subject to certain criteria which may be established by the Trustee of a Trust Fund or imposed by the articles of incorporation of the Fund Corporation, and restrictions set forth in the simplified prospectus of the Funds, you may request that your investment be switched from one Trust Fund into another Trust Fund or a Corporate Fund managed by the Manager for the same or a different class or series of securities, or be reclassified from one class of units into another class of units of the same Trust Fund, if you meet the criteria to hold the securities of such other class or series that you are switching or reclassifying into. Please see “*Switches and Conversion – Units*” below for more information.

### *Switches and Reclassifications for the Corporate Fund*

Subject to certain criteria imposed by the articles of incorporation of the Fund Corporation or established by the Trustee of a Trust Fund, and restrictions set forth in the simplified prospectus of the Funds, you may request that your investment be switched from one Corporate Fund to another Corporate Fund within the Fund Corporation or from one Corporate Fund into a Trust Fund managed by the Manager, for the same or a different series or class of securities, or be reclassified from one series of shares to another series of shares of the same Corporate Fund, if you meet the criteria to hold the securities for the series or class that you are switching or reclassifying into. Please see “*Switches and Conversion – Shares*” below for more information.

### **Matters Requiring Securityholder Approval under NI 81-102**

A meeting of securityholders of a Fund must be convened to consider and approve by a majority vote certain matters as required by NI 81-102. If only one class of units or one series of shares is affected by the amendment, only investors holding securities of that class or series are entitled to vote. If more than one class or series is affected, all investors holding securities of the affected classes or series are entitled to vote together if they are affected in the same way and to vote separately as a class or series, as applicable, if affected in materially different ways by the proposed amendment. NI 81-102 currently provides that such approvals must be obtained before:

- (a) the basis of the calculation of the fees or expenses that are charged to a Fund or directly to securityholders by the Fund or the Manager in connection with the holding of securities of the Fund is changed in a way that could result in an increase in charges to the Fund or its securityholders, or any such fee or expense is introduced;
- (a) there is a change of the manager of a Fund (other than to an affiliate of the then manager);

- (b) there is a change in the fundamental investment objectives of a Fund;
- (c) the frequency of calculating the net asset value of a class of units or series of shares is decreased; and
- (d) the Fund undertakes or participates in certain mergers or reorganizations.

Subject to the approval of the Independent Review Committee of a Fund, no securityholder approval will be required for a change of auditors of a Fund if securityholders of the Fund are sent a written notice at least 60 days before the effective date of the change.

With respect to the matters noted above as they relate to the Fund Corporation, in some circumstances only a particular Corporate Fund or series will vote on a particular matter and in other circumstances all of the Corporate Funds will vote on such matter.

### **VALUATION OF PORTFOLIO SECURITIES**

The net asset value (“NAV”) of each Fund must be calculated by or under the authority of the Manager each business day that the Toronto Stock Exchange is open for trading (each such day, a “Valuation Date”) in accordance with the requirements of National Instrument 81-106 - *Investment Fund Continuous Disclosure* (“NI 81-106”) (or in accordance with such exemptions from these requirements as may be permitted by Canadian securities regulatory authorities from time to time). Such values are also calculated as of December 31 in each year (if not otherwise a Valuation Date) for the purposes of the distribution of net income and net realized capital gains of the Funds to securityholders.

In calculating value of a unit or share, the following valuation principles are used:

- (a) the value of any cash on hand, on deposit or on call loan, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Manager determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Manager determines to be the fair value thereof;
- (b) the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on a Valuation Date at such times as the Manager deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (c) the value of any security which is listed on any recognized exchange shall be determined by the closing sale price on the Valuation Date or, if there is no closing sale price, the average between the closing bid and the closing asked price on the Valuation Date, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;
- (d) the value of a forward contract or swap shall be the gain or loss on the contract that would be realized if, on the date that valuation is made, the position in the forward contract or swap were to be closed out;
- (e) the value of a standardized futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in



the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;

- (f) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (g) purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
- (h) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by a Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV of the Fund. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their then current market value;
- (i) any security purchased, the purchase price of which has not been paid, is included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, is treated as a liability of the Fund;
- (j) any security sold but not delivered, pending receipt of the proceeds, is valued at the net sale price;
- (k) the value of any security, the resale of which is restricted or limited (within the meaning of NI 81-102), shall be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Funds' acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- (l) if any Valuation Date is not a business day, then the securities in the portfolio are valued as if such Valuation Date was the preceding business day;
- (m) the value of all assets of a Fund valued in a foreign currency and all liabilities and obligations of a Fund payable by the Fund in foreign currency shall be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the Manager; and
- (n) all expenses or liabilities (including fees payable to the Manager) of a Fund shall be calculated on an accrual basis.

For the purposes of the foregoing rules, quotations may be obtained from any report in common use, or from a reputable broker or other financial institution, provided that the Manager retains sole

discretion to use such information and methods as it deems to be necessary or desirable for valuing the assets of the Funds, including the use of a formula computation. In the event of any inconsistency between the valuation principles set out above and the provisions of securities legislation, the provisions of securities legislation shall prevail.

### CALCULATION OF NET ASSET VALUE

How much a Fund or one of its securities is worth is called its “net asset value” (“NAV”) or NAV per security. The NAV per security of each series or class of a Fund is very important because it is the basis upon which securities of a Fund are purchased and redeemed. The NAV of a Fund varies from day to day.

We calculate a separate NAV for each class of a Trust Fund and for each series of a Corporate Fund by valuing, in accordance with the valuation rules set forth above under “*Valuation of Portfolio Securities*”, the assets of the Fund on such Valuation Date and deducting from that amount the proportionate share of common liabilities of the Fund allocated to the relevant class or series and all net income, net realized capital gains and other amounts payable to the securityholders of the Fund on such Valuation Date.

Since each class or series of a Fund has different costs and liabilities, the class NAV may be different for each class of the Trust Fund and the series NAV may be different for each series of a Corporate Fund. We calculate the class NAV per unit and series NAV per share by taking the relevant class or series’ NAV, determined as described above, and then dividing that number by the total number of units of the class or shares of the series that are outstanding.

We calculate NAV on each Valuation Date. In extraordinary circumstances, we may have to suspend calculation of NAV for one or more Funds.

Common expenses or liabilities of a Fund that are allocated amongst the classes of units or series of Shares offered by the Fund include:

- all bills and accounts payable;
- all administrative and management expenses payable and/or accrued;
- all contractual obligations for the payment of money or property, including the amount of any declared but unpaid distribution or dividend, and all other amounts recorded or credited to securityholders on or before the day as of which the net asset value of the Fund, class or series are being determined;
- expenses of the Independent Review Committee established under National Instrument 81-107 – *Independent Review Committee for Investment Funds*;
- all allowances authorized or approved for taxes or contingencies; and
- all other liabilities of the Fund or portfolio, of whatever kind or nature, except liabilities represented by outstanding securities of the Fund or portfolio.

The class NAV per unit and series NAV per share is published each Valuation Date and is available to securityholders on our website at [www.ldic.ca](http://www.ldic.ca) or upon request, without charge, by calling the Manager (collect) at (416) 362-4141 or by emailing the Manager at [info@ldic.ca](mailto:info@ldic.ca).

## HOW TO PURCHASE UNITS OR SHARES

You can purchase securities of a Fund through registered representatives of dealers, who will forward your order to the Manager. If the Manager receives an order before 4:00 p.m. (Eastern Time) on any day on which the Toronto Stock Exchange is open for trading (a “Valuation Date”), it will process the order at the unit or share price calculated at the end of that day. Otherwise, the Manager will process the order at the price calculated on the next Valuation Date. Orders may be processed at an earlier time if the Toronto Stock Exchange closes for trading earlier on a particular day. Orders received after such earlier closing time would be processed on the next Valuation Date.

