

*A copy of this preliminary short form base shelf prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form base shelf prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form base shelf prospectus is obtained from the securities regulatory authorities.*

*This short form base shelf prospectus has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be offered for sale and therein only by persons permitted to sell such securities.*

*Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Life & Banc Split Corp. at its head office located at Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, Toronto, Ontario M5J 2T3, or by calling 1-866-642-6001, and are also available electronically at [www.sedarplus.ca](http://www.sedarplus.ca).*

## PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

New Issue

January 11, 2024



**\$400,000,000**

### Preferred Shares and Class A Shares

During the 25-month period that this short form base shelf prospectus, including any amendments hereto, remains effective, Life & Banc Split Corp. (the “Company”) may from time to time offer and issue preferred shares (“Preferred Shares”) and class A shares (“Class A Shares”) in an aggregate principal amount of up to \$400,000,000. Preferred Shares and Class A Shares may be offered in such amount as may be determined in light of market conditions. The specific terms of the Preferred Shares and Class A Shares in respect of which this short form base shelf prospectus is being delivered will be set forth in one or more prospectus supplements (each a “Prospectus Supplement”) to be delivered to purchasers together with this short form base shelf prospectus, and may include, where applicable, the aggregate offered amount, the number of Preferred Shares and Class A Shares offered, the issue price, the dividend rate, the dividend payment dates and any terms for redemption at the option of the Company or the holder. Each such Prospectus Supplement will be incorporated by reference into this short form base shelf prospectus for the purposes of securities legislation as of the date of each such Prospectus Supplement and only for the purposes of the distribution of Preferred Shares and Class A Shares to which such Prospectus Supplement pertains.

Preferred Shares and Class A Shares are generally issued on the basis that an equal number of Preferred Shares and Class A Shares will be outstanding at all times. The Company is a mutual fund corporation incorporated under the laws of the Province of Ontario. The Company invests, on an approximately equally weighted basis, in a portfolio (the “Portfolio”) consisting of common shares of the six largest Canadian banks and the four major publicly traded Canadian life insurance companies. As of December 31, 2023, the Portfolio consisted of common shares of the following Canadian banks and Canadian life insurance companies:

The Bank of Nova Scotia	Royal Bank of Canada
National Bank of Canada	iA Financial Group
The Toronto-Dominion Bank	Great-West Lifeco Inc.
Canadian Imperial Bank of Commerce	Manulife Financial Corporation

The Company may sell Preferred Shares and Class A Shares to or through underwriters or dealers or directly to investors or through agents. The Prospectus Supplement relating to the Preferred Shares and Class A Shares offered by the Company will identify each person who may be deemed to be an underwriter with respect to such Preferred Shares and Class A Shares and will set forth the terms of the offering of such Preferred Shares and Class A Shares, including, to the extent applicable, the offering price, the proceeds to the Company, the underwriting commissions and any other fees, discounts or concessions to be allowed or reallocated to dealers. The sale of Preferred Shares and Class A Shares may be effected from time to time in one or more transactions at non-fixed prices pursuant to transactions that are deemed to be “at-the-market distributions” as defined in National Instrument 44-102 – *Shelf Distributions* (“NI 44-102”), including sales made directly on the Toronto Stock Exchange (the “TSX”) or other existing trading markets for the Preferred Shares and Class A Shares, and as set forth in a Prospectus Supplement for such purpose. The lead underwriter or lead agent or underwriters or agents with respect to the Preferred Shares and Class A Shares sold to or through underwriters or agents will be named in the related Prospectus Supplement. See “*Plan of Distribution*”.

Subject to applicable laws, in connection with any offering of Preferred Shares and Class A Shares, other than an “at-the-market distribution” of Preferred Shares and Class A Shares, the underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares and/or Class A Shares offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Sales of Preferred Shares and Class A Shares under an “at-the-market distribution”, if any, will be made pursuant to an accompanying Prospectus Supplement. Sales of Preferred Shares and Class A Shares under any “at-the-market” program will be made in transactions that are deemed to be “at-the-market distributions” as defined in NI 44-102. The volume and timing of any “at-the-market distributions” will be determined at the Company’s sole discretion.

No underwriter or agent involved in an “at-the-market distribution”, no affiliate of such underwriter or agent and no person or company acting jointly or in concert with such underwriter or agent may over-allot Preferred Shares or Class A Shares in connection with the distribution or may effect any other transactions that are intended to stabilize or maintain the market price of the Preferred Shares or Class A Shares in connection with an “at-the-market distribution”.

The Preferred Shares and the Class A Shares are listed on the TSX under the symbols LBS.PR.A and LBS, respectively. On January 9, 2024, the closing price on the TSX of the Preferred Shares was \$9.91 and of the Class A Shares was \$7.88.

An investment in the Preferred Shares or the Class A Shares involves a degree of risk. It is important for prospective investors to consider the risk factors described in this short form base shelf prospectus. See “*Risk Factors*”.

All shelf information permitted under applicable law to be omitted from this short form base shelf prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this prospectus. Each Prospectus Supplement will be incorporated by reference into this short form base shelf prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Preferred Shares and Class A Shares to which the Prospectus Supplement pertains.

**TABLE OF CONTENTS**

GLOSSARY OF TERMS .....	1
FORWARD LOOKING STATEMENTS .....	5
DOCUMENTS INCORPORATED BY REFERENCE .....	5
THE COMPANY .....	7
DESCRIPTION OF THE SHARES OF THE COMPANY .....	9
DESCRIPTION OF SHARE CAPITAL .....	13
USE OF PROCEEDS .....	13
PLAN OF DISTRIBUTION .....	14
ORGANIZATION AND MANAGEMENT OF THE COMPANY .....	15
RISK FACTORS .....	15
EXCHANGE OF TAX INFORMATION .....	19
FEES AND EXPENSES .....	20
LEGAL MATTERS .....	21
PURCHASERS' STATUTORY RIGHTS .....	21
CERTIFICATE OF THE COMPANY AND THE MANAGER.....	C-1

## GLOSSARY OF TERMS

In this short form base shelf prospectus, the following terms have the meanings set forth below, unless otherwise indicated. Unless otherwise indicated, all references to dollar amounts in this short form base shelf prospectus are to Canadian dollars.

“**1933 Act**” means the United States *Securities Act of 1933*, as it may be amended from time to time.

“**Annual Retraction Date**” means the second last Business Day of November of each year. The Annual Retraction Date will not apply in any year in which a special retraction right has been exercised.

“**ATM Offering**” has the meaning given to such term under “*The Company*” in this short form base shelf prospectus.

“**Auditor**” has the meaning given to such term under “*Organization and Management of the Company – Auditor*” in this short form base shelf prospectus.

“**Banks**” has the meaning given to such term under “*The Company – Investment Guidelines*” in this short form base shelf prospectus.

“**Black-Scholes Model**” means a widely used option pricing model developed by Fischer Black and Myron Scholes in 1973. The model can be used to calculate the theoretical value of an option based on the current price of the underlying security, the strike price and term of the option, prevailing interest rates and the volatility of the price of the underlying security.

“**Board of Directors**” means the Company’s board of directors.

“**Business Day**” means any day on which the TSX is open for business.

“**cash equivalents**” means, and for the purposes of “cash cover” and “cash covered put option”, “cash” as used therein means:

- (a) cash on deposit at the Custodian;
- (b) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by:
  - (i) any of the federal or provincial governments of Canada;
  - (ii) the Government of the United States; or
  - (iii) a Canadian financial institution;provided that, in the case of (ii) and (iii), such evidence of indebtedness has a rating of at least R-1 (mid) by DBRS or the equivalent rating from another designated rating organization; or
- (c) other cash cover as defined in NI 81-102.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**CDS Participant**” means a participant in CDS.

