

NOTICE OF MEETINGS AND MANAGEMENT INFORMATION CIRCULAR

FOR

SPECIAL MEETINGS

OF

**LONG RESERVE LIFE RESOURCE FUND
DEANS KNIGHT INCOME AND GROWTH FUND
FAIRWAY INVESTMENT GRADE INCOME FUND
NUVEEN SENIOR FLOATING RATE INCOME FUND
GLOBAL PREFERRED SECURITIES TRUST
FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST
CHARTERHOUSE PREFERRED SHARE INDEX CORPORATION**

JUNE 11, 2007

ADJOURNED MEETINGS, IF REQUIRED

JUNE 21, 2007

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(each individually, a “**Fund**”, or collectively, the “**Funds**”)
AND
CHARTERHOUSE PREFERRED SHARE INDEX CORPORATION
(the “**Corporation**”)

NOTICE OF SPECIAL MEETINGS OF UNITHOLDERS AND PREFERRED SHAREHOLDERS

NOTICE OF MEETINGS

NOTICE IS HEREBY GIVEN that special meetings (the “**Meetings**”, or each individually, a “**Meeting**”) of unitholders (“**Unitholders**”) of each of Long Reserve Life Resource Fund (“**Long Reserve**”), Deans Knight Income and Growth Fund (“**Deans Knight**”), Fairway Investment Grade Income Fund (“**Fairway Investment**”), Nuveen Senior Floating Rate Income Fund (“**Nuveen**”), Global Preferred Securities Trust (“**Global Preferred**”), Fairway Diversified Income and Growth Trust (“**Fairway Diversified**”) and preferred shareholders (“**Preferred Shareholders**”) of the Corporation will be held at the offices of McMillan Binch Mendelsohn LLP, 181 Bay Street, Suite 4400, Toronto, Ontario M5J 2T3 on June 11, 2007 at 11:00 a.m. (Toronto time). Unitholders and/or Preferred Shareholders are also referred to as “**Securityholders**”. Units (“**Units**”) of the Funds and/or preferred shares (“**Preferred Shares**”) of the Corporation are also referred to as “**Securities**”. The manager of the Corporation is Charterhouse PSI Management Corporation and the trustee and the manager of the Funds is Fairway Advisors Inc. (each a “**Manager**” or in its capacity as trustee, the “**Trustee**”).

PURPOSE OF MEETINGS

The Meetings are being held for the following purposes:

1. Fund Mergers: Global Preferred, Fairway Investment and Fairway Diversified:

To consider and, if thought fit, to pass, with or without amendment, with respect to each of Global Preferred, Fairway Investment and Fairway Diversified, an extraordinary resolution to merge Global Preferred, Fairway Investment and Fairway Diversified with Fairway Diversified being the continuing fund.

2. Issuance of Additional Securities for each Fund and the Corporation:

To consider and, if thought fit, to pass, with or without amendment, with respect to each of the Funds, an extraordinary resolution approving an amendment to the declaration of trust of each of the Funds and, with respect to the Corporation, a special resolution approving an amendment to the articles of incorporation of the Corporation, to permit, without Securityholder approval, the issue of Securities at a price per Security that is less than the net asset value per Security at such time.

3. Authority to Convert to an Open-Ended Mutual Fund for each Fund:

To consider and, if thought fit, to pass, with or without amendment, with respect to each of the Funds, an extraordinary resolution approving an amendment to the declaration of trust of each of the Funds, granting the Manager of each of the Funds the authority, in its discretion and without seeking the further

approval of Unitholders, to convert each of the Funds to an open-ended mutual fund if the Fund's Units trade at a discount to net asset value.

4. Additional Redemption Right for each Fund:

To consider and, if thought fit, to pass, with or without amendment, with respect to each of the Funds, an extraordinary resolution approving an amendment to the declaration of trust of each of the Funds to permit Unitholders to switch to other investment vehicles administered, managed, sponsored or promoted by the Manager of each of the Funds or an affiliate of the Manager, to be offered to the public by prospectus, by adding a further redemption right at 100% of the net asset value per Unit from time to time at the discretion of the Manager of each of the Funds.

5. Termination of the Fund by the Manager for each Fund:

To consider and, if thought fit, to pass, with or without amendment, an extraordinary resolution approving an amendment to the declaration of trust of each of the Funds other than Nuveen and Long Reserve (which declarations of trust already provide for this discretion by the Manager) to permit the Manager of the Fund, in its discretion, to terminate the Fund without approval of Unitholders if, in its opinion, it is no longer economically practical for the Fund to continue, or if it determines that it would be in the best interests of the Unitholders, to terminate the Fund.

6. Allocation of Realized Capital Gains to Redeeming Unitholders of Fairway Diversified:

To consider and, if thought fit, to pass, with or without amendment, an extraordinary resolution approving an amendment to the declaration of trust of Fairway Diversified (which is the only Fund without this discretion) to permit the Trustee or the Manager of Fairway Diversified to designate as payable to redeeming Unitholders capital gains realized by Fairway Diversified in connection with the disposition of Units required in order to fund the redemption.