The offering price of a security is an amount equal to the NAV per security of the applicable class or series as calculated from time to time. The NAV is determined in accordance with industry practice using the closing price on each Valuation Date.

The Manager is required to accept or reject a purchase order within one business day of receiving it. Any monies sent with an order that is rejected will be returned immediately.

The minimum purchase amount on an initial purchase of units or shares of a Fund is \$1,000. Any subsequent purchase of securities of a Fund must be at least \$500. Payment for units or shares must be made within three business days of the date of subscription. If the payment for units or shares purchased is not received within three days of an order, the Manager will redeem the securities on the next Valuation Date. If the proceeds from the redemption are greater than the payment you owe, the Fund will keep the difference. If the proceeds are less than the payment the investor owes, the investor or his, her or its dealer must pay the difference, and the Fund or the dealer will collect this amount plus expenses and interest from the investor.

### Purchase Options

The Class A units and Series A shares are available exclusively through the sales option most commonly known as the “initial sales charge” or “front end load” option. To purchase Class A units or Series A shares of a Fund, an investor pays a sales commission at the time of purchase. The amount of this commission is subject to negotiation between the investor and his, her or its dealer, but may not be more than 5% of the subscription amount. Dealers through whom the Class A units or Series A shares are purchased are also entitled to receive on-going services fees (known as “trailer fees” or “trailing commissions”) from the Manager on behalf of the relevant Fund.

Investors may also purchase Class F units and Series F1 shares of a Fund. This generally requires the investor to establish a fee-based account with a dealer (sometimes referred to as a “wrap program”), and for the dealer to have previously entered into an agreement with the Manager permitting its clients to invest in the relevant Fund. The investor does not pay any sales commissions or redemption fees when units or shares are acquired or redeemed in this account. However, the dealer will generally charge a global fee to the account in which the units or shares are held.

The class of units or series of shares you and your registered representative select affects the amount of compensation your dealer and registered representative receive as a result of your purchase and ongoing investment in a Fund. For a description of the fees, expenses, and dealer compensation applicable to a purchase of units or shares, see “*Fees and Expenses*” and “*Dealer Compensation*” in the simplified prospectus of the Funds.

## Switches and Conversions

You can switch between different classes of units of a Trust Fund or shares of a Corporate Fund, subject to the requirements described below, by contacting your registered representative. A switch is effected by using the proceeds from the redemption of units of a class to purchase other units or proceeds from the redemption of shares to purchase other shares. In this Annual Information Form, we use the term “switch” and “convert” interchangeably.

### Units

Assuming you meet the relevant eligibility criteria for investment in a particular class of units, you may change between classes of units of the Trust Fund. Switching between different classes of units of any Trust Fund is called a reclassification.

If we become aware that you no longer meet the eligibility criteria to hold Class F units, we will reclassify those units into Class A units of the Trust Fund in accordance with instructions from your registered representative. In the absence of instructions, we may automatically convert your Class F units to Class A units of the same Trust Fund after giving you 30 days’ notice. If we convert your Class F units into Class A units, the number of units you will hold will change since units of different classes have a different NAV per unit.

A reclassification does not result in a disposition for tax purposes and consequently does not result in a capital gain or capital loss to a reclassifying unitholder. See “*Certain Canadian Federal Income Tax Considerations*” on page 22 for a discussion of the Canadian tax consequences to an investor of a reclassification of units of the Fund.

You can switch units of any class of a Trust Fund for shares of a Corporate Fund. These types of exchanges are considered a disposition for tax purposes at the fair market value of the Trust Fund at the particular time, which means that you may realize a capital gain or capital loss on such transaction. See “*Certain Canadian Federal Income Tax Considerations*” on page 22 for more information.

### Shares

Assuming you meet the relevant eligibility criteria for investment in a particular series of shares, you may change between series of shares of a Corporate Fund. You can also convert shares from one Corporate Fund to another Corporate Fund.

If we become aware that you no longer meet the eligibility criteria to hold Series F1 shares, we will convert those shares into Series A shares of the same Corporate Fund in accordance with instructions from your registered representative. In the absence of instructions, we may automatically convert your Series F1 shares to Series A shares of the same Corporate Fund after giving you 30 days’ notice. If we convert your Series F1 shares into Series A shares, the number of shares you will hold will change since shares of different series have a different NAV per share.

Switching from one Fund to another Fund will be considered a disposition for tax purposes, at the fair market value of the Funds switched, which means that you may realize a capital gain or capital loss. See “*Certain Canadian Federal Income Tax Considerations*” on page 22 for more information.

A holder of shares may also switch into units of a Trust Fund, however special rules or tax consequence may apply, in particular, a switch into units is considered a disposition for tax purposes, which means that you may realize a capital gain or capital loss. See “*Certain Canadian Federal Income Tax Considerations*” on page 22 for more information.

### Fees

We do not charge you any fees at the time of a switch transaction, unless a short-term trading fee applies. Your registered representative may, however, negotiate with you and charge a transfer fee of up to 2% of the amount being transferred.

## **REDEMPTIONS**

An investor is entitled at any time, by making a written application to the Manager through a registered representative, to redeem all or any part of his, her or its shares or units at the applicable NAV.

Requests for a redemption of units or shares of a Fund must be received by the Manager prior to 4:00 p.m. (Eastern Time) on a Valuation Date to receive that day's class NAV per unit or series NAV per share price. If a redemption request is received after this time, or on a day which is not a Valuation Date, then the price applicable to the redemption will be determined on the following Valuation Date. Payment for the units or shares so redeemed will be made by a Fund within three business days after the day on which the class or series NAV is determined for the purpose of effecting redemption, provided all required redemption documentation has been submitted.

Your units or shares can be registered on our records as belonging directly to you, or as held on your behalf by your dealer or other intermediary. If your units or shares are held directly, signatures on the redemption request must be guaranteed by a bank, trust company, or financial advisor if the redemption proceeds are more than \$25,000, or paid to someone other than the registered owner of the Fund units or shares. If the registered owner of the units or shares is a corporation, partnership, agent, fiduciary or surviving joint owner, we may require additional information. Investors whose units or shares are held through a dealer or intermediary (sometimes referred to as a "nominee"), will be subject to the corresponding rules in place at the nominee. Investors who are unsure whether they need to provide a signature guarantee or additional information should check with their financial advisor or the Manager.

If an investor does not deliver all documentation to the Manager necessary to process a redemption request within 10 business days, the relevant Fund will purchase on the next Valuation Date the number of units or shares redeemed. If the purchase price of the units or shares is less than the redemption proceeds, the Fund will keep the difference. If the purchase price of the units or shares is greater than the redemption proceeds, the investor must pay the difference and the Fund will collect this amount plus expenses and interest from the investor.

See "*Certain Canadian Federal Income Tax Considerations*" on page 22 for a discussion of the Canadian tax consequences to an investor of a redemption of units or shares of a Fund.

### **Suspension of Right to Redeem**

The Manager reserves the right to suspend the right of redemption of securities or to postpone the date of payment of the redemption price during any period in which the Toronto Stock Exchange or any other stock exchange within or outside Canada on which securities of the Funds are listed which represent more than 50% by value or underlying market exposure of the total assets of a Fund (without allowance for liabilities) is closed or normal trading thereon is suspended or, in other circumstances with the consent of the Canadian securities regulators. If the right to redeem units or shares is suspended, a securityholder may either withdraw the redemption request or receive payment based on the class NAV per unit or series NAV per share on next determined after the termination of the suspension.