“**Class A Shares**” means the class A shares of the Company.

“**Class J Shares**” means the class J shares of the Company.

“**Company**” means Life & Banc Split Corp., a mutual fund corporation incorporated under the laws of the Province of Ontario.

“**CRA**” means the Canada Revenue Agency.

“**CRS Rules**” has the meaning given to such term under “*Exchange of Tax Information*” in this short form base shelf prospectus.

“**Custodial Services Agreement**” means the custodian agreement entered into by the Company and the Custodian dated as of September 15, 2016, as it may be amended from time to time.

“**Custodian**” means CIBC Mellon Trust Company, in its capacity as custodian under the Custodial Services Agreement, as appointed from time to time by the Company.

“**DBRS**” means DBRS Limited.

“**Equity Distribution Agreement**” has the meaning given to such term under “*The Company*” in this short form base shelf prospectus.

“**Extraordinary Resolution**” means a resolution passed by the affirmative vote of at least 66<sup>2/3</sup>% of the votes cast, either in person or by proxy, at a meeting of shareholders called for the purpose of approving such resolution.

“**FHSA**” means first home savings account within the meaning of the Tax Act.

“**IRC**” means the independent review committee established by the Manager for the Company pursuant to NI 81-107.

“**Investment Guidelines**” means the investment guidelines of the Company described under “*The Company – Investment Guidelines*” in this short form base shelf prospectus.

“**Investment Objectives**” means the investment objectives of the Company described under “*The Company – Investment Objectives*” in this short form base shelf prospectus.

“**Investment Restrictions**” means the investment restrictions of the Company, including without limitation, those described under “*The Company – Investment Restrictions*” in this short form base shelf prospectus.

“**IRS**” has the meaning given to such term under “*Exchange of Tax Information*” in this short form base shelf prospectus.

“**Lifecos**” has the meaning given to such term under “*The Company – Investment Guidelines*” in this short form base shelf prospectus.

“**Manager**” means Brompton Funds Limited, in its capacity as manager of the Company, or if applicable, its successor.

“**Management Agreement**” means the management agreement dated as of September 28, 2006 between the Company and the Manager as it may be amended from time to time.

“**Management Fee**” has the meaning given to such term under “*Fees and Expenses – Management Fee*” in this short form base shelf prospectus.

“**Maturity Date**” means October 30, 2028, subject to extension for successive terms of up to five years as determined by the Board of Directors. See “*The Company – Maturity Date*” in this short form base shelf prospectus.

“**NAV per Unit**” means the NAV of the Company divided by the number of Units then outstanding.

“**Net Asset Value**” and “**NAV of the Company**” means (a) the aggregate value of the assets of the Company, less (b) the aggregate value of the liabilities of the Company (the Preferred Shares will not be treated as liabilities for these

purposes), including any distributions declared and not paid that are payable to Shareholders on or before such date, less (c) the stated capital of the Class J Shares (\$100) as described in the current annual information form of the Company.

“**NI 44-102**” means National Instrument 44-102 – *Shelf Distributions* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**NI 81-102**” means National Instrument 81-102 – *Investment Funds* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**NI 81-106**” means National Instrument 81-106 – *Investment Fund Continuous Disclosure* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**NI 81-107**” means National Instrument 81-107 – *Independent Review Committee for Investment Funds* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**Portfolio**” means the Company’s investment portfolio.

“**Preferred Shares**” means the preferred shares of the Company.

“**Prospectus Supplement**” means a prospectus supplement to be delivered to purchasers together with this short form base shelf prospectus, and may include, where applicable, the aggregate offered amount, the number of Preferred Shares and Class A Shares offered, the issue price, the dividend rate, the dividend payment dates and any terms for redemption at the option of the Company or the holder.

“**Rebalancing Criteria**” means the Rebalancing Criteria of the Company described in the Company’s most recent annual information form.

“**Recirculation Agent**” has the meaning given to such term under “*Description of the Shares of the Company – Certain Provisions of the Preferred Shares – Retraction Privileges – Resale of Preferred Shares Tended for Retraction*” in this short form base shelf prospectus.

“**Recirculation Agreement**” has the meaning given to such term under “*Description of the Shares of the Company – Certain Provisions of the Preferred Shares – Retraction Privileges – Resale of Preferred Shares Tended for Retraction*” in this short form base shelf prospectus.

“**Registered Plan**” means a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan, a tax-free savings account and a first home savings account.

“**Reportable Jurisdiction**” has the meaning given to such term under “*Exchange of Tax Information*” in this short form base shelf prospectus.

“**Retraction Date**” means the second last Business Day of a month.

“**Retraction Notice**” means a notice delivered by a CDS Participant to CDS (at its office in Toronto) on behalf of a Shareholder who desires to exercise his or her retraction privileges.

“**Retraction Payment Date**” means the date that is on or before the tenth Business Day in the month following a Retraction Date.

“**Securities Lending Agents**” means Canadian Imperial Bank of Commerce and The Bank of New York Mellon and “**Securities Lending Agent**” means any one of them.

“**Securities Lending Agreement**” means the securities lending authorization dated as of September 15, 2016, among the Company, CIBC Mellon Global Securities Company, CIBC Mellon Trust Company and the Securities Lending Agents to provide securities lending services relating to the Portfolio.

“**Shareholder**” means a holder of a Preferred Share or a Class A Share and “**Shareholders**” means more than one holder of a Preferred Share or Class A Share.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as the same may be amended from time to time.

“**TSX**” means the Toronto Stock Exchange.

“**Unit**” means a notional unit consisting of one Preferred Share and one Class A Share.

“**U.S.**” and “**United States**” means the United States of America, its territories and possessions.

“**U.S. person**” has the meaning given to such term in Regulation S under the 1933 Act.

“**Valuation Date**” means, at a minimum, Thursday of each week, or if any Thursday is not a Business Day, the immediately preceding Business Day, and includes any other date on which the Manager elects, in its discretion, to calculate the NAV per Unit.

“**volatility**” means, in respect of the price of a security, a numerical measure of the tendency of the price to vary over time.

## FORWARD LOOKING STATEMENTS

Certain of the statements contained in this short form base shelf prospectus may be forward-looking statements. The use of words such as “may,” “will,” “should,” “could,” “anticipate,” “believe,” “expect,” “intend,” “plan,” “potential,” “continue” and similar expressions have been used to identify these forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the Manager believes the expectations reflected in the forward-looking statements are reasonable, no assurance can be given that actual results will be consistent with these expectations and forward-looking statements. Potential subscribers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company and the Manager assume no obligation to update or revise them to reflect new events or circumstances except as may be required by applicable law.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference into and form an integral part of this short form base shelf prospectus:

- (a) the annual information form of the Company dated March 23, 2023 for the year ended December 31, 2022;
- (b) the annual financial statements of the Company, together with the accompanying report of the auditor, for the fiscal years ended December 31, 2022 and December 31, 2021;
- (c) the management report of fund performance of the Company dated March 17, 2023 for the fiscal years ended December 31, 2022 and December 31, 2021;
- (d) the material change report of the Company dated April 6, 2023;
- (e) the unaudited interim financial statements of the Company as at and for the period ended June 30, 2023; and
- (f) the management report of fund performance of the Company dated August 18, 2023 for the period ended June 30, 2023.