7. Payment of Management Fee in Units for each Fund:

To consider and, if thought fit, to pass, with or without amendment, an extraordinary resolution approving an amendment to the declaration of trust of each of the Funds other than Deans Knight and Fairway Investment (which declarations of trust already permit such action) to permit the management fees to be paid in either Units or cash, and if in Units, to a total maximum amount of 100,000 Units, at the option of the Manager and without approval of the Unitholders.

8. Amendment to Investment Restrictions/Investment Strategy for Deans Knight and Fairway Diversified:

To consider and, if thought fit, to pass, with or without amendment, an extraordinary resolution approving an amendment to the declarations of trust of, respectively, Deans Knight and Fairway Diversified, to amend the investment restrictions/investment strategy which lower the amounts required to be invested in income trusts, and certain other changes more particularly described in the accompanying Management Information Circular.

9. Amendment to Investment Restrictions for each Fund:

To consider and, if thought fit, to pass, with or without amendment, with respect to each of the Funds, an extraordinary resolution approving an amendment to the declaration of trust of each of the Funds to remove or amend certain investment restrictions which no longer apply due to changes in applicable tax legislation.

10. Other Business for each Fund and the Corporation:

To transact such further and other business as may properly come before the Meeting or any adjournment(s) thereof.

The text of the proposed extraordinary resolutions in respect of the Funds and of the special resolution of the Corporation, as applicable, is set forth in the accompanying Management Information Circular. Securityholders are invited to attend the applicable Meeting, which is being called by the respective Manager of the Funds and of the Corporation. Securityholders of record at the close of business on May 9, 2007 will be entitled to receive notice of and vote at the applicable Meeting. In respect of the Funds, no person acquiring Units after such date shall be entitled to vote at the applicable Meeting or any adjournment thereof.

In respect of the Corporation, persons acquiring Preferred Shares after such date shall be entitled to vote at the applicable Meeting or any adjournment thereof to the extent such person establishes ownership thereof and demands not later than the time at which the applicable Meeting commences that the transferred name be included on the list of Preferred Shareholders entitled to vote the transferred Preferred Shares at the applicable Meeting.

NOTICE IS HEREBY FURTHER GIVEN that in the event any of the Funds or the Corporation is required to adjourn the applicable Meeting because a quorum of Securityholders is not in attendance or for any other reason, such adjourned meeting will be held for the same purposes set out in this Notice of Special Meetings of Unitholders and Preferred Shareholders on June 21, 2007, at the offices of McMillan Binch Mendelsohn LLP, 181 Bay Street, Suite 4400, Toronto, Ontario M5J 2T3 at 11:00 a.m. (Toronto time).

Registered Preferred Shareholders who dissent from the special resolution to amend the articles of incorporation of the Corporation are entitled to be paid the fair value of their Preferred Shares in accordance with section 185 of the *Business Corporations Act* (Ontario) as described in the accompanying Management Information Circular.

Dated at Toronto, Ontario the 15th day of May, 2007.

BY ORDER OF THE BOARD OF DIRECTORS OF
FAIRWAY ADVISORS INC. as Trustee and Manager of
LONG RESERVE LIFE RESOURCE FUND,
DEANS KNIGHT INCOME AND GROWTH FUND,
FAIRWAY INVESTMENT GRADE INCOME FUND,
NUVEEN SENIOR FLOATING RATE INCOME FUND,
GLOBAL PREFERRED SECURITIES TRUST, and
FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST

(Signed) “STEVEN J. HAWKINS”
Chief Executive Officer,
Managing Partner and Director,
Fairway Advisors Inc.

(Signed) “PETER RIZAKOS”
Managing Partner
and Director, Fairway Advisors Inc.

BY ORDER OF THE BOARD OF DIRECTORS OF
CHARTERHOUSE PREFERRED SHARE INDEX CORPORATION

(Signed) “KEVIN S. BEATSON”
President, Chief Executive Officer,
Secretary and Director,
Charterhouse Preferred Share
Index Corporation

(Signed) “JASON MACKEY”
Chief Financial Officer and Director,
Charterhouse Preferred Share Index
Corporation

Securityholders are requested to complete, sign and return the applicable accompanying form of proxy for use at the applicable Meeting, whether or not they are able to attend personally, as described in the accompanying Management Information Circular.

All Securityholders are invited to attend the applicable Meeting but beneficial Securityholders will not be recognized at the Meetings for purposes of voting their Securities in person or by way of proxy unless they comply with certain procedures. If you are a beneficial Securityholder and wish to vote in person at a Meeting, please contact your broker or agent well in advance of the Meetings to determine how you can do so. Securityholders that are unable to attend have the right to appoint a person other than the person specified in the form of proxy to attend and act on such Securityholder’s behalf at the applicable Meeting. Such right may be exercised by inserting the name of the person to be appointed in the space provided, or by completing another proper form of proxy. A person appointed as a proxyholder need not be a Securityholder.