## RESPONSIBILITY FOR FUND OPERATIONS

### The Manager

LDIC Inc. is the manager of the Funds and as such is responsible for managing the overall undertaking and operations of the Funds. In the case of the Trust Fund, this authority has been delegated to the Manager under the terms of the Declaration of Trust. In the case of the Corporate Fund, the Manager is subject to the supervision of the Fund Corporation's board of directors pursuant to a management agreement ("**Management Agreement**") dated as of May 22, 2015. It is also the trustee of the Trust Fund.

LDIC Inc. was incorporated on October 15, 1998 pursuant to the laws of the Province of Ontario and currently has approximately \$577 million in assets under management. Existing clients of LDIC Inc. are generally comprised of high net worth individuals (registered and non-registered), corporations, trusts, estates, pension funds and endowments for charitable foundations. LDIC Inc. employs a flexible investment style with a value-oriented bias (style agnostic) reflecting the realities of the Canadian market and the recognition that differing investment approaches are more suitable for particular market cycles.

The Manager's offices are located at The Exchange Tower, 130 King Street West, Suite 2130, PO Box 399, Toronto, Ontario, M5X 1E2. The phone number of the Manager is (416) 362-4141, the Manager's email address is [info@ldic.ca](mailto:info@ldic.ca) and the website address of the Manager is [www.ldic.ca](http://www.ldic.ca).

The Manager has exclusive authority to manage the operations and affairs of the Funds, to make all decisions regarding the business of the Funds and to bind the Funds. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of a Fund to do so. In addition, the Manager will monitor the Funds' investment strategies to ensure compliance with their respective investment objectives, strategies and restrictions as set out in the simplified prospectus of the Funds.

The Manager is entitled to fees for its services as manager and administrator as described under "*Fees and Expenses*" in the simplified prospectus of the Funds and will be reimbursed for all costs and expenses incurred by the Manager on behalf of the Funds which are properly payable by the Funds.

The services of the Manager and the officers of the Manager are not exclusive to the Funds. The Manager and its affiliates and associates (as defined in the *Securities Act* (Ontario)) may, at any time, have other business interests and may engage in other activities competitive with, or similar to, or in addition to those relating to the activities to be performed for the Funds, including the administration of any other fund or trust, the rendering of services and advice to other persons and the ownership, development and management of other investments, including investments of the Manager and its affiliates.

The Manager's duties include maintaining accounting records for the Funds; authorizing the payment of operating expenses incurred on behalf of the Funds; allocating operating expenses; calculating the amount and determining the frequency of distributions by the Funds; preparing financial statements, income tax returns and financial and accounting information as required by the Funds; ensuring that securityholders are provided with financial statements, management reports of fund performance and other reports as are required from time to time by applicable laws; ensuring that the Funds comply with regulatory requirements including the continuous disclosure requirements of the Funds under applicable securities laws; preparing the Funds' reports to securityholders and to the CSA; dealing and communicating with securityholders; and negotiating contracts with third-party providers of services, including, but not limited to, custodians, sub-advisors, transfer agents or record-keepers, accountants,

auditors and printers. The Manager provides office facilities and personnel to carry out these services, together with clerical services which are not furnished by the custodian, record-keeper or other service providers to the Funds.

Pursuant to the Declaration of Trust and Management Agreement, the Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of a Fund and to exercise the care, diligence and skill of a reasonably prudent trustee in the circumstances. The Manager will not be liable in any way for any default, failure or defect in any of the securities in the portfolio or otherwise be liable to the Fund if it has met this standard of care. The Manager may, however, incur liability in cases of wilful misconduct, bad faith, negligence or other breach by it of its standard of care under the Declaration of Trust or Management Agreement. The Manager and each of its directors, officers, employees and agents will be indemnified out of the assets of a Fund in respect of legal fees, judgements and amounts paid in settlement, actually and reasonably incurred by the Manager, in connection with the services it provides under the Declaration of Trust or Management Agreement, as applicable, if those fees, judgements and amounts paid in settlement were not incurred as a result of a breach by the Manager of the standard of care described above, and if the Fund has reasonable grounds to believe that the action or inaction that caused the payment of the fees, judgements and amounts paid in settlement was in the best interests of the Fund.

Unless the Manager becomes bankrupt or insolvent or ceases to be resident in Canada for the purposes of the Tax Act, the Manager will continue as manager of the Funds until the termination of the Funds.

*Officers and Directors of the Manager*

The name, municipality of residence, position with the Manager and principal occupation of each of the directors and executive officers of the Manager are set out below:

<b>Name and Municipality of Residence</b>	<b>Position with the Manager</b>	<b>Principal Occupation</b>
Michael B. Decter Toronto, Ontario	Chairman, President, Chief Executive Officer, Chief Investment Officer and Director	Chairman, President & Chief Executive Officer of LDIC Inc.
Beryl McCallum Toronto, Ontario	Chief Operating Officer, Chief Compliance Officer and Director	Chief Operating Officer and Chief Compliance Officer of LDIC Inc.
Ron E. Bailey Winnipeg, Manitoba	Director	President of Ron Bailey and Associates Inc.
Graham Scott Toronto, Ontario	Director	President of Graham Scott Strategies Inc.

The principal occupation of each of the individuals listed above for the past five years is as follows:

**Michael B. Decter | President, Chief Executive Officer and Chief Investment Officer**

Michael B. Decter is the President and CEO of LDIC Inc. since 1998. In addition to his role as President and CEO, he is also the Chair of the Board of Directors and a member of the Investment Committee. He oversees the investment team and all the investment decisions as the Chief Investment Officer in addition to lead Portfolio Manager on three mandates and two investment funds.

**Beryl McCallum | Chief Operating Officer and Chief Compliance Officer**

Beryl has been with LDIC since its inception as a part of the small founding group to startup and grow the Firm since 1999 and brings over 20 years of the financial markets experience to her role as Chief Operating Officer, Chief Compliance Officer. Beryl sits on the Board of Directors to support the strategic growth of the Firm.

**Ron E. Bailey | Director**

Ron has been a director of LDIC Inc. since November 9, 1998 and, since 2005 has been the President of Ron Bailey and Associates Inc., a fundraising consultancy.

**Graham Scott | Director**

Graham has been a director of LDIC Inc. since November 14, 2011 and, since 2008, has been the President of Graham Scott Strategies. Prior, Mr. Scott was a partner at the law firm of McMillan LLP.

**Portfolio Advisor**

The Manager acts as portfolio advisor of each of the Funds. The Manager monitors the Funds' investment strategy to ensure compliance with their respective investment objectives and strategies as set out in the simplified prospectus of the Funds and their investment restrictions as set forth above.

The individuals principally responsible for the portfolio management of the Funds are Michael B. Decter and Beryl McCallum, whose information is set out in the above tables under "*Responsibility For Fund Operations – The Manager*".

**Brokerage Arrangements**

Brokerage arrangements for the Funds are the responsibility of the Manager. The Manager seeks to obtain best execution of securities transactions when arranging or executing trades on behalf of the Funds. Trades are allocated to brokers based on a number of factors, including execution capability, commission rates, financial responsibility and responsiveness. The Manager is not party to any arrangements where a specified percentage of order flow or commission revenue is directed to any particular broker. The Manager does not direct any brokerage business of the Funds to any person related to or under common control with the Manager.