Any of the documents of the type referred to above, including any material change reports (excluding confidential material change reports), annual information forms, interim and annual financial statements and related management reports of fund performance, designated news releases (within the meaning of Companion Policy 44-102CP to NI 44-102), business acquisition reports and information circulars filed by the Company with a securities commission or similar authority in Canada after the date of this short form base shelf prospectus and prior to the termination of an offering of Preferred Shares and Class A Shares, will be deemed to be incorporated by reference in this short form base shelf prospectus.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for purposes of this short form base shelf prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form base shelf prospectus.**



Upon a new annual information form, semi-annual or annual financial statements and management report on fund performance being filed with and, where required, accepted by the applicable securities regulatory authorities during the currency of this short form base shelf prospectus, the previous annual information form, semi-annual or annual financial statements and management report on fund performance and all material change reports filed prior to the commencement of the then current fiscal year will be deemed no longer to be incorporated into this short form base shelf prospectus for purposes of future offers and sales of Preferred Shares and Class A Shares hereunder.

A Prospectus Supplement containing the specific terms of an offering of Preferred Shares and Class A Shares will be delivered to purchasers of such Preferred Shares and Class A Shares together with this short form base shelf prospectus and will be deemed to be incorporated into this short form base shelf prospectus as of the date of such Prospectus Supplement but only for purposes of the offering of Preferred Shares and Class A Shares covered by that Prospectus Supplement.

## THE COMPANY

The Company is a mutual fund corporation incorporated under the laws of the Province of Ontario on September 6, 2006 with a registered office located at Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, Toronto, Ontario M5J 2T3.

In January 2021, the Company completed a public offering of 2,999,450 Preferred Shares and 2,999,450 Class A Shares raising aggregate gross proceeds of approximately \$53.8 million.

In April 2022, the Company completed a public offering of 3,059,700 Preferred Shares and 3,059,700 Class A Shares raising aggregate gross proceeds of approximately \$63.5 million.

In July 2022, the Company completed a public offering of 2,319,200 Preferred Shares and 2,319,200 Class A Shares raising aggregate gross proceeds of approximately \$43.3 million.

On December 7, 2022 the Manager, in its capacity as manager of the Company and the Company entered into an equity distribution agreement (the "Equity Distribution Agreement") with RBC Dominion Securities Inc., acting as agent, pursuant to which the Company may, from time to time, sell Preferred Shares and Class A Shares having an aggregate market value of up to \$50,000,000, respectively, through RBC Dominion Securities Inc., acting as agent, at the market prices prevailing at the time of the sale on the TSX (the "ATM Offering"), in accordance with the terms of the Equity Distribution Agreement. As of January 9, 2024, the Company issued 1,847,919 Preferred Shares and 1,587,234 Class A Shares raising total gross proceeds of approximately \$32.1 million pursuant to the ATM Offering.

In January 2023, the Company completed a public offering of 2,900,922 Preferred Shares and 2,900,922 Class A Shares raising aggregate gross proceeds of approximately \$54.7 million (the "January Offering").

On April 4, 2023, the Company announced that the Board of Directors approved an extension of the Maturity Date for an additional 5-year term to October 30, 2028.

On August 28, 2023, the Company announced that the Board of Directors approved the distribution rate for the Preferred Shares for the additional 5-year term to October 30, 2028 will be \$0.725 per annum payable quarterly.

In October 2023, the Company completed a public offering of 9,777,826 Preferred Shares raising aggregate gross proceeds of approximately \$94 million.

In December 2023, the Company completed a public offering of 5,243,111 Preferred Shares and 1,859,000 Class A Shares raising aggregate gross proceeds of approximately \$65.9 million.

While the Company is technically considered to be a mutual fund under the securities legislation of certain provinces of Canada, the Company is not a conventional mutual fund and has obtained exemptions from certain requirements of NI 81-102 and NI 81-106.

The Preferred Shares and Class A Shares are listed on the TSX under the symbols LBS.PR.A and LBS, respectively. The attributes of the Preferred Shares and the Class A Shares are described under "*Description of the Shares of the Company*".

### Investment Objectives

The investment objectives for the Preferred Shares are to provide their holders with fixed cumulative preferential quarterly cash distributions in the amount of \$0.18125 per Preferred Share (\$0.725 per annum) until October 30, 2028 and to return the original issue price to holders of Preferred Shares on the Maturity Date.

The investment objectives for the Class A Shares are to provide their holders with regular monthly cash distributions targeted to be \$0.10 per Class A Share and to provide holders of Class A Shares with the opportunity for growth in NAV per Class A Share.

The Company invests, on an equally weighted basis, in a portfolio consisting of common shares of the six largest Canadian banks and the four major publicly traded Canadian life insurance companies.

### **Investment Guidelines**

In order to achieve its investment objectives, the Company invests in a portfolio, on an approximately equally weighted basis, of common shares of the six largest Canadian banks (the “Banks”) and the four major publicly traded Canadian life insurance companies (the “Lifecos”) as set out below:

Bank of Montreal	Great-West Lifeco Inc.
National Bank of Canada	The Bank of Nova Scotia
Canadian Imperial Bank of Commerce	Royal Bank of Canada
iA Financial Corporation Inc.	The Toronto-Dominion Bank
Sun Life Financial Inc.	Manulife Financial Corporation

The Manager is responsible for maintaining the Portfolio in accordance with the Investment Guidelines and Rebalancing Criteria and, at its discretion, selectively writes covered call options and cash covered put options from time to time in respect of the shares included in the Portfolio in order to generate additional distributable income for the Company. The Company may from time to time hold cash and cash equivalents.

### **Rebalancing Criteria**

The Portfolio will be rebalanced (i) at least annually, to adjust for changes in the market value of investments; and (ii) to reflect the impact of a merger, acquisition or other significant corporate action or event of or affecting one or more of the Canadian banks or life insurance companies in the Portfolio. As a result, the Portfolio may contain the common shares of less than six Canadian banks and less than four Canadian life insurance companies. In addition, between the rebalancing dates, the Company may sell Portfolio securities for working capital purposes or replace Portfolio securities with proceeds from the exercise of covered call options previously written. In order to rebalance the Portfolio, the Manager will, at the time of rebalancing, calculate the market value of the Portfolio, less any amount to be used for working capital purposes, and divide such resultant amount by the number of issuers to be included in the Portfolio. Rebalancing transactions will be effected as soon as is reasonably practicable thereafter. As a result of changes in market prices of the shares in the Portfolio between rebalancing dates, it is not expected that the issuers included in the Portfolio will be exactly equally weighted at any given time. The Portfolio may also be rebalanced in the event of any future offering of shares by the Company.

### **Investment Restrictions**

The Company is subject to certain Investment Restrictions that, among other things, limit the securities that the Company may acquire for the Portfolio. The Company’s Investment Restrictions may not be changed without the approval of the holders of Preferred Shares and Class A Shares, each voting separately as a class, by an Extraordinary Resolution, at a meeting called for such purpose.

In addition, but subject to the Investment Restrictions, the Company has adopted and is managed in accordance with the standard investment restrictions and practices set forth in NI 81-102 (as it may be amended from time to time), other than the restriction on investing more than 10% of the Company’s assets in the securities of any one issuer at the time of investment.

### **Maturity Date**

The Maturity Date of the Company, on which date it will redeem all of the Preferred Shares and Class A Shares is October 30, 2028, subject to extension for successive terms of up to 5 years as determined by the Board of Directors.

### **Securities Lending**

In order to generate additional returns, the Company may lend Portfolio securities to securities borrowers acceptable to the Company pursuant to the terms of the Securities Lending Agreement under which: (a) the borrower will pay to

the Company a negotiated securities lending fee and will make compensation payments to the Company equal to any distributions received by the borrower on the securities borrowed; (b) the securities loans must qualify as “securities lending arrangements” for the purposes of the Tax Act; and (c) the Company will receive collateral security. The Company may only lend the portion of the securities of a Portfolio issuer that is not subject to a covered call option. The Company has appointed the Custodian to act as securities lending agent in the event that it lends Portfolio securities to securities borrowers. Such agent is responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis. Acceptable collateral would generally be limited to Government of Canada or provincial treasury securities or other liquid collateral as approved by the Board of Directors, in each case with a value equal to 105% of the value of the securities on loan. Any securities lending transactions entered into by the Company may be terminated by the Company at any time.