The Securities were issued in “book-entry” form only; therefore CDS & CO., the nominee of CDS Clearing and Depository Services Inc., is the only registered holder of the Securities. Only registered

Securityholders or persons they appoint as proxyholders are permitted to vote at the applicable Meetings. Accordingly, all non-registered Securityholders who receive these materials through their broker or other intermediary and wish to vote on the extraordinary resolutions in the case of the Funds or the special resolution in the case of the Corporation must complete and send the form of proxy in accordance with the instructions provided by their broker or other intermediary. To be effective, a proxy must be received by Computershare Investor Services Inc., Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, fax number 416-263-9524 or 1-866-249-7775, at least 24 hours (excluding Saturdays, Sundays, or civic or statutory holidays in the City of Toronto, Ontario) before the time of the Meeting or any adjournment thereof or deposit it with the chairman of the Meeting on the day of the Meeting (or any adjournment thereof) prior to the commencement of such Meeting.

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MANAGEMENT INFORMATION CIRCULAR

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by Fairway Advisors Inc., the trustee and the manager of Long Reserve Life Resource Fund (“Long Reserve”), Deans Knight Income and Growth Fund (“Deans Knight”), Fairway Investment Grade Income Fund (“Fairway Investment”), Nuveen Senior Floating Rate Income Fund (“Nuveen”), Global Preferred Securities Trust (“Global Preferred”), Fairway Diversified Income and Growth Trust and by Charterhouse PSI Management Corporation, the manager of the Corporation, for use at special meetings (the “Meetings”, or each individually, a “Meeting”) of unitholders (“Unitholders”) of the Funds and preferred shareholders (“Preferred Shareholders”) of the Corporation or any adjournments thereof to be held at the offices of McMillan Binch Mendelsohn LLP, 181 Bay Street, Suite 4400, Toronto, Ontario M5J 2T3 on June 11, 2007 at 11:00 a.m. (Toronto time), for the purposes set forth in the Notice of Special Meetings of Unitholders and Preferred Shareholders accompanying this Circular. Fairway Advisors Inc. and Charterhouse PSI Management Corporation are collectively referred to, in respect of each Fund or the Corporation, as the case may be, as the “Manager” and each individually is referred to in respect of each Fund or the Corporation, as the case may be, as the “Manager”, or, for Fairway Advisors Inc., in its capacity as trustee, the “Trustee”. Unitholders and/or Preferred Shareholders are also referred to as “Securityholders” or “Holders” as the context permits. Units (“Units”) of the Funds and/or preferred shares (“Preferred Shares”) of the Corporation are also referred to as “Securities”.

In respect of each Fund and of the Corporation, while it is expected that solicitation will be primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the respective Manager at nominal cost. The respective Funds and the Corporation will reimburse brokers, custodians, nominees and other fiduciaries for their reasonable charges and expenses incurred in forwarding the proxy material to beneficial owners of Securities.

Appointment and Revocation of Proxies

In respect of each Fund and the Corporation, the individuals named in the accompanying form of proxy for the Meetings are directors and officers of the respective Manager.

A Securityholder has the right to appoint a person (who need not be a Securityholder) other than the persons named in the accompanying form of proxy to represent him or her at the Meeting, either by inserting such person’s name in the blank space provided in the form of proxy and striking out the other names or by completing another proper form of proxy. A form of proxy will not be valid unless it is properly executed and received by Computershare Investor Services Inc., Proxy

Department, 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, fax number 416-263-9524 or 1-866-249-7775, at least 24 hours (excluding Saturdays, Sundays, or civic or statutory holidays in the City of Toronto, Ontario) before the time of the Meeting or any adjournment thereof or be deposited with the chairman of the Meeting on the day of the Meeting (or any adjournment thereof) prior to the commencement of such Meeting.

Proxies given by Securityholders for use at the Meetings may be revoked at any time prior to their use.

In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the Securityholder or his or her attorney authorized in writing, or where the Securityholder is a corporation, by a duly authorized officer or attorney of the corporation, to the registered office of the relevant Fund or of the Corporation, at any time up to and including the last business day (being any day other than a Saturday, Sunday or civic or statutory holiday in the City of Toronto, Ontario) preceding the day of the Meeting (or any adjournment thereof), at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting (or any adjournment thereof) prior to the commencement of such Meeting and upon either of such deposits the proxy is revoked. Any such revocation will have effect only in respect of those matters upon which a vote has not already been cast pursuant to the authority conferred by the revoked proxy. See also “Non-Registered Securityholders” below.

Voting and Discretion of Proxies

Securities represented by proxies which are hereby solicited (if properly executed and deposited) will be voted for or against the matters identified in the form of proxy, in each case in accordance with the instructions of the Securityholder.

In the absence of any instructions on the form of proxy, it is the intention of the persons named in the accompanying form of proxy to vote the Securities represented by proxies in favour of the proposed extraordinary resolutions in the case of the Funds and the proposed special resolution in the case of the Corporation.

Preferred Shareholders have a right to dissent with respect to the special resolution approving an amendment to the articles of incorporation of the Corporation. The execution or exercise of a proxy does not constitute a written objection for the purposes of section 185 of the *Business Corporations Act* (Ontario) (“OBCA”). See Schedule J.

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of the matters set out in the accompanying Notice of Special Meetings of Unitholders and Preferred Shareholders and with respect to other matters that may properly come before the Meetings.