The Funds do not have any arrangements in place whereby they receive any goods or services from a third party for allocation of brokerage order flow to any dealer. Under applicable regulatory policies, "research goods and services" can include advice provided either directly or through publications or writings, including electronic publications, telephone contacts and meetings with security analysts, economists and corporate and industry spokespersons, and analysis and reports concerning issuers, industries, securities, economic factors and trends, accounting and tax law interpretations and political developments. The Manager may receive such research goods or services from brokers and dealers who execute trades for the Funds, but the Manager neither actively solicits such services nor attempts to value them.



## Directors, Officers and Trustees of the Funds

Pursuant to the Declaration of Trust of the Trust Fund, the Manager is the trustee of the Trust Fund. The Trust Fund has no other trustees, officers or directors. For details about the Manager's officers and directors, please see "*Responsibility For Fund Operations – The Manager*" above.

LDIC Mutual Fund Corporation Inc. is organized as a corporation, and has a board of directors. The Corporate Fund is a class of the Fund Corporation and does not have a trustee. The name, municipality of residence, position with the Fund Corporation and principal occupation of each of the directors and executive officers of the Fund Corporation are set out below:

<b>Name and Municipality of Residence</b>	<b>Position with the Fund Corporation</b>	<b>Principal Occupation</b>
Michael B. Decter Toronto, Ontario	Chief Executive Officer and Director	President & Chief Executive Officer of LDIC Inc.
Beryl McCallum Toronto, Ontario	Chief Financial Officer	Chief Operating Officer and Chief Compliance Officer of LDIC Inc.
Ron E. Bailey Winnipeg, Manitoba	Director	President of Ron Bailey and Associates Inc.
Graham Scott Toronto, Ontario	Director	President of Graham Scott Strategies Inc.

## Custodian and Valuation Agent

RBC Investor Services Trust acts as the custodian and valuation agent of the assets of the Funds pursuant to an agreement dated as May 15, 2015. The principal office of the Custodian for purposes of this agreement is Toronto, Ontario. This agreement may be terminated by either party on not less than 30 days' notice, and in certain other circumstances.

## Registrar

RBC Investor Services Trust provides registrar and record-keeping services at its principal office in Toronto, Ontario.

## Auditors

The auditors of the Funds are Ernst & Young LLP, Toronto, Ontario.

## Securities Lending Agent

In the event that a Fund engages in securities lending transactions, the Custodian or a sub-custodian, at its offices in Toronto, Ontario, will be appointed as securities lending agent for the Fund.

The securities lending agent will act on behalf of a Fund in administering the securities lending transactions entered into by such Fund.

## CONFLICTS OF INTEREST

### Principal Holders of Securities

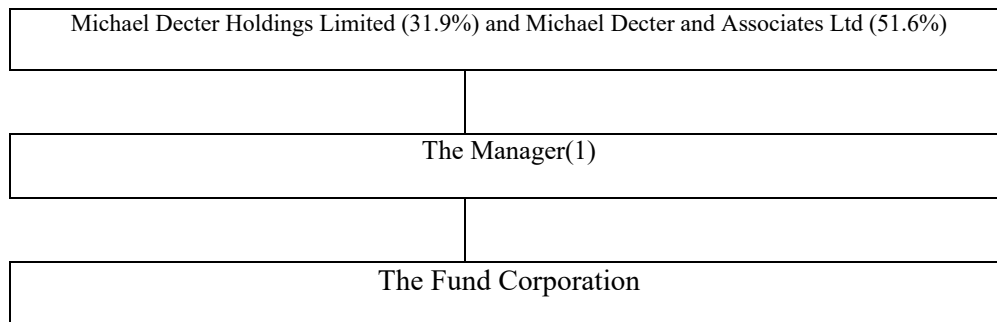
As of the date of this Annual Information Form, the only shareholders to own of record 10% or more of the 7,751 outstanding shares of the Manager are Michael Decter Holdings Limited which owns 31.9% of the issued and outstanding common shares (being 2,475 common shares) and Michael Decter and Associates Ltd which holds 51.6% of the issued and outstanding common shares (being 4,001 common shares). All of the voting securities of these entities are owned by Michael Decter.

As of the date of this Annual Information Form, Michael Decter owns 27.7% of the Trust Fund (being 171,897 Series F shares) and to the knowledge of the Manager, no person or company owned, of record or beneficially, directly or indirectly, more than 10% of the outstanding units of any class of Units of the Trust Fund.

As of the date of this Annual Information Form, Michael Decter owns 14.4% of the Corporate Fund and, to the knowledge of the Manager, no other person or company owned, of record or beneficially, directly or indirectly, more than 10% of the outstanding shares of any other Series of the Corporate Fund.

As of the date of this Annual Information Form, the members of the IRC did not own beneficially, directly or indirectly, in the aggregate, more than 10% of the outstanding units of any class or series of the Funds, or more than 1% of the Manager or any person or company that provides material services to the Funds.

### Affiliated Entities



Notes:

- (1) The Manager owns 100% of the issued and outstanding common shares of the Fund Corporation. The common shares of the Fund Corporation entitles the holder(s) to vote for the election of the directors of the Fund Corporation.

The Manager to the Funds is LDIC Inc., which owns all of the issued and outstanding common shares of the Fund Corporation. Michael Decter, Ron Bailey and Graham Scott are directors of both the Manager and the Fund Corporation. Michael Decter is the Chairman, Chief Executive Officer and President of the Manager and Chief Executive Officer the Fund Corporation. Beryl McCallum is the Chief Operating Officer and Chief Compliance Officer of the Manager and Chief Financial Officer of the Fund Corporation.

The fees paid to the Manager by the Funds will be set out in the Funds' financial statements.

## **FUND GOVERNANCE**

### **Policies and Procedures**

The Manager has overall responsibility for the governance of the Funds. Senior management including the designated compliance officer has reviewed, commented on and approved the Manager's policies and procedures, which establish rules of conduct designed to ensure fair treatment of the Funds' securityholders and to ensure that at all times the interests of the Funds and its securityholders are placed above personal interests of employees, officers and directors of the Manager. The policies and procedures apply the highest standards of integrity and ethical business conduct. The objective is not only to remove any potential for real conflicts of interest, but also to avoid any perception of conflict. The policies and procedures address areas of investment, which covers personal trading by employees, conflicts of interest, information barriers between departments and portfolio advisors, and also address confidentiality, fiduciary duty and enforcement of rules of conduct.

### **Policies for the Use of Derivatives**

The Funds may enter into derivatives transactions in a manner considered appropriate to achieving the Funds' investment objectives and to the extent permitted by Canadian securities regulatory authorities, as described under the heading "*Use of Derivatives*" in Part B of the simplified prospectus of the Funds.

The Manager has appropriate policies and procedures in place for the use of derivatives in the Funds. The Manager's Chief Investment Officer, Michael Decter, administers such policies and procedures and they are reviewed on a periodic basis by the Manager's Chief Compliance Officer, Beryl McCallum. Any use of derivatives by a Fund can only be made in accordance with the limitations and restrictions set out in applicable regulatory policies, and in particular in NI 81-102.

### **Policies on Securities Lending Transactions**

The Funds may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, as permitted under NI 81-102.

A Fund will not enter into a securities lending transaction or a repurchase transaction if, immediately thereafter, the aggregate market value of all securities loaned by the Fund and not yet returned to it or sold by the Fund in a repurchase transaction and not repurchased would exceed 50% of the total assets of the Fund (exclusive of collateral held by the Fund for securities lending transactions and cash held by the Fund for repurchase transactions).