## **DESCRIPTION OF THE SHARES OF THE COMPANY**

The following description sets forth certain general terms and provisions of the Preferred Shares and Class A Shares. The particular terms and provisions of the Preferred Shares and Class A Shares offered by a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in such Prospectus Supplement.

### **Certain Provisions of the Preferred Shares**

#### ***Distributions***

Holders of record of Preferred Shares at 5:00 p.m. (Toronto time) on the last Business Day of March, June, September and December are entitled to receive fixed, cumulative preferential quarterly cash distributions of \$0.18125 per Preferred Share (\$0.725 per annum) until October 30, 2028 and will be paid on or before the tenth Business Day in the month following the end of the period in respect of which the distribution is payable. Such distributions may consist of ordinary dividends, capital gains dividends or returns of capital. There can be no assurance that the Company will be able to pay distributions to holders of Preferred Shares.

All cash distributions will be paid through CDS’ book-entry only system or paid in such other manner as may be agreed to by the Company.

#### ***Redemptions***

All Preferred Shares outstanding on the Maturity Date will be redeemed by the Company on such date. The redemption price payable by the Company for a Preferred Share on that date will be equal to the lesser of (a) \$10.00, plus any accrued and unpaid distributions thereon and (b) the NAV of the Company on that date divided by the total number of Preferred Shares then outstanding. Notice of redemption will be given to CDS Participants holding Preferred Shares on behalf of the beneficial owners thereof at least 30 days prior to the Maturity Date.

#### ***Retraction Privileges***

##### ***Monthly***

Preferred Shares may be surrendered at any time for retraction to TSX Trust Company, the Company’s registrar and transfer agent, but will be retracted only on the Retraction Date. Preferred Shares surrendered for retraction by a Shareholder at least ten Business Days prior to the Retraction Date will be retracted on such Retraction Date and the Shareholder will be paid on the Retraction Payment Date.

Except as noted below, holders of Preferred Shares whose Preferred Shares are surrendered for retraction will be entitled to receive a retraction price per Preferred Share equal to 96% of the lesser of (a) the NAV per Unit as of such Retraction Date less the cost to the Company of the purchase of a Class A Share for cancellation; and (b) \$10.00. For this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share, and commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A Share. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Preferred Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

### *Annual Concurrent*

In addition to the above, a holder of Preferred Shares may concurrently retract an equal number of Preferred Shares and Class A Shares on the Annual Retraction Date of each year at a retraction price per Unit equal to the NAV per Unit on that date, less any costs associated with the retraction, including commissions and other such costs if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. The Preferred Shares and Class A Shares must both be surrendered for retraction at least ten Business Days prior to the Annual Retraction Date. Payment of the proceeds of retraction will be made on or before the tenth Business Day of the following month, subject to the Manager's right to suspend retractions in certain circumstances.

### *Non-Concurrent Retraction Right*

On the Maturity Date, and upon any subsequent maturity date as determined by the Board of Directors, holders of Preferred Shares will be entitled to retract their Preferred Shares pursuant to a non-concurrent retraction right and the Company will provide at least 60 days' notice to the holders of Preferred Shares. The holders of Preferred Shares will receive the same amount per Preferred Share that would have applied had the Company redeemed all of the Preferred Shares on the Maturity Date as scheduled prior to the extension. Preferred Shares must be surrendered for retraction by 5:00 p.m. (Toronto time) on the last Business Day of the month prior to the Maturity Date or subsequent maturity date, as applicable. The holders of Preferred Shares will receive payment for Preferred Shares so retracted no later than the tenth Business Day of the month following the month in which the date of the non-concurrent retraction occurs.

### *Non-Matched Shares*

If more Class A Shares than Preferred Shares have been redeemed pursuant to the non-concurrent retraction right, the Company will be authorized to redeem Preferred Shares on a pro rata basis in a number to be determined by the Company reflecting the extent to which the number of Preferred Shares outstanding following the non-concurrent retraction exceeds the number of Class A Shares outstanding following the non-concurrent retraction. Conversely, if more Preferred Shares than Class A Shares have been redeemed pursuant to the non-concurrent retraction right, the Company may issue Preferred Shares to the extent that the number of Class A Shares outstanding following the non-concurrent retraction exceeds the number of Preferred Shares outstanding following the non-concurrent retraction.

### *Resale of Preferred Shares Tendered for Retraction*

The Company may enter into a recirculation agreement (a "Recirculation Agreement") with a recirculation agent (a "Recirculation Agent") whereby the Recirculation Agent will use commercially reasonable efforts to find purchasers for any Preferred Shares tendered for retraction prior to the relevant Valuation Date. The Company may, but is not obligated to, require the Recirculation Agent to seek such purchasers and, in such event, the amount to be paid to the holder of Preferred Shares on the applicable Retraction Payment Date will be an amount equal to the proceeds of the sale of the Preferred Shares less any applicable commission, provided that such amount will not be less than the retraction price that would otherwise be payable to the holder of such Preferred Shares.

### *General*

Subject to the Company's right to require the Recirculation Agent to use commercially reasonable efforts to find purchasers for any Preferred Shares tendered for retraction prior to the relevant Valuation Date, any and all Preferred Shares which have been surrendered to the Company for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Date, unless the retraction price is not paid on the Retraction Payment Date, in which event such Preferred Shares will remain outstanding.

If any Preferred Shares are tendered for retraction and are not resold in the manner described above under "*Resale of Preferred Shares Tendered for Retraction*", the Company will direct the Recirculation Agent to purchase for cancellation on behalf of the Company that number of Class A Shares that equals the number of Preferred Shares so retracted. Any Class A Shares so purchased for cancellation will be purchased in the market.

The retraction right must be exercised by causing written notice to be given within the notice periods prescribed herein and in the manner described under "*Book-Entry Only System*" in the Company's annual information form. Such

surrender will be irrevocable upon the delivery of a notice to CDS through a CDS Participant, except with respect to those Preferred Shares which are not retracted by the Company on the relevant Retraction Payment Date. The Company may, in its discretion, permit the withdrawal of any Preferred Share retraction request at any time prior to the Retraction Payment Date.

Any Retraction Notice that CDS determines to be incomplete, not in proper form or not duly executed shall, for all purposes, be void and of no effect and the retraction privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise retraction privileges or to give effect to the settlement thereof in accordance with a Shareholder's instructions will not give rise to any obligations or liability on the part of the Company or the Manager to the CDS Participant or the Shareholder. The Manager has the right to suspend retractions in certain circumstances as described in the Company's annual information form.

### ***Priority***

The Preferred Shares rank in priority to the Class A Shares and the Class J Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Company.

### **Certain Provisions of the Class A Shares**

#### ***Distributions***

The policy of the Board of Directors is to pay monthly non-cumulative distributions to the holders of Class A Shares in an amount targeted to be \$0.10 per Class A Share. Such distributions will be paid on or before the tenth Business Day of the month following the month in respect of which the distribution is payable. Such distributions may consist of ordinary dividends, capital gains dividends or returns of capital. There can be no assurance that the Company will be able to pay distributions to the holders of Class A Shares.