As of the date of this Circular, the respective Manager, in respect of the Funds and of the Corporation, knows of no matters that may properly come before the Meeting other than the matters referred to in the accompanying Notice of Special Meetings of Unitholders and Preferred Shareholders. If any such amendments, variations or other matters are properly brought before the Meetings, the persons named in the accompanying form of proxy will vote thereon in accordance with their best judgment.

Non-Registered Securityholders

Each of the Funds and the Corporation has issued Securities in book-entry form only, through CDS Clearing and Depository Services Inc. (“CDS”). Participants in the CDS book-entry system (“CDS Participants”) include securities brokers and dealers, banks and trust companies. Indirect access to the

CDS book-entry system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly (“**Indirect Participants**”).

As a result of the Funds and the Corporation issuing Securities in book-entry only form, a nominee of CDS is the sole registered Unitholder of each of the Funds and Preferred Shareholder of the Corporation. Only registered Securityholders or the persons they appoint as proxies are permitted to vote at the Meeting. All of the beneficial holders of Securities (the “**Non-Registered Holders**”) hold their Securities through either CDS Participants or Indirect Participants (collectively, “**Intermediaries**”). The Manager has caused copies of the Notice of Special Meetings of Unitholders and Preferred Shareholders, this Circular and form of proxy to be delivered to CDS and the Intermediaries for onward distribution to Non-Registered Holders.

Generally, Non-Registered Holders will either:

- (a) be provided with a proxy executed by the Intermediary as the registered holder, but otherwise uncompleted. The Non-Registered Holder may complete the proxy and return it in the postage prepaid envelope accompanying this Circular; or
- (b) be provided by the Intermediary with a request for voting instructions. The Non-Registered Holder may complete and sign the proxy to provide the voting instructions and return it in the postage prepaid envelope accompanying this Circular.

Securityholders who wish to attend the Meetings and vote Securities in person or through a representative should insert their name or the name of their representative in the blank space provided on the form of proxy or voting instruction form, sign (if applicable) and date the form and mail it in the enclosed envelope. **In all cases, Non-Registered Holders should carefully follow the instructions of their Intermediaries, including when and where the proxy or voting instruction form should be delivered.**

Only registered Securityholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must make arrangements with their Intermediary well in advance of the Meeting.

Voting of Securities and Principal Holders Thereof

Every question submitted to each Meeting shall be decided in the first instance by a show of hands unless a poll is demanded, in which case a poll shall be taken. On a show of hands, every Securityholder who is entitled to vote and is present in person or represented by proxy shall have one vote. On a poll, every Securityholder who is entitled to vote and be present in person or represented by proxy shall have one vote for each Unit or Preferred Share, as the case may be, which he or she holds.

The record date for the determination of Securityholders entitled to receive the Notice of Special Meetings of Unitholders and Preferred Shareholders has been fixed as May 9, 2007 (the “**Record Date**”).

In respect of the Funds, no person acquiring Units after the Record Date shall be entitled to receive notice of or vote at the Meeting or any adjournment thereof, in accordance with the following declarations of trust made in respect of each of the Funds by the Trustee: Declaration of Trust in respect of Long Reserve made as of May 18, 2006; Amended and Restated Declaration of Trust in respect of Deans Knight made as of March 15, 2006; Amended and Restated Declaration of Trust in respect of Fairway Investment made as of February 25, 2005; Amended and Restated Declaration of Trust in respect of Nuveen made as of October 28, 2004; Declaration of Trust in respect of Global Preferred made as of May 31, 2004; and Amended and Restated Declaration of Trust in respect of Fairway Diversified made as of May 31, 2004 (collectively the “**Declarations of Trust**” and individually, in relation to the related Fund, the “**Declaration of Trust**”).

In respect of the Corporation, each Preferred Shareholder of record at the close of business on the Record Date will be entitled to one vote for each Preferred Share held by him or her on all matters in respect of the Corporation proposed to come before the applicable Meeting, except to the extent that he or she has transferred any Preferred Shares after May 9, 2007 and the transferee of such Preferred Shares establishes ownership thereof and demands not later than the time at which the Meeting commences that the transferred name be included on the list of Preferred Shareholders entitled to vote the transferred Preferred Shares at the Meeting. If this occurs, the transferee will be entitled to vote such Preferred Shares in accordance with the Articles of Incorporation dated September 22, 2004, as amended by Articles of Amendment dated October 28, 2004 and the by-laws of the Corporation (collectively, the “**Articles of Incorporation**”).

As at the close of business on May 9, 2007, the following number of Securities of the Funds and of the Corporation were issued and outstanding:

Fund	Number of Securities Issued and Outstanding
Long Reserve Life Resource Fund	1,984,528
Deans Knight Income & Growth Trust	5,510,300
Fairway Investment Grade Income Fund	2,903,643
Nuveen Senior Floating Rate Income Fund	3,203,644
Global Preferred Securities Trust	1,705,981
Fairway Diversified Income and Growth Trust	4,219,591
Charterhouse Preferred Share Index Corporation	2,235,174

Each Security carries the right to one vote (with respect to the Corporation this right is limited to certain circumstances related to fundamental changes, including the change to be considered at the relevant Meeting) and all Securities may be voted at the relevant Meeting, except as disclosed below. The affirmative vote of at least 66 $\frac{2}{3}$ % of the votes cast at the relevant Meeting is required for approval of each of the proposed extraordinary resolutions and the special resolution referred to in the Notice of Special Meetings of Unitholders and Preferred Shareholders and discussed below.