The Custodian or a sub-custodian of the Funds will act as the agent for the Fund in administering the securities lending, repurchase and reverse repurchase transactions of the Fund. The risk associated with these transactions will be managed by requiring the Funds' agent enter into such transactions for the Funds with reputable and well-established Canadian and foreign brokers, dealers and institutions. The agent is required to maintain internal controls, procedures and records including a list of approved third parties based on generally accepted creditworthiness standards, transaction and credit limits for each third party, and collateral diversification standards. Each day, the agent will determine the market value of both the securities loaned by a Fund under a securities lending transaction or sold by a Fund under a repurchase transaction and the cash or collateral held by the Fund for such transactions. If on any day the market value of the cash or collateral is less than 102% of the market value of the borrowed or sold

securities, on the next day the borrower will be required to provide additional cash or collateral to the Fund to make up the shortfall.

### **Policies on Short-Selling Transactions**

A short sale by a Fund involves borrowing securities from a lender and selling those securities in the open market (or “selling short” the securities). At a later date, the same number of securities are repurchased by the Fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the Fund pays interest to the lender on the borrowed securities. 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 to the lender, the Fund will make a profit for the difference (less any interest the Fund is required to pay to the lender). Selling short provides the Fund with more opportunities for profits when markets are generally volatile or declining.

The Funds will engage in short selling only within certain controls and limitations and pursuant to applicable securities legislation. Securities legislation imposes the following conditions and limits on the Funds’ short-selling activities. Securities will be sold short only for cash. A security sold short shall not be: (i) a security that the mutual fund is otherwise not permitted to purchase at the time of the short sale transaction; (ii) an illiquid asset; or (iii) a security of an investment fund unless the security is an index participation unit. At the time securities of a particular issuer are sold short by a Fund, (i) the Fund has borrowed or arranged to borrow from a borrowing agent the security that is to be sold under the short sale transaction; (ii) the aggregate market value of all securities of that issuer sold short will not exceed 5% of the net asset value of the Fund and (iii) the aggregate market value of all securities sold short by a Fund will not exceed 20% of the net asset value of the Fund. The Funds will also hold cash cover (as defined in NI 81-102) in an amount, including a Fund’s assets deposited with borrowing agents as security in connection with short sale transactions, that is at least 150% of the aggregate market value of all securities it sold short on a daily marked-to-market basis. No proceeds from short sales will be used by the Funds to purchase long positions other than cash cover.

### **Voting of Portfolio Securities**

The Manager will vote the securities held by the Funds. In voting proxies on behalf of a Fund, the Manager must do so in a manner consistent with the best interests of the Fund and its securityholders.

The Manager is required to vote (or decide to refrain from voting), or cause to be voted, all shares or other voting securities of the Funds, provided that the Manager receives the proxy and related materials from the issuer or otherwise in sufficient time to cast such vote. Where the Custodian of the Funds must vote such securities in accordance with the instructions of the Manager, the Manager shall ensure that instructions are provided to the Custodian in accordance with its corporate action requirements in this regard.

Situations may exist in which, in relation to proxy voting matters, the Manager may be aware of an actual, potential or perceived conflict between its own interests and the interests of securityholders. The Manager will, prior to the vote deadline date, review any such matter, and will take necessary steps to ensure that the proxy is voted in accordance with what the Manager believes to be the best interest of the securityholders. Where the Manager is aware of such a conflict, in order to maintain impartiality, the Manager may choose to seek out and follow the voting recommendation of an independent proxy research and voting service, or refer the matter to the Independent Review Committee of the Funds.

The policies and procedures that the Manager follows when voting proxies relating to portfolio securities held by the Funds are available on request, at no cost, by calling the Manager (collect) at (416)

362-4141, by emailing the Manager at [info@ldic.ca](mailto:info@ldic.ca) or by writing to the Manager at the Exchange Tower, 130 King Street West, Suite 2130, PO Box 399, Toronto, Ontario, M5X 1E2.

The Fund shall prepare a proxy voting record for the period ending on June 30 of each calendar year, and complete such record by August 31 of the year. Upon request made by a securityholder, the Fund will deliver a copy of its proxy voting record to such securityholder without charge. The proxy voting record is also available on the Manager's website at [www.ldic.ca](http://www.ldic.ca).

### **Independent Review Committee**

In accordance with National Instrument 81-107 - *Independent Review Committee for Investment Funds* ("NI 81-107"), the Funds have established an independent review committee ("IRC") consisting of Matthew Jennings, Ian Hogg (Chair) and Blair Lekstrom. The IRC reviews, and may be requested to approve, certain conflict of interest matters referred to it by the Manager. It is also responsible for reviewing and providing input on the Manager's policies and procedures in respect of conflicts of interest involving the Funds. The IRC prepares an annual report to the securityholders of the Funds discussing its activities in the prior year. This report is posted on the Manager's website at [www.ldic.ca](http://www.ldic.ca), and will be available to securityholders upon request, without charge, by calling the Manager (collect) at (416) 362-4141 or by emailing the Manager at [info@ldic.ca](mailto:info@ldic.ca).

Each member of the IRC is entitled to receive an annual fee of \$1,000 for so acting, and to be reimbursed for any reasonable out-of-pocket expenses incurred in the performance of his or her duties. There are no additional or other fees, such as per-meeting fees. No member of the IRC performs any other services, such as consulting services, to the Funds.

### **Board of Directors of the Fund Corporation**

The Fund Corporation has a board of directors which is subject to duties imposed upon directors of a corporation under the *Business Corporations Act* (Ontario). Under this legislation, each member of the board of directors of the Fund Corporation must act honestly, in good faith and in the best interests of the Fund Corporation and must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances. To help them carry out their obligations to the Corporate Fund, the board of directors of the Fund Corporation have engaged the Manager as manager of the Corporate Fund and as the Corporate Fund's principal distributor and registrar. The board of directors of the Fund Corporation will oversee the activities of the Fund Corporation, the Corporate Fund, and the Manager in respect of the Corporate Fund and will provide guidance to the Manager concerning the Corporate Fund, when required.

### **Short-Term Trading**

Where investors make short-term trades in units or shares of a Fund, buying such units or shares one day and redeeming them a short time later, there can be adverse effects on other investors. For example, a Fund may incur extra trading costs in first purchasing portfolio securities with the subscription funds, and then in selling portfolio securities to pay proceeds of redemption, depending upon the Fund's cash position. Further, short-term investors may enjoy the benefits of capital appreciation incurred in a Fund without that investor's subscription actually being invested in time to contribute to that appreciation.

For these and other reasons, the Manager has the right to impose a short-term trading fee of up to 2% if units or shares of a Fund are redeemed within 30 days of the date of purchase. The Manager would generally not charge this fee in circumstances where the reason for an early redemption was an unexpected change in personal or financial circumstances, or other legitimate reason, and was not part of

a course of conduct of short-term trading. Where the Manager detects repeated short-term trading occurring by an investor, in addition to charging the short-term trading fee the Manager may decline to accept future purchase orders from that investor.

While these restrictions and our monitoring attempts to deter short-term trading, we cannot ensure that such trading will be completely eliminated.

## **FEES AND EXPENSES**

### **Management Fee Rebate Program**

The Manager may reduce or waive the management fees that it is entitled to charge. If an investor makes a large investment in a Fund, the Manager may reduce its usual management fee that would apply to the investment. The amount of any such reduction is subject to negotiation between the Manager and the investor, based upon the value of the investments previously made or proposed to be made in the Fund. The relevant Fund will pay the investor the amount of the reduction in the form of a distribution, which will be reinvested in additional units or shares of the Fund, unless the investor tells the Manager that he or she wants to receive the rebate in cash or reinvest it in another Fund.