No distributions will be paid on the Class A Shares if (a) the distributions payable on the Preferred Shares are in arrears, or (b) in respect of a cash distribution, after the payment of a cash distribution by the Company, the NAV per Unit would be less than \$15.00. In addition, the Company will not pay distributions in excess of \$0.10 per month, on the Class A Shares if after payment of the distribution, the NAV per Unit would be less than \$25.00 unless the Company would need to make such distributions so as to fully recover refundable taxes. Subject to the dividend entitlement of the holders of the Preferred Shares, the Board of Directors shall allocate return of capital distributions first to holders of the Class A Shares before paying distributions representing return of capital to holders of the Preferred Shares.

In the event that the Company realizes capital gains, the Company may, at its option, make a special year-end capital gains distribution in certain circumstances in Class A Shares and/or cash. Any capital gains distribution payable in Class A Shares will increase the aggregate adjusted cost base to holders of Class A Shares of such shares. Immediately following payment of such a distribution in Class A Shares, the number of Class A Shares outstanding will be automatically consolidated such that the number of Class A Shares outstanding after such distribution will be equal to the number of Class A Shares outstanding immediately prior to such distribution. Non-resident Shareholders may be subject to withholding tax and therefore the consolidation may result in such non-resident holding fewer Class A Shares than prior to the distribution and consolidation.

Distributions are payable to holders of Class A Shares of record at 5:00 p.m. (Toronto time) on the last Business Day of each month. All cash distributions will be paid through CDS' book-entry only system or paid in such other manner as may be agreed to by the Company.

#### ***Redemptions***

All Class A Shares outstanding on the Maturity Date will be redeemed by the Company on such date. The redemption price payable by the Company for a Class A Share on that date will be equal to the greater of (a) the NAV per Unit on that date minus \$10.00 plus any accrued and unpaid distributions on the Preferred Shares, and (b) nil. Notice of

redemption will be given to CDS Participants holding Class A Shares on behalf of the beneficial owners thereof at least 30 days prior to the Maturity Date.

### ***Retraction Privileges***

#### *Monthly*

Class A Shares may be surrendered at any time for retraction to TSX Trust Company, the Company's registrar and transfer agent, but will be retracted only on the Retraction Date. Class A Shares surrendered for retraction by a Shareholder at least ten Business Days prior to the Retraction Date will be retracted on such Retraction Date and the Shareholder will be paid on or before the Retraction Payment Date.

Except as noted below, holders of Class A Shares whose Class A Shares are surrendered for retraction will be entitled to receive a retraction price per Class A Share equal to 96% of the difference between (a) the NAV per Unit as of such Retraction Date, and (b) the cost to the Company of the purchase of a Preferred Share for cancellation. For this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Preferred Share. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Class A Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

#### *Annual Concurrent*

In addition to the above, a holder of Class A Shares may concurrently retract an equal number of Preferred Shares and Class A Shares on the Annual Retraction Date of each year at a retraction price per Unit equal to the NAV per Unit on that date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. The Preferred Shares and the Class A Shares must both be surrendered at least ten Business Days prior to the Annual Retraction Date. Payment of the proceeds will be made on or before the tenth Business Day of the following month, subject to the Manager's right to suspend retractions in certain circumstances.

#### *Non-Concurrent Retraction Right*

On the Maturity Date and upon any subsequent maturity date as determined by the Board of Directors, holders of Class A Shares will be entitled to retract their Class A Shares pursuant to a non-concurrent retraction right and the Company will provide at least 60 days' notice to holders of Class A Shares. The holders of Class A Shares will receive the same amount per Class A Share that would have applied had the Company redeemed all of the Class A Shares on the Maturity Date as scheduled prior to the extension. Class A Shares must be surrendered for retraction by 5:00 p.m. (Toronto time) on the last Business Day of the month prior to the Maturity Date or subsequent maturity date, if applicable. The holders of Class A Shares will receive payment for Class A Shares so retracted no later than the tenth Business Day of the following month.

#### *Non-Matched Shares*

If more Preferred Shares than Class A Shares have been redeemed pursuant to the non-concurrent retraction right, the Company will be authorized to redeem Class A Shares on a pro rata basis in a number to be determined by the Company reflecting the extent to which the number of Class A Shares outstanding following the non-concurrent retraction exceeds the number of Preferred Shares outstanding following the non-concurrent retraction. Conversely, if more Class A Shares than Preferred Shares have been redeemed pursuant to the non-concurrent retraction right, the Company may issue Class A Shares to the extent the number of Preferred Shares outstanding following the non-concurrent retraction exceeds the number of Class A Shares outstanding following the non-concurrent retraction.

#### *Resale of Class A Shares Tendered for Retraction*

The Company may enter into a Recirculation Agreement with a Recirculation Agent whereby the Recirculation Agent will use commercially reasonable efforts to find purchasers for any Class A Shares tendered for retraction prior to the relevant Valuation Date. The Company may, but is not obligated to, require the Recirculation Agent to seek such purchasers and, in such event, the amount to be paid to the holder of Class A Shares on the applicable Retraction

Payment Date will be an amount equal to the proceeds of the sale of the Class A Shares less any applicable commission, provided that such amount will not be less than the retraction price that would otherwise be payable to the holder of such Class A Shares.

#### *General*

Subject to the Company's right to require the Recirculation Agent to use commercially reasonable efforts to find purchasers for any Class A Shares tendered for retraction prior to the relevant Valuation Date, any and all Class A Shares that have been surrendered to the Company for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Date, unless the retraction price is not paid on the Retraction Payment Date, in which event such Class A Shares will remain outstanding.

If any Class A Shares are tendered for retraction and are not resold in the manner described above under "Resale of Class A Shares Tendered for Retraction", the Company will direct the Recirculation Agent to purchase for cancellation on behalf of the Company that number of Preferred Shares that equals the number of Class A Shares so retracted. Any Preferred Shares so purchased for cancellation will be purchased in the market.

The retraction right must be exercised by causing written notice to be given within the notice periods prescribed herein and in the manner described under "Book-Entry Only System" in the Company's annual information form. Such surrender will be irrevocable upon the delivery of a notice to CDS through a CDS Participant, except with respect to those Class A Shares which are not retracted by the Company on the relevant Retraction Payment Date. The Company may, in its discretion, permit the withdrawal of any Class A Share retraction request at any time prior to the Retraction Payment Date.

Any Retraction Notice that CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the retraction privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise retraction privileges or to give effect to the settlement thereof in accordance with a Shareholder's instructions will not give rise to any obligations or liability on the part of the Company or the Manager to the CDS Participant or the Shareholder. The Manager has the right to suspend retractions in certain circumstances as described in the Company's annual information form.

#### *Priority*

The Class A Shares rank subsequent to the Preferred Shares but in priority to the Class J Shares with respect to the payment of distributions and the repayment of capital out of the Portfolio on the dissolution, liquidation or winding up of the Company.

### **DESCRIPTION OF SHARE CAPITAL**

The Company is authorized to issue an unlimited number of Preferred Shares, Class A Shares and Class J Shares. The holders of Class J Shares are not entitled to receive dividends and are entitled to one vote per Class J Share. The Class J Shares are redeemable and retractable at a price of \$1.00 per Class J Share. The Class J Shares rank subsequent to both the Preferred Shares and the Class A Shares with respect to distributions on the dissolution, liquidation or winding up of the Company. On January 9, 2024, there were 41,388,531 Preferred Shares, 41,388,531 Class A Shares and 100 Class J Shares issued and outstanding. A trust established for the benefit of the holders of the Preferred Shares and the Class A Shares owns all of the issued and outstanding Class J Shares.