To the extent any of them holds Securities from time to time, none of the Trustee, the Manager, any insider (as defined in the *Securities Act* (Ontario)), of any of the Funds or of the Corporation, any affiliate of the Trustee or of the Manager of any of the Funds or the Corporation or any director or officer of such persons is entitled to vote the Securities held by them on an extraordinary resolution in respect of any of the Funds or on a special resolution in respect of the Corporation.

In accordance with the respective Declarations of Trust and/or Articles of Incorporation, as applicable, the presence of at least two or more Securityholders present in person or by proxy and representing not less than 25% (10% in the case of the Corporation) of the outstanding Securities constitutes a quorum for purposes of an extraordinary resolution or a special resolution at the relevant Meeting. In the event that a quorum is not present within one-half hour after the time fixed for the holding of the Meeting, the Meeting shall stand adjourned to June 21, 2007. Notice of an adjourned meeting, if required, is given to Securityholders in the Notice of Special Meetings of Unitholders and Preferred Shareholders. The Securityholders present in person or by proxy at any adjourned meeting will constitute a quorum.

As of the date of this Circular and to the knowledge of the Trustee and the Manager of the Funds and the Manager of the Corporation and their directors and senior officers, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Securities of any of the

Funds or of the Corporation carrying more than 10% of the voting rights attached to the Securities of any of the Funds or of the Corporation.

INTERESTS IN MATTERS TO BE ACTED UPON

The respective Manager of the Funds, in respect of each Fund, and the Manager of the Corporation, in respect of the Corporation, receives a management fee. In each such case, neither the Manager of the Funds or of the Corporation nor any of the relevant Manager's directors or senior officers, nor any associate or affiliate of any of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than as described in this Circular.

THE FUNDS AND THE CORPORATION

Each Fund (the Corporation is described below) is a closed-end investment trust established under the laws of the Province of Ontario pursuant to the Declarations of Trust. The equal undivided beneficial interest in the net assets of each Fund is represented by redeemable, transferable trust units of a single class (the "**Units**"). In respect of each Fund, each Unit entitles a Holder to the same rights and obligations as a Holder of any other Unit and no Holder is entitled to any privilege, priority or preference in relation to any other Holder. In respect of each Fund, each Holder is entitled to one vote for each Unit held and to participate equally in respect of all distributions made out of the respective Fund's assets. In respect of each Fund, on termination of the Fund, each Unit shall entitle the holder thereof to participate equally with respect to the distribution of the remaining assets of the Fund after payment of the Fund's debts, liabilities and liquidation or termination expenses of the Fund. The principal place of business of the Funds and the registered office of the Manager of each of the Funds is BCE Place, 181 Bay Street, Suite 3740, Toronto, Ontario M5J 2T3.

The Corporation is an investment fund incorporated under the OBCA. The authorized capital of the Corporation consists of an unlimited number of retractable, transferable preferred shares (the "**Preferred Shares**") and an unlimited number of Class A shares. The Class A shares rank subsequent to the Preferred Shares with respect to the payment of dividends, distributions upon a redemption, retraction or otherwise and distributions upon a dissolution, liquidation or winding-up of the Corporation. Holders of the Class A shares are entitled to one vote per share. At any time when there are any Preferred Shares issued and outstanding, holders of Class A shares are not entitled to receive any dividends but are entitled to \$1.00 per share on the dissolution, liquidation or winding-up of the Corporation. During such time, the Class A shares are retractable and redeemable at a price of \$1.00 per share. The Preferred Shares rank in priority to the Class A shares with respect to the payment of dividends, distributions upon a redemption, retraction or otherwise and distributions upon a dissolution, liquidation, or winding-up of the Corporation. Except under certain limited circumstances related to fundamental changes to the Corporation and as required by law, Preferred Shareholders are not entitled to receive notice of, to attend or to vote at any meeting of shareholders of the Corporation. The principal place of business and the registered office of the Manager of the Corporation is 26 Wellington Street East, Suite 920, Toronto, Ontario M5E 1S2.

The Funds and the Corporation share similar investment objectives. The investment objectives for the Funds are to provide Holders with monthly cash distributions and the opportunity for capital appreciation. In addition, Fairway Investment and Global Preferred seek to mitigate the impact of significant interest rate increases on the value of their underlying portfolios. Both Global Preferred and Nuveen seek to provide Holders with tax efficient monthly distributions consisting of capital gains and return of capital. The investment objective for the Corporation is to provide quarterly return of capital distributions over the life of the Preferred Shares.