See “*Certain Canadian Federal Income Tax Considerations*” below for a discussion of the tax consequences to investors of receiving a management fee rebate.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of the principal Canadian federal income tax considerations generally applicable as at the date of this Annual Information Form to the Funds and, with respect to the acquisition, ownership and disposition of units or shares of a Fund, to an individual who, for the purposes of the Tax Act, is a Canadian resident, is not affiliated and deals at arm’s length with the Fund, will hold units or shares of the Fund as capital property, and has invested for such individual’s own benefit and not as a trustee of a trust. Generally, shares and units will be considered to be capital property to a holder provided that the holder does not hold such shares or units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold shares or units as capital property may, in certain circumstances, be entitled to have such securities and all other “Canadian securities” owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based on the facts set out in this Annual Information Form, the current provisions of the Tax Act, the regulations thereunder and the current published administrative practices and policies of the Canada Revenue Agency (“CRA”). It takes into account all specific proposals (the “**Tax Proposals**”) to amend the Tax Act and the regulations thereunder publicly announced by the Minister of Finance before the date hereof. This summary assumes Tax Proposals will be enacted as currently proposed although no assurance can be given in that regard. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law whether by legislative, regulatory, administrative or judicial action. Furthermore, this summary does not take into account other federal, provincial or foreign income tax legislation or considerations.

This summary is not applicable to a Trust Unitholder (i) that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules) or a “specified financial institution”, (ii) an interest in which is a “tax shelter investment”, (iii) that has elected to determine its Canadian tax results in a foreign currency pursuant to the “functional currency” reporting rules in the Tax Act, (iv) that

at any time has an “at-risk adjustment”, as defined in the Canadian Tax Act; (v ) that is a partnership or trust; (vi) an investment in which would constitute a “tax shelter investment” within the meaning of the Tax Act or (vii) that has entered into a “derivative forward agreement” or a “synthetic disposition arrangement”, with respect to the Trust Unitholder’s Trust Units (in each case as defined in the Tax Act). Such Trust Unitholders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Trust Units. In addition, this summary does not address the deductibility of interest by a Trust Unitholder who has borrowed money to acquire Trust Units under this Offering.

This summary is also based on the assumption that the Trust Fund will not at any time be a SIFT trust as defined in the SIFT provisions contained in the Tax Act. Provided that the Trust Fund is not listed or traded on a stock exchange or other public market then it should not be a SIFT trust.

This summary is also based on the following assumptions:

- (i) It is assumed that an investor does not undertake or arrange any transaction relating to the investor’s units or shares, other than those referred to in this Annual Information Form, and that none of the transactions relating to the investor’s units or shares and referred to in this Annual Information Form is undertaken or arranged primarily to obtain a tax consequence other than those specifically described herein.
- (ii) It is assumed that both the Trust Fund and the Fund Corporation, have elected pursuant to subsection 39(4) of the Tax Act to have all Canadian securities owned by them deemed to be capital property.
- (iii) It is assumed that the Trust Fund will continue to qualify as both a “unit trust” and a “mutual fund trust” for the purposes of the Tax Act (in order to so qualify, a Trust Fund must, among other things, comply with certain conditions as to the number of its holders of units and the dispersal of ownership of its units); and that the Fund Corporation will continue to qualify as a “mutual fund corporation” for the purposes of the Tax Act. The Manager has advised that it expects the Funds to so qualify at all material times. If a Fund were not to so qualify, the income tax consequences described below would in some respects be materially different.
- (iv) It is assumed that a Fund was not established and will not be maintained primarily for the benefit of non-residents of Canada.

**This description of income tax considerations is of a general nature only, is not exhaustive of all possible income tax considerations and is not intended to constitute advice to any particular investor. Prospective investors should seek independent advice from their own tax advisors regarding the tax consequences of investing in units or shares of a Fund, based upon their own particular circumstances.** The income and other tax consequences of acquiring, holding or disposing of units or shares of a Fund vary according to the status of the investor, the province or provinces in which the investor resides or carries on business and, generally, the investor’s own particular circumstances.

## **Taxation of the Funds**

In this segment of this summary of federal income tax considerations, dealing with income tax at the fund level, the term “Fund” will refer to each Trust Fund and to the Fund Corporation (rather than the Corporate Fund, which are represented by a series of shares of the Fund Corporation), because the Fund Corporation is the taxable entity.

### ***Taxation of the Fund Corporation***

In computing income for taxation year, the Fund Corporation will be required to include in income all dividends received by the Fund Corporation in the year. In computing taxable income, the Fund Corporation generally will be permitted to deduct all dividends received by it from taxable Canadian corporations. The Fund Corporation generally will not be permitted a deduction in computing taxable income for dividends received by it from corporations other than taxable Canadian corporations.

The taxable portion of capital gains (net of any applicable capital losses) realized by the Fund Corporation will be subject to tax at normal corporate rates applicable to a mutual fund corporation. Taxes paid by the Fund Corporation on realized capital gains will be refundable on a formula basis when Shares are redeemed or when the Fund pays capital gains dividends.

The Fund Corporation is generally subject to tax on taxable dividends received by it from taxable Canadian corporations under Part IV of the Tax Act in an amount equal to 38-1/3% of such dividends, which tax will be refundable on the basis of \$0.383333 for each \$1 of taxable dividends paid by the Fund Corporation to its holders of shares. If the Fund Corporation meets the definition of an investment corporation for purposes of the Tax Act, it will not be subject to the refundable Part IV tax and will be entitled to deduct from its tax otherwise payable an amount equal to a portion of the amount, if any, by which its taxable income exceeds its net taxable capital gains.

As a mutual fund corporation, the Fund Corporation is entitled in certain circumstances to a refund of tax paid by it in respect of its net realized capital gains. In certain circumstances where the Fund Corporation has recognized a capital gain in a taxation year, it may elect not to pay capital gains dividends in that taxation year in respect thereof and instead pay tax on such capital gains, which may in the future be fully or partially refundable upon the payment of sufficient capital gains dividends and/or capital gains redemptions. Also, as a mutual fund corporation, the Fund Corporation is entitled to maintain a capital gains dividend account in respect of its realized net capital gains and from which it may elect to pay dividends which are treated as capital gains in the hands of shareholders.

The Fund Corporation will designate, to the extent permitted, its taxable dividends as eligible dividends. An “eligible dividend” as defined in the Tax Act will be entitled to an enhanced gross-up and dividend tax credit. To the extent available under the Tax Act and CRA’s administrative practice, the Fund Corporation will pass on to holders in respect of eligible dividends the benefit of the enhanced gross-up and dividend tax credit.

To the extent that the Fund Corporation earns income (other than dividends from taxable Canadian corporations and taxable capital gains), including interest and dividends from corporations other than taxable Canadian corporations, the Fund Corporation will be subject to income tax on such income and no refund will be available in respect thereof.

In computing the adjusted cost base of any particular security, the Fund Corporation will generally be required to average the cost of that security with the adjusted cost base of all other identical securities owned by the Fund Corporation (regardless of the Corporate Fund to which it relates) and held as capital property at the time of acquisition.

### ***Taxation of the Trust Fund***

The Trust Fund is liable for tax in each year on:

- the amount of its net income for the year, including net realized taxable capital gains, less



- the portion of the net income for the year, including net realized taxable capital gains, that is paid or payable to holders of units in the year. (For convenience, in the balance of this summary of income tax considerations, the term “distributed” is used in place of “paid or payable”).

If the Trust Fund makes distributions of its net income and net realized capital gains in any year, whether the distribution consists of cash and/or Trust Fund Units, and deducts the full amount available for deduction in computing its income for that year, as is the stated intention of the Trust Fund, then the Trust Fund will usually not have any income tax liability for that year. However, if the Trust Fund does not distribute the full amount of its net realized capital gains in the year that the gains are realized, the Trust Fund may be liable for tax on the undistributed portion. If the Trust Fund is liable for tax in a given year on undistributed net realized capital gains, the Trust Fund can reduce this liability by an amount based on redemptions of its units during the year.