### **USE OF PROCEEDS**

Unless otherwise indicated in a Prospectus Supplement, the net proceeds from the sale of Preferred Shares and Class A Shares will be used to fund the purchase of securities for the Portfolio in accordance with the Investment Objectives, Investment Guidelines and Investment Restrictions.



## PLAN OF DISTRIBUTION

The Company may sell Preferred Shares and Class A Shares to or through underwriters, dealers or agents and also may sell Preferred Shares and Class A Shares directly to purchasers or through agents. The sale of Preferred Shares and Class A Shares may be effected from time to time in one or more transactions at non-fixed prices pursuant to transactions that are deemed to be “at-the-market distributions”, including sales made directly on the TSX or other existing trading markets for the Preferred Shares and Class A Shares, and as set forth in the Prospectus Supplement for such purpose.

The distribution of Preferred Shares and Class A Shares may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at prices to be negotiated with purchasers.

In connection with the sale of Preferred Shares and Class A Shares, underwriters or agents may receive compensation from the Company (a portion of which may be paid by the Manager, in its sole discretion) or from purchasers of Preferred Shares and Class A Shares for whom they may act as agents in the form of concessions or commissions. Underwriters, dealers and agents that participate in the distribution of Preferred Shares and Class A Shares may be deemed to be underwriters and any commissions received by them from the Company and any profit on the resale of Preferred Shares and Class A Shares by them may be deemed to be underwriting commissions. Any such person that may be deemed to be an underwriter with respect to Preferred Shares and Class A Shares will be identified in the Prospectus Supplement relating to such shares.

The Prospectus Supplement relating to the Preferred Shares and Class A Shares offered by the Company will identify each person who may be deemed to be an underwriter with respect to such Preferred Shares and Class A Shares and will set forth the terms of the offering of such Preferred Shares and Class A Shares, including, to the extent applicable, the offering price, the proceeds to the Company, the underwriting commissions and any other fees, discounts or concessions to be allowed or reallocated to dealers. The lead underwriter or lead agent or underwriters or agents with respect to the Preferred Shares and Class A Shares sold to or through underwriters will be named in the related Prospectus Supplement. The underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares and/or Class A Shares offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Under agreements which may be entered into by the Company, underwriters, dealers and agents who participate in the distribution of Preferred Shares and Class A Shares may be entitled to indemnification by the Company against certain liabilities, including liabilities under Canadian provincial securities legislation, or to contribution with respect to payments which those underwriters, dealers or agents may be required to make in respect thereof. Those underwriters, dealers and agents may be customers of, engage in transactions with or perform services for the Company or its subsidiaries in the ordinary course of business.

Subject to applicable laws, in connection with any offering of Preferred Shares and Class A Shares, other than an “at-the-market distribution” of Preferred Shares and Class A Shares, the underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares and/or Class A Shares offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Sales of Preferred Shares and Class A Shares under an “at-the-market distribution”, if any, will be made pursuant to an accompanying Prospectus Supplement. Sales of Preferred Shares and Class A Shares under any “at-the-market” program will be made in transactions that are deemed to be “at-the-market distributions” as defined in NI 44-102. The volume and timing of any “at-the-market distributions” will be determined at the Company’s sole discretion.

No underwriter or agent involved in an “at-the-market distribution”, no affiliate of such an underwriter or agent and no person or company acting jointly or in concert with such an underwriter or agent may over-allot Preferred Shares or Class A Shares in connection with the distribution or may effect any other transactions that are intended to stabilize or maintain the market price of the Preferred Shares or Class A Shares in connection with an “at-the-market distribution”.

The Preferred Shares and the Class A Shares will not be registered under the 1933 Act or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons.

## **ORGANIZATION AND MANAGEMENT OF THE COMPANY**

### **Manager and Portfolio Manager**

Pursuant to the Management Agreement, the Manager is responsible for providing, or causing to be provided, management and administrative services and facilities to the Company, and may delegate certain of its powers to third parties at no additional cost to the Company where, in the discretion of the Manager, it would be in the best interests of the Company and the Shareholders to do so. The Manager is also responsible for the portfolio management of the Company including writing call options and put options in accordance with the Investment Objectives, Investment Guidelines and Investment Restrictions of the Company.

In consideration for the services provided by the Manager to the Company, the Company pays a fee to the Manager equal to 0.60% per annum of the NAV of the Company calculated and payable monthly in arrears plus applicable taxes. The Company reimburses the Manager for all reasonable costs and expenses incurred by the Manager on behalf of the Company.

### **Transfer Agent and Registrar**

TSX Trust Company at its principal offices in Toronto is the registrar and transfer agent for the Preferred Shares and Class A Shares.

### **Custodian**

CIBC Mellon Trust Company is the Company's custodian and is responsible for certain aspects of the day-to-day administration of the Company and provides safekeeping and custodial services in respect of the Company's assets. The address of the Custodian is 1 York Street, Suite 500, Toronto, Ontario M5J 0B6.

### **Securities Lending Agents**

The Company has appointed the Securities Lending Agents as securities lending agents pursuant to the Securities Lending Agreement to provide securities lending services relating to the Portfolio. See "*The Company – Securities Lending*".

### **Auditor**

The auditor of the Company is PricewaterhouseCoopers LLP (the "Auditor"), Chartered Professional Accountants, Licensed Public Accountants located at 18 York Street, Suite 2500, Toronto, Ontario M5J 0B2. The Auditor has advised that they are independent with respect to the Company within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

## **RISK FACTORS**

Certain risk factors relating to the Company, the Preferred Shares and the Class A Shares are described below. Additional risks and uncertainties not currently known to the Manager, or that are currently considered immaterial, may also impair the operations of the Company. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Company and the ability of the Company to make distributions on the Preferred Shares and Class A Shares, could be materially adversely affected.

### **Performance of the Portfolio Issuers and Other Considerations**

The NAV per Unit varies as the value of the securities in the Portfolio changes. The Company has no control over the factors that affect the value of the securities in the Portfolio. Factors unique to each Bank and Lifeco included in the Portfolio, such as changes in its management, strategic direction, achievement of goals, mergers, acquisitions and

divestitures, changes in distribution policies and other events, may affect the value of the securities in the Portfolio. A substantial drop in the equities markets could have a negative effect on the Company and could lead to a significant decline in the value of the Portfolio and the value of the Preferred Shares and Class A Shares. The Preferred Shares and Class A Shares of the Company may trade in the market at a discount to their NAV or par value, as the case may be, and there can be no assurance that the Preferred Shares or the Class A Shares will trade at a price equal to their NAV or par value, as the case may be.

### **Equity Risk**

Companies issue common shares and other types of equity securities to help finance their operations. Equity securities are investments which give the holder part ownership in a company and the value of an equity security changes with the fortunes of the company that issued it. As the company earns profits and retains some or all of them, its equity value should grow, increasing the value of each common share and making them more attractive to investors. Conversely, a series of losses would reduce retained earnings and therefore reduce the value of the shares. In addition, the company may distribute part of its profit to shareholders in the form of dividends, however dividends are not obligatory. Although common shares are the most familiar type of equity security, equity securities also include preferred shares, securities convertible into common shares, such as warrants, and units of real estate, royalty, income and other types of investment trusts.

### **Market Volatility**

Market prices of investments held by the Company will go up or down, sometimes rapidly or unpredictably. The Company's investments are subject to changes in general market conditions, market fluctuations and risks inherent in the securities markets. Securities markets can be volatile and prices of investments can change substantially due to various factors including, but not limited to, economic growth or recession, changes in interest rates, changes in actual or perceived creditworthiness of issuers and general market liquidity. Even if general economic conditions do not change, the value of an investment in the Company could decline if the particular industries, sectors or companies in which the Company invests do not perform well or are adversely affected by certain events. In addition, legal, political, regulatory and tax changes may also cause fluctuations in markets and the price of securities. Certain market conditions, volatility or illiquidity in capital markets may also adversely affect the prospects of the Company and the value of the Portfolio. A substantial decline in equities markets could be expected to have a negative effect on the Company and the market price of the Preferred Shares and/or Class A Shares.