The investment strategies of each of the Funds consists of investments in the following portfolios: Long Reserve invests in an actively managed, broadly diversified portfolio of equity securities of issuers in

the oil and gas, diversified base metal, precious metal, coal and uranium commodity sectors, based primarily on the portfolio manager's calculation of reserve life, hedging practices and political stability of the regions in which the issuers are located; Deans Knight invests in an actively managed portfolio consisting primarily of income-producing securities and, to a lesser extent, equity securities; Fairway Investment invests in an actively managed portfolio of fixed income securities consisting primarily of United States and Canadian investment grade corporate bonds and hybrid preferred securities; Nuveen provides Holders with exposure to the returns of an investment trust which has exposure to the total returns on a reference portfolio consisting primarily of senior loans and other debt securities; Global Preferred provides exposure to a portfolio consisting primarily of preferred shares and other preferred securities of global issuers; Fairway Diversified invests in a portfolio consisting primarily of securities in multiple, income producing asset classes with low correlation to each other, consisting of units of income trusts, high yield corporate bonds, preferred securities, dividend paying common shares and other securities; and the Corporation provides exposure to an indexed portfolio of fixed-rate preferred shares and preferred securities of Canadian issuers which is representative of the investible universe of such securities through its wholly-owned subsidiary, Charterhouse PSI Investment Corporation ("**IndexCo**").

In the case of Nuveen and Global Preferred, each of these Funds has invested in a portfolio of common shares of Canadian public companies and entered into a forward purchase and sale agreement (collectively, the "**Forward Agreements**") with a Schedule I Canadian chartered bank counterparty (the "**Counterparty**"), which enables them to provide the investment exposure described above. Pursuant to the Forward Agreements, the Counterparty has agreed to purchase the common share portfolio of each Fund on or about the termination date of the Fund for an amount equal to 100% of the redemption proceeds received by the Counterparty or an affiliate from the units of a corresponding investment trust established by the Manager. The two corresponding funds established by the Manager are: Senior Floating Rate Income Trust (which corresponds to Nuveen) and Global Preferred Trust (which corresponds to Global Preferred). Each of the corresponding funds acquired a portfolio of securities designed to provide the investment exposure described above. Based on this structure, the return to the Holders of the Funds depends on the return on the portfolios of the corresponding funds.

Listing

Each of the Funds and the Corporation is listed for trading on the Toronto Stock Exchange ("TSX") under the following symbols: Long Reserve: LRF.UN; Deans Knight: DKI.UN; Fairway Investment: FGF.UN; Nuveen: FSL.UN; Global Preferred: GPT.UN; Fairway Diversified: FDT.UN and the Corporation: PFD.PR.A.

Management, Investment Advisors and Portfolio Managers of the Funds and of the Corporation

The respective Manager of each of the Funds and of the Corporation is responsible for the management functions for the Funds and the Corporation and except in the case of the Corporation which does not have a Trustee, is also the Trustee of the Funds. The Manager, in respect of each Fund and the Corporation, has exclusive authority to manage the operations and affairs of the Funds and the Corporation, to make all decisions regarding the business of the Funds and the Corporation and to bind the Funds and the Corporation. The Manager may delegate any of its powers to third parties, including by entering into a management or administration agreement, where, in the opinion of the Manager, it would be in the best interests of the respective Fund and/or Corporation to do so. In respect of each Fund, the Manager has appointed an investment advisor (the "**Investment Advisor**") to be responsible for the investment policy of the Fund and, in certain cases, to retain and supervise a portfolio manager (the "**Portfolio Manager**") in its execution of the investment strategy of the Fund. Where no Portfolio Manager has been appointed, the Investment Advisor is responsible for the execution of the investment strategy of the Fund.

Fund	Investment Advisor	Portfolio Manager
Long Reserve	JovInvestment Management Inc.	Lawrence Asset Management Inc.
Deans Knight	JovInvestment Management Inc.	Deans Knight Capital Management Ltd.
Fairway Investment	MFC Global Investment Management (Canada) and MFC Global Investment Management (U.S.), LLC	
Nuveen	JovInvestment Management Inc.	Symphony Asset Management, LLC
Global Preferred	MFC Global Investment Management (Canada)	MFC Global (U.S.)
Fairway Diversified	MFC Global Investment Management (Canada)	

JovInvestment Management Inc. is an affiliate of the Manager, Fairway Advisors Inc.

The Corporation and IndexCo are separate corporations and are managed as such by their respective Boards of Directors. The Corporation and IndexCo have delegated responsibility to the Manager, Charterhouse PSI Management Corporation, to provide management and administrative services to the Corporation and IndexCo. The Manager has retained Leon Frazer & Associates Inc., a subsidiary of Jovian Capital Corporation, to administer the underlying portfolio (the “**Index Administrator**”).

Among other restrictions, the Manager may not dissolve any Fund or the Corporation, as the case may be, or wind up the affairs of any Fund or the Corporation except in accordance with the provisions of the relevant Declaration of Trust or Articles of Incorporation, as the case may be.

The name, municipality of residence, position with the Manager of each of the Funds (in respect of the Manager of the Corporation see below) and principal occupation of each of the directors and officers of the Manager are set out below:

FAIRWAY ADVISORS INC.