Provided that appropriate designations are made by a taxable Canadian corporation that is the issuer of securities held by the Trust Fund, certain dividends, including eligible dividends, paid by the issuer to the Trust Fund will effectively retain their character in the hands of the Trust Fund.

An “eligible dividend” as defined in the Tax Act will be entitled to an enhanced gross-up and dividend tax credit. To the extent available under the Tax Act and CRA’s administrative practice, the Trust Fund will pass on to holders in respect of eligible dividends the benefit of the enhanced gross-up and dividend tax credit. The Trust Fund will designate, to the extent permitted, any eligible dividends received by the Fund as eligible dividends to the extent such dividends are included in distributions to holders of units.

#### ***Taxation of the Fund Corporation and the Trust Fund***

The Fund Corporation and the Trust Fund will be entitled to deduct an amount equal to the reasonable expenses that they incur in the course of issuing the shares or units. Such issue expenses will be deductible by the Fund Corporation and the Trust Fund ratably over a five-year period subject to reduction in any taxation year which is less than 365 days. The Fund Corporation and the Trust Fund will generally be entitled to deduct reasonable administrative expenses and interest payable by them on money borrowed to purchase securities. Any non-capital losses incurred by the Fund Corporation and the Trust Fund may generally be carried forward or back in accordance with the rules and limitations contained in the Tax Act and deducted in computing the taxable income of the Fund Corporation and the Trust Fund.

The Fund Corporation and Trust Fund may enter into transactions denominated in currencies other than the Canadian dollar, including the acquisition of securities. The cost and proceeds of disposition of securities, interest and all other amounts will be determined for purposes of the Tax Act in Canadian dollars using the appropriate exchange rates determined in accordance with the detailed rules in the Tax Act. The amount of income, gains and losses realized by the Fund Corporation and the Trust Fund may be affected by fluctuations in the value of foreign currencies relative to the Canadian dollar. Gains or losses in respect of currency hedges entered into in respect of amounts invested will likely constitute capital gains and capital losses to the Fund Corporation if the securities in the Fund Corporation are capital property to the Fund Corporation and the Trust Fund provided there is significant linkage while gains and losses in respect of positions that are not hedging securities will generally be on income account.

The Fund Corporation and Trust Fund may derive income or gains from investment in countries other than Canada, and as a result, may be liable to pay income or profits taxes in such countries. Generally, in computing the amount of its Canadian income taxes, the Fund Corporation will be entitled to claim credits in respect of such taxes paid, including foreign taxes, withheld at source, to the extent

permitted by the detailed rules in the Tax Act. To the extent that a tax credit is not claimed, the Fund Corporation will generally be able to deduct any such foreign taxes paid. To the extent that such foreign tax paid by the Trust Fund exceeds 15% of the amount included in the Trust Fund's income from such investments, such excess may generally be deducted by the Trust Fund in computing its net income for the purposes of the Tax Act. To the extent that any such foreign tax paid does not exceed 15% of such amount and has not been deducted in computing the Trust Fund's income, the Trust Fund may designate in respect of a holder a portion of the foreign source income which can reasonably be considered to be part of the Trust Fund's income distributed to such holder so that such income and a portion of the foreign tax paid by the Trust Fund may be regarded as foreign source income of, and foreign tax paid by, the holder for the purposes of the foreign tax credit provisions of the Tax Act.

## **Taxation of holders of Units or Shares**

### ***Taxation of Shareholders of the Corporate Fund***

In the case of a holder of shares of a Corporate Fund who is an individual, taxable dividends and eligible dividends paid by the Corporate Fund, other than capital gains dividends, whether received in cash or reinvested in additional securities, will be included in computing the holder's income. The dividend gross-up and tax credit treatment normally applicable to taxable dividends paid by a taxable Canadian corporation will apply to such dividends, including the enhanced dividend gross-up and tax credit for "eligible dividends" received from the Fund Corporation. (See the discussion of "eligible dividends" and enhanced gross-up and dividend tax credit under "*Taxation of the Fund Corporation*" above.)

A Corporate Fund may also make distributions to holders of shares of realized capital gains by way of capital gains dividends. Capital gains may be realized by the Corporate Fund in a variety of circumstances. Capital gains dividends paid by a Corporate Fund will be treated as realized capital gains in the hands of holders of shares and will be subject to the general rules relating to the taxation of capital gains which are described below.

The amount of any payment received by a holder of shares as a return of capital on a share will not be required to be included in computing income of the holder. Instead, such amount will reduce the adjusted cost base of the relevant share to the holder. To the extent the adjusted cost base of the share to the holder would otherwise be a negative amount, the holder will be considered to have realized a capital gain at that time equal to such negative amount and the holder's adjusted cost base will be increased by the amount of such deemed capital gain.

A reclassification from one series of shares to another series of shares of the same Corporate Fund will not be a disposition under the Tax Act of the shares on the reclassification. The conversion by a holder of shares of one Corporate Fund into shares of another Corporate Fund will be a disposition under the Tax Act of the shares so converted and the holder will be deemed to have received proceeds equal to the fair market value of the shares converted. As a result, such a holder will realize a capital gain or capital loss on the conversion in those circumstances. The holder's cost of the shares of a Corporate Fund acquired on the conversion or otherwise, will be deemed under the Tax Act to be the fair market value to the holder of the shares of the Corporate Fund so converted immediately before the conversion. This cost will be required to be averaged with the adjusted cost base of other shares of such Corporate Fund owned by the holder.

The disposition or deemed disposition of shares of a Corporate Fund by a holder (including, by sale, redemption, in order to satisfy the negotiable conversion fee payable by a holder of shares or on a switch to units of the Trust Fund) will give rise to a capital gain (or capital loss) equal to the amount by

which the proceeds of disposition of such shares exceeds (or is less than) the aggregate of the adjusted cost base of such shares and any reasonable costs of disposition. One-half of a capital gain (a “taxable capital gain”) is included in a holder’s income and one-half of a capital loss is deductible against taxable capital gains in accordance with the provisions of the Tax Act.

The net asset value of shares of a class acquired by a holder of shares may reflect income and gains that have accrued in the Corporate Fund, but which have not yet been realized or distributed. Dividends made by the Corporate Fund to the holder may include such income and gains, with the result that the holder will be required to include these amounts in income, even though they formed part of the purchase price of the holder’s shares.

### ***Taxation of Holders of Units***

Assuming that the Trust Fund distributes 100% of its income, including capital gains, to the holders of Trust units, the holder of units of the Trust Fund must include the portion of the Trust Fund’s net income distributed to the holder of units the taxable portion of the Trust Fund’s net realized capital gains distributed to the holder (whether or not accrued or realized by the Trust Fund prior to the holder’s acquisition of units), whether or not these amounts distributed as cash or are reinvested in additional units of the Trust Fund.

The non-taxable portion of net realized capital gains of a Fund that is distributed to the holder of units in the year will not be included in computing the holder’s income for a given year. Any amount in excess of the holder’s share of the Trust Fund’s net income for a taxation year paid or payable to the holder in the year will not generally be included in the holder’s income but will generally reduce the adjusted cost base of the holder’s units. To the extent that the adjusted cost base of the holder’s units would otherwise be a negative amount, the holder will be considered to have realized the capital gain at the time equal to such negative amount and the holder’s adjusted cost base will be increased by the amount of such deemed capital gain.