### **Market Disruptions**

War and occupation, terrorism and related geopolitical risks or other factors including global health risks or epidemics/pandemics (such as the recent COVID-19 pandemic) may lead to increased short-term market volatility, economic downturn or recession and may have adverse long-term effects on world economies and markets generally. These events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, inflation and other factors relating to the securities held in the Portfolio which may result in volatility in the Company's NAV.

### **Concentration Risk**

The Company will be invested at all times in up to 10 issuers in the financial services industry. Accordingly, the Company's holdings are concentrated in the securities of such issuers and may be considered to be less diversified and the NAV per Unit may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative impact on the value of the Preferred Shares and the Class A Shares.

### **No Assurances on Achieving Objectives**

There is no assurance that the Company will be able to achieve its objectives or will return to investors an amount equal to or in excess of the original issue price of the Preferred Shares or the Class A Shares. There is no assurance that the Company will be able to pay quarterly distributions on the Preferred Shares or monthly distributions on the Class A Shares. The funds available for distributions to Shareholders will vary according to, among other things, the dividends and distributions paid on all of the securities in the Portfolio, the level of option premiums received and the

value of the securities comprising the Portfolio. As the dividends and distributions received by the Company may not be sufficient to meet the Company's objectives in respect of the payment of distributions, the Company may depend on the receipt of option premiums and the realization of capital gains to meet those objectives. Although many investors and financial market professionals price options based on the Black-Scholes Model, in practice actual option premiums are determined in the marketplace and there is no assurance that the premiums predicted by such pricing model can be attained.

### **Sensitivity to Interest Rates**

The market prices of the Preferred Shares and Class A Shares may be affected by the level of interest rates prevailing from time to time. A rise in interest rates may have a negative impact on the market prices of the Preferred Shares and Class A Shares and increase the cost of borrowing to the Company, if any. Shareholders who wish to redeem or sell their Preferred Shares or Class A Shares prior to the Maturity Date will therefore be exposed to the risk that the market prices of the Preferred Shares and Class A Shares may be negatively affected by interest rate fluctuations. In addition, the distribution rate on the Preferred Shares may be changed at the time of an extension of the Maturity Date, which may also affect the market price of such Preferred Shares and Class A Shares.

### **Greater Volatility of the Class A Shares**

An investment in the Class A Shares represents a leveraged investment by virtue of the fact that the Preferred Shares are entitled to a fixed amount upon the termination or winding-up of the Company. This leverage amplifies the potential return to investors of Class A Shares in so far as returns in excess of the amounts payable to holders of Preferred Shares accrue to the benefit of the holders of Class A Shares. Conversely, any losses incurred by the Portfolio first accrue to the detriment of the holders of the Class A Shares since the Preferred Shares rank prior to the Class A Shares in respect of distributions and proceeds upon the winding-up of the Company.

### **Changes in Credit Rating**

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. There can be no assurance that the Preferred Shares will maintain their rating by DBRS for any given period of time or that the rating will not be lowered or withdrawn entirely by DBRS if in DBRS' judgment circumstances so warrant. A lowering or withdrawal of the rating of the Preferred Shares may have a negative effect on the market value of the Preferred Shares.

### **Reliance on the Manager**

The Manager is responsible for providing, or managing for the provision of, management and administrative services including investment and portfolio management services required by the Company. Investors who are not willing to rely on the Manager should not invest in the Preferred Shares or Class A Shares.

The Manager manages the Portfolio in a manner consistent with the Investment Objectives, Investment Guidelines, Rebalancing Criteria and Investment Restrictions of the Company. The employees of the Manager who are primarily responsible for the management of the Portfolio have extensive experience in managing investment portfolios including writing covered call options and cash covered put options in connection with managing such investment portfolios. There is no certainty that the employees of the Manager who are primarily responsible for the management of the Portfolio will continue to be employees of the Manager, throughout the term of the Company.

### **Conflicts of Interest**

The Manager and its directors and officers and its respective affiliates and associates may engage in the promotion, management or investment management of any other fund or trust with similar investment objectives and/or similar investment strategies to those of the Company. Although none of the directors or officers of the Manager devotes his or her full time to the business and affairs of the Company, each devotes as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) the Company and the Manager, as applicable.

## **Use of Options and Other Derivative Instruments**

The Company is subject to the full risk of its investment position in the securities comprising the Portfolio, including those securities that are subject to outstanding call options and those securities underlying put options written by the Company, should the market price of such securities decline. In addition, the Company will not participate in any gain on the securities that are subject to outstanding call options above the strike price of the options.

There is no assurance that a liquid exchange or over-the-counter market will exist to permit the Company to write covered call options or cash covered put options or purchase put options on desired terms or to close out option positions should the Manager desire to do so. The ability of the Company to close out its positions may also be affected by exchange imposed daily trading limits on options or the lack of a liquid over-the-counter market. If the Company is unable to repurchase a call option which is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires. In addition, upon the exercise of a put option, the Company will be obligated to acquire a security at the strike price which may exceed the then current market value of such security.

In purchasing call or put options or selling call or writing put options, the Company is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations.

## **Sensitivity to Volatility Levels**

The Company intends to sell call options in respect of some or all of the securities held in the Portfolio. Such call options may be either exchange traded options or over-the-counter options. By selling call options, the Company will receive option premiums. The amount of option premium depends upon, among other factors, the implied volatility of the price of the underlying security as, generally, the higher the implied volatility, the higher the option premium. The level of implied volatility is subject to market forces and is beyond the control of the Manager or the Company.

## **Securities Lending**

The Company may engage in securities lending. Although the Company will receive collateral for the loans and such collateral will be marked-to-market, the Company will be exposed to the risk of loss should the borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

## **Taxation**

In determining its income for tax purposes, the Company treats option premiums received on the writing of covered call options and cash covered put options and any losses sustained on closing out such options as capital gains and capital losses, as the case may be, in accordance with its understanding of the CRA's published administrative policy. Gains or losses on the disposition of shares, including the disposition of shares held in the Portfolio upon exercise of a call option, are treated as capital gains or losses. The CRA's practice is not to grant an advance income tax ruling on the characterization of items as capital gains or income and no advance ruling has been requested or obtained.

If, contrary to the CRA's published administrative policy or as a result of a change in law, some or all of the transactions undertaken by the Company in respect of options are treated on income rather than capital account, after-tax returns to Shareholders could be reduced, the Company could be subject to non-refundable income tax from such transactions and the Company could be subject to penalty taxes in respect of excessive capital gains dividend elections.

There can be no assurance that changes will not be made to the tax rules affecting the taxation of the Company or the Company's investments, or that such tax rules will not be administered in a way that is less advantageous to the Company or its Shareholders.

## **Loss of Investment**

An investment in the Company is appropriate only for investors who have the capacity to absorb investment losses.

## **Significant Retractions**

If a significant number of Preferred Shares or Class A Shares are retracted, the trading liquidity of the Preferred Shares and Class A Shares could be significantly reduced. In addition, the expenses of the Company would be spread among fewer Preferred Shares and Class A Shares resulting in a potentially lower NAV.