<u>Name and Municipality of Residence</u>	<u>Position with the Manager</u>	<u>Principal Occupation</u>
STEVEN J. HAWKINS OAKVILLE, ONTARIO	Chief Executive Officer, Managing Partner and Director	Managing Partner, JovFunds Management Inc.
GORDON A. MCMILLAN OAKVILLE, ONTARIO	Chairman of the Board and Director	Chairman, Tailwind Financial Inc.
J. RUSSELL LINDSAY TORONTO, ONTARIO	Director	Chief Operating Officer, Jovian Capital Corporation
PHILIP ARMSTRONG AURORA, ONTARIO	Director	Chairman and Chief Executive Officer, Jovian Capital Corporation
MARK ARTHUR TORONTO, ONTARIO	Director	Executive Vice President, Jovian Capital Corporation
JACQUES F. IPPERSIEL TORONTO, ONTARIO	Vice-President, Investment Operations	Vice-President, Investment Operations, Fairway Capital Management Corp.

<u>Name and Municipality of Residence</u>	<u>Position with the Manager</u>	<u>Principal Occupation</u>
RAJ LALA TORONTO, ONTARIO	Managing Partner	Managing Partner, JovFunds Management Inc.
JASON MACKEY TORONTO, ONTARIO	Chief Financial Officer	Chief Financial Officer, Jovian Capital Corporation
DURIYA PATEL TORONTO, ONTARIO	Secretary	Secretary and General Counsel, Jovian Capital Corporation
PETER RIZAKOS TORONTO, ONTARIO	Managing Partner	Managing Partner, JovFunds Management Inc.

CHARTERHOUSE PSI MANAGEMENT CORPORATION

In relation to the Manager of the Corporation, the name, municipality of residence, position with the Manager and principal occupation of each of the directors and officers of the Manager are set out below. Following this, the name, municipality of residence, position with the Corporation and IndexCo and principal occupation of each of the directors and officers of the Corporation and IndexCo are set out.

<u>Name and Municipality of Residence</u>	<u>Position with the Manager</u>	<u>Principal Occupation</u>
KEVIN S. BEATSON OAKVILLE, ONTARIO	President, Chief Executive Officer and Secretary	Managing Director, JovFunds Management Inc.
JASON MACKEY TORONTO, ONTARIO	Vice President, Chief Financial Officer and Director	Chief Financial Officer, Jovian Capital Corporation
PETER RIZAKOS TORONTO, ONTARIO	Managing Partner and Director	Managing Partner, JovFunds Management Inc.

<u>Name and Municipality of Residence</u>	<u>Position with each of the Corporation and IndexCo</u>	<u>Principal Occupation</u>
KEVIN S. BEATSON OAKVILLE, ONTARIO	President, Chief Executive Officer, Secretary and Director	Managing Director, JovFunds Management Inc.
JASON MACKEY TORONTO, ONTARIO	Chief Financial Officer and Director	Chief Financial Officer, Jovian Capital Corporation
HARVEY NAGLIE TORONTO, ONTARIO	Director	President, Hysibasy Development Corp. of Toronto
ROBERT MARCUS TORONTO, ONTARIO	Director	President, Majorica Asset Management Corp.
PETER RIZAKOS TORONTO, ONTARIO	Director	Managing Partner, JovFunds Management Inc.

The Funds and the Corporation do not have an executive committee and except for the Corporation are not required to have an audit committee. The services of the officers and directors of the applicable Manager of a Fund are not exclusive to the Fund. The Manager of a Fund and any of the affiliates and associates of such Manager may, at any time, engage in the promotion, management or investment

management of any other fund or account and provide similar services to other investment funds and other clients and engage in other activities.

In respect of each Fund, except Fairway Investment where part of the management fee is paid in Securities of Fairway Investment, the directors and officers of the Manager of the Fund, as a group, beneficially own, directly or indirectly, or have control or direction over, less than 1% of the Securities of the Fund. In respect of Fairway Investment Grade slightly over 1% is so held. In respect of the Corporation, the directors and officers of the Manager or of the Corporation, as a group, beneficially own, directly or indirectly, or have control or direction over, less than 1% of the Securities of the Corporation.

Except in relation to Global Preferred, Fairway Diversified and the Corporation, the Declaration of Trust of the Funds provides that the Trustee or the Manager shall establish an advisory board to provide advice and recommendations to the Manager with respect to conflicts of interest, potential conflicts of interest and related party transactions. The Canadian Securities Administrators adopted, effective November 1, 2006, National Instrument 81-107 *Independent Review Committee for Investment Funds* (“**NI 81-107**”) which requires the manager of an investment fund that is a reporting issuer to establish an independent review committee (the “**IRC**”). NI 81-107 provides for a one-year transition period during which the IRC must be appointed, and upon completion of that period all of the provisions of NI 81-107 shall apply.

As required by NI 81-107, the IRC’s mandate will be to review conflicts of interest of the Manager in respect of the Fund and other matters. A “conflict of interest matter” set forth in NI 81-107 is a situation where a reasonable person would consider the Manager, or an entity related to the Manager, to have an interest that may conflict with the Manager’s ability to act in good faith and in the best interests of the Fund. In addition, NI 81-107 specifies certain provisions of existing securities legislation that restrict or prohibit certain actions as being conflict of interest matters.

The IRC must be composed of at least three individuals who are independent of the Manager and the Fund for purposes of NI 81-107. Pursuant to NI 81-107, the Fund is required to pay from its assets all reasonable costs and expenses reasonably incurred in the compliance of NI 81-107. The IRC sets its own compensation pursuant to NI 81-107.