The Trust Fund intends to make appropriate designations so that the following will retain their character in the holder’s hands for purposes of the Tax Act when they are distributed:

- taxable dividends received by the Trust Fund on shares of the capital stock of taxable Canadian corporations (these amounts will be eligible for the normal gross-up and credit rules under the Tax Act);
- net realized taxable capital gains of the Trust Fund; and
- foreign source income of the Trust Fund and foreign taxes eligible for the foreign tax credit.

The holder’s adjusted cost base of each unit of a Fund will generally be the average calculated by totaling the actual amounts (including any brokerage fees and other costs incidental to the acquisition) that the holder paid to acquire all of the units of the Trust Fund held at the time and dividing by the number of units held. Units acquired by reinvestment of distributions will be included in the calculation. In the event that a Trust Fund has returned capital as part of a distribution, the amount of capital received would be deducted in the averaging calculation.

When a holder of units disposes of a unit of a Trust Fund, whether by redemption or otherwise (including a sale of units, switch of units for shares of a Corporate Fund, or deemed disposition at death), a capital gain or capital loss may arise. One-half of any capital gain will be included in the holder’s

income and one-half of any capital loss may be deducted against taxable capital gains realized in accordance with the provisions of the Tax Act.

A reclassification from one class of units into another class of units of the same Trust Fund generally will not result in a disposition for tax purposes or the realization of a capital gain or capital loss to the reclassifying shareholder.

The net asset value of units of a class acquired by a holder of units may reflect income and gains that have accrued in the Trust Fund, but which have not yet been realized or distributed. Distributions made by the Trust Fund to the holder may include such income and gains, with the result that the holder will be required to include these amounts in income, even though they formed part of the purchase price of the holder's units.

### **Alternative Minimum Tax**

Individuals (other than certain trusts) are subject to an alternative minimum tax. Such persons may be liable for this alternative minimum tax in respect of realized capital gains and/or dividends.

### **Tax Information**

The Manager will provide holders of units and shares with transaction statements and the annual tax information slips reporting income and net realized capital gains distributions needed to complete their income tax returns.

### **REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEE**

The Funds are not obligated to, and do not pay any remuneration to the directors or officers of the Manager, nor the trustee of the Trust Fund.

Each Fund compensates the members of the IRC for services provided to the Fund and reimburses the members for reasonable out of pocket expenses. For the year ended December 31, 2017, the fees payable to the members of the IRC in respect of the Funds were an aggregate of \$6,000 (being \$1000 per member per fund). There were no additional or other fees, such as per-meeting fees. No member of the IRC performs any other services, such as consulting services, to the Funds.

### **ELIGIBILITY FOR REGISTERED PLANS**

The Fund Corporation is expected to qualify as a "mutual fund corporation" (as defined in the Tax Act) and the Trust Fund is expected to qualify as a "mutual fund trust" (as defined in the Tax Act) at all material times. Provided that they so qualify, all of the Funds shall be qualified investments under the Tax Act for trusts governed by RRSPs, RRIFs, DPSPs, RESPs, RDSPs and TFSAs. Provided that the holder of a TFSA, or the annuitant under a RRSP or RRIF, as the case may be, does not hold a "significant interest" (within the meaning of the Tax Act) in the Fund, and provided that such holder or annuitant deals at arm's length with the Fund for purposes of the Tax Act, the shares or units as the case may be, will not be a prohibited investment for a trust governed by such TFSA, RRSP, or RRIF. Holders should consult their own tax advisors as to whether units or shares of a Fund will be prohibited investments in their particular circumstances.

### **MATERIAL CONTRACTS**

The material contracts that entered into by or on behalf of the Funds are as follows:

- The Declaration of Trust in respect of the Trust Fund dated as of April 12, 2013;
- The Management Agreement in respect of the Corporate Fund dated as of May 22, 2015;  
and
- The Custodian Agreement entered into between RBC Investor Services Trust and the Manager dated as of May 15, 2015.

Copies of the documents described above may be inspected during regular business hours on any business day at the registered office of the Manager at the Exchange Tower, 130 King Street West, Suite 2130, Toronto, Ontario, M5X 1E2.

**CERTIFICATE OF THE TRUST FUND**

**AND OF LDIC INC. AS MANAGER, TRUSTEE AND PROMOTER OF**

**LDIC North American Infrastructure Fund**  
(the “Trust Fund”)

This Annual Information Form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each of the provinces and territories of Canada and do not contain any misrepresentations.

DATED May 31, 2018

*“Michael B. Decter”* (Signed)

\_\_\_\_\_  
Michael B. Decter  
Chief Executive Officer of LDIC Inc.

*“Beryl McCallum”* (Signed)

\_\_\_\_\_  
Beryl McCallum  
Chief Operating Officer, in the capacity  
of Chief Financial Officer,  
of LDIC Inc.

On behalf of the Board of Directors  
of LDIC INC.  
as Trustee, Manager and Promoter of the Trust Fund

*“Graham Scott”* (Signed)

\_\_\_\_\_  
Graham Scott  
Director of LDIC Inc.

*“Ron Bailey”* (Signed)

\_\_\_\_\_  
Ron Bailey  
Director of LDIC Inc.

**CERTIFICATE OF THE CORPORATE FUND  
AND OF LDIC INC. AS MANAGER AND PROMOTER OF**

**LDIC North American Small Business Fund (Corporate Class)  
(the “Corporate Fund”)**

This Annual Information Form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each of the provinces and territories of Canada and do not contain any misrepresentations.

DATED May 31, 2018

*“Michael B. Decter”* (Signed)

\_\_\_\_\_  
Michael B. Decter  
Chief Executive Officer of LDIC Mutual Fund  
Corporation Inc.

*“Beryl McCallum”* (Signed)

\_\_\_\_\_  
Beryl McCallum  
Chief Financial Officer of LDIC Mutual Fund  
Corporation Inc.

On behalf of the Board of Directors  
of LDIC MUTUAL FUND CORPORATION INC.

*“Graham Scott”* (Signed)

\_\_\_\_\_  
Graham Scott  
Director of LDIC Mutual Fund Corporation Inc.

*“Ron Bailey”* (Signed)

\_\_\_\_\_  
Ron Bailey  
Director of LDIC Mutual Fund Corporation Inc.

On behalf of LDIC INC.  
as Manager and Promoter of the Corporate Fund

*“Michael B. Decter”* (Signed)

\_\_\_\_\_  
Michael B. Decter  
Chief Executive Officer of LDIC Inc.

*“Beryl McCallum”* (Signed)

\_\_\_\_\_  
Beryl McCallum  
Chief Operating Officer, in the capacity  
of Chief Financial Officer,  
of LDIC Inc.

On behalf of the Board of Directors of LDIC INC.  
as Manager and Promoter of the Corporate Fund

*“Graham Scott”* (Signed)

\_\_\_\_\_  
Graham Scott  
Director of LDIC Inc.

*“Ron Bailey”* (Signed)

\_\_\_\_\_  
Ron Bailey  
Director of LDIC Inc.



LDIC North American Infrastructure Fund

LDIC North American Small Business Fund (Corporate Class)

**LDIC INC.**

**The Exchange Tower, 130 King Street West, Suite 2130**

**PO Box 399, Toronto, Ontario M5X 1E2**

Additional information about the Funds is available in the Funds' fund facts, management reports of fund performance and financial statements. You can get a copy of these documents at no cost from your dealer or by calling the Manager (collect) at (416) 362-4141 or by emailing the Manager at [info@ldic.ca](mailto:info@ldic.ca).

These documents and other information about the Funds, such as information circulars and material contracts, are also available on the Manager's website at [www.ldic.ca](http://www.ldic.ca) or at [www.sedar.com](http://www.sedar.com).