## **Non-concurrent Retraction**

Holders of Preferred Shares and Class A Shares will be offered a non-concurrent retraction right on the Maturity Date and upon any subsequent extension of the maturity date as determined by the board of directors. To the extent that there are unmatched numbers of Preferred Shares and Class A Shares tendered for retraction, the Preferred Shares or Class A Shares, as the case may be, may be called by the Company for redemption on a pro rata basis in order to maintain the same number of Preferred Shares and Class A Shares outstanding. The number of retractions by holders of Preferred Shares and Class A Shares may be influenced by the performance of the Company, the management expense ratio and the trading discount to NAV, among other things.

## **Changes in Legislation and Regulatory Risk**

There can be no assurance that certain laws applicable to the Company, including securities legislation, will not be changed in a manner which adversely affects the Company or Shareholders. If such laws change then such changes could have a negative effect upon the value of the Company, the Preferred Shares or Class A Shares and upon investment opportunities available to the Company.

## **Accrued Gains**

The adjusted cost base to the Company for tax purposes of shares of certain securities in the Portfolio may be less than their fair market value. Accordingly, all Shareholders may be liable for tax on capital gains attributable to such securities to the extent such capital gains tax is not refundable to the Company and such capital gains are therefore distributed as a capital gains dividend.

## **Cybersecurity Risk**

The information and technology systems of the Manager, the Company's key service providers (including its custodian, registrar and transfer agent, valuation services provider and securities lending agents) and the issuers of securities in which the Company invests may be vulnerable to cybersecurity risks such as potential damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons (e.g. through hacking or malicious software) and general security breaches. A cybersecurity incident is an adverse intentional or unintentional action or event that threatens the integrity, confidentiality or availability of the Company's information resources.

A cybersecurity incident may disrupt business operations or result in the theft of confidential or sensitive information, including personal information, or may cause system failures, disrupt business operations or require the Manager, the Company or a service provider to make a significant investment to fix, replace or remedy the effects of such incident. Furthermore, a cybersecurity incident could cause disruptions and negatively impact the Company's business operations, potentially resulting in financial losses to the Company and Shareholders. There is no guarantee that the Company or the Manager will not suffer material losses as a result of cybersecurity incidents. If they occur, such losses could materially adversely impact the Company's NAV.

## **EXCHANGE OF TAX INFORMATION**

Due diligence and reporting obligations in the Tax Act have been enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement. As long as Preferred Shares and Class A Shares continue to be registered in the name of CDS and to be regularly traded on the TSX, or any other established securities market, the Company should not have any U.S. reportable accounts and, as a result, should not be required to provide information to the CRA in respect of its Shareholders. However, dealers through which Shareholders hold their Preferred Shares and Class A Shares are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Shareholders, or their controlling persons, may be requested to provide information to their

dealer to identify U.S. persons holding Preferred Shares and Class A Shares. If (a) it is determined that a Shareholder, or their controlling persons, is a “Specified U.S. Person” (including a U.S. citizen who is a resident of Canada), (b) no such determination has been made but the information provided includes an indication of U.S. status and sufficient evidence to the contrary is not timely provided, or (c) in certain circumstances a Shareholder does not provide the requested information and indicia of U.S. status are present, then Part XVIII of the Tax Act will generally require information about the Shareholder’s investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a Registered Plan (other than a FHSA). The CRA will then provide that information to the U.S. Internal Revenue Service (the “IRS”). The tax legislation applicable to FHSAs does not currently address whether FHSAs would be treated in the same way as other Registered Plans for these purposes. The CRA and the Department of Finance have engaged with the IRS in relation to the possibility of exempting FHSAs from the due diligence and reporting obligations imposed under Part XVIII of the Tax Act. It is too early to confirm that bilateral agreement has been reached on this matter.

Reporting obligations in the Tax Act have been enacted to implement the Organization for Economic Co-operation and Development Common Reporting Standard (the “CRS Rules”). Pursuant to the CRS Rules, Canadian financial institutions are required to have procedures in place to identify accounts held by tax residents of foreign countries (other than the U.S.) (“Reportable Jurisdictions”) or by certain entities any of whose “controlling persons” are tax residents of Reportable Jurisdictions. The CRS Rules provide that Canadian financial institutions must report certain account information and other personal identifying details of Shareholders (and, if applicable, of such controlling persons) who are tax residents of Reportable Jurisdictions to the CRA annually. Such information would generally be exchanged by the CRA on a reciprocal, bilateral basis with Reportable Jurisdictions in which the account holders or such controlling persons are tax resident under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Under the CRS Rules, Shareholders will be required to provide such information regarding their investment in the Company to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan (other than a FHSA). The CRA will then provide that information to the tax authorities of the relevant Reportable Jurisdictions. The tax legislation applicable to FHSAs does not currently address whether FHSAs would be treated in the same way as other Registered Plans for these purposes. The Department of Finance has released certain proposed amendments which would exempt FHSAs from the provisions of Part XIX of the Tax Act that implement the CRS Rules; however, there can be no assurance that such proposed amendments will be enacted as proposed.

## **FEES AND EXPENSES**

### **Management Fee**

The Manager receives an annual management fee (the “Management Fee”) from the Company equal to 0.60% per annum of the NAV of the Company, calculated and payable monthly in arrears, plus any applicable taxes for providing management, administrative and investment advisory services to the Company. The Manager is responsible for providing, or causing to be provided, management and administrative services and facilities to the Company, and may delegate certain of its powers to third parties at no additional cost to the Company where, in the discretion of the Manager, it would be in the best interests of the Company and the Shareholders to do so.

### **Ongoing Expenses**

The Company also pays for all expenses incurred in connection with its operation and administration, including, without limitation, all costs of Portfolio transactions, fees payable to the Manager, debt service costs, custodial fees, legal, audit and valuation fees and expenses, fees and expenses of the directors of the Manager, fees and expenses of the non-management directors of the Company, fees of the members of the IRC, expenses related to compliance with NI 81-107, reasonable fees and expenses relating to the voting of proxies by a third party, premiums for directors’ and officers’ insurance coverage for the directors and officers of the Manager and the Company and the members of the IRC, costs of reporting to Shareholders, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements of the Company and investor relations, fees and expenses relating to any services provided by third parties, taxes, brokerage commissions, costs and expenses relating to the issue of shares, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, extraordinary expenses that the Company may incur and all amounts paid on account of indebtedness of the Company. Such expenses also include expenses of any action, suit or other proceedings in which

or in relation to which the Manager, the Custodian and/or any of their respective officers, directors, the IRC members, employees, consultants or agents is entitled to indemnity by the Company. The Company also pays for all expenses incurred in connection with its termination on or about the Maturity Date.

### **LEGAL MATTERS**

Unless otherwise specified in the Prospectus Supplement, certain legal matters relating to any offering of Preferred Shares and Class A Shares will be passed upon by Osler, Hoskin & Harcourt LLP, Toronto, Ontario. As of the date hereof, the partners and associates of Osler, Hoskin & Harcourt LLP, as a group, own less than 1% of the outstanding Preferred Shares or Class A Shares of the Company.

### **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories of Canada, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.



**CERTIFICATE OF THE COMPANY AND THE MANAGER**

Dated: January 11, 2024

This short form base shelf prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces and territories of Canada.

**Life & Banc Split Corp.**

(signed) Mark A. Caranci  
President and Chief Executive Officer

(signed) Ann P. Wong  
Chief Financial Officer

**On behalf of the Board of Directors**

(signed) Christopher S.L. Hoffmann  
Director

(signed) Raymond R. Pether  
Director

**Brompton Funds Limited  
(as Manager)**

(signed) Mark A. Caranci  
President and Chief Executive Officer

(signed) Ann P. Wong  
Chief Financial Officer

**On behalf of the Board of Directors**

(signed) Christopher S.L. Hoffmann  
Director

(signed) Raymond R. Pether  
Director