Executive Compensation

Other than the Corporation, the Funds do not have officers or directors. In respect of each Fund and the Corporation, the Manager is responsible for the day to day administration and operation.

As compensation for management services rendered to each of the Funds and the Corporation, the Manager is entitled to the fees listed in the table below. Except as noted, the Manager is entitled to (i) an annual management fee (the “**Management Fee**”) based on a percentage of the net asset value (or for Nuveen, the total assets) of the Fund or the Corporation, as the case may be (and, where applicable, of the underlying fund) calculated and accrued daily and payable monthly in arrears plus applicable taxes, plus (ii) an amount equal to an annual service fee based on a percentage of the net asset value per Security (plus applicable taxes) for Securities held by clients of the sales representatives of registered dealers calculated and accrued daily and payable quarterly, or semi-annually in arrears to registered dealers. In all cases where an investment advisor, portfolio manager or index administrator is appointed, the Manager is responsible for payment of the investment management fees of each of the investment advisor, the portfolio manager and/or index administrator out of the Manager’s fees.

Name	Management Fee	Service Fee
Long Reserve	1.1%	.40%
Deans Knight	1.1%	.40%

Name	Management Fee	Service Fee
Fairway Investment	1.0%	.30%
Nuveen <u>underlying fund</u>	0.10%	.40%
Senior Floating Rate Income Trust	.40%	Not applicable
Global Preferred <u>underlying fund</u>	0.25%	.40%
Global Preferred Trust	.85%	Not applicable
Fairway Diversified	1.10%	.40%
Charterhouse Preferred <u>underlying fund</u>	.05%	Not applicable
IndexCo	.40%	Not applicable

In addition each of the independent directors of the Corporation and IndexCo is entitled to receive an annual retainer of \$8,000 for the Corporation and IndexCo plus a fee of \$500 for each meeting attended. No other officers or directors of the Corporation and IndexCo receive any compensation for acting in such capacity. Expenses of the directors of the Corporation and IndexCo and the premiums for directors' and officers' insurance coverage for the directors and officers of the Corporation and IndexCo are paid by the Corporation and IndexCo, respectively.

AUDITORS, CUSTODIAN AND TRANSFER AGENT

The auditors of each of the Funds are Ernst & Young LLP, 222 Bay Street, Toronto, Ontario. Ernst & Young LLP have been the auditors of the Funds since each of the Fund's establishment. The auditors of the Corporation are PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP have been the auditors of the Corporation since the Corporation's establishment.

State Street Trust Company Canada was appointed as the custodian of the assets of each of the Funds and the Corporation (the "**Custodian**"). The address of the Custodian is 30 Adelaide Street East, Suite 1100, Toronto, Ontario M5C 3G6.

Computershare Trust Company of Canada is the registrar and transfer agent for Long Reserve. Computershare Investor Services Inc. is the registrar and transfer agent for each of the other Funds and the Corporation.

ADDITIONAL INFORMATION

Additional information about the Funds is available on SEDAR at www.sedar.com and at the Managers' website at www.fairwaycapital.com. Financial information concerning the respective Funds is contained in the annual information form ("**AIF**"), management report of fund performance ("**MRFP**") and the annual audited and interim unaudited financial statements for the Fund, which are mailed to Securityholders. You are urged to review these documents carefully. You may obtain copies of the Fund's AIF, MRFP and financial statements from the Manager at BCE Place, 181 Bay Street, Suite 3740, Toronto, Ontario M5J 2T3 or in the case of the Manager of the Corporation, 26 Wellington Street East, Suite 920, Toronto, Ontario M5E 1S2.

BUSINESS OF THE MEETING IN RESPECT OF EACH FUND

1. Fund Mergers: Global Preferred, Fairway Investment and Fairway Diversified

At the respective Meetings, Securityholders in respect of each of Global Preferred and Fairway Investment (each a “**Terminating Fund**” and collectively the “**Terminating Funds**”) and of Fairway Diversified are being asked to consider and if thought fit to pass a resolution, with or without amendment, to:

- (a) approve the (i) liquidation of all assets of the Terminating Fund (and further with respect to Global Preferred only, the settling of all forward contracts); (ii) payment of sufficient distributions to ensure the Terminating Fund is not subject to Canadian federal income tax in its final taxation year; and (iii) transfer of net assets (being cash) to Fairway Diversified, in exchange for units of Fairway Diversified;
- (b) approve the redemption of all outstanding units of the Terminating Fund and transfer of units of Fairway Diversified to holders of units of the Terminating Fund in satisfaction of any and all redemption proceeds owing in connection therewith;
- (c) approve the Manager or Trustee of Global Preferred making, on behalf of the Fund, a joint election with Fairway Diversified under section 132.2 of the *Income Tax Act* (Canada) (the “**Tax Act**”) in respect of the exchange described in (a)(iii) above such that (i) Securityholders of Global Preferred will defer the recognition of any gains on their units of Global Preferred when they are exchanged for units of Fairway Diversified and (ii) Global Preferred will not realize any capital gains on the transfer of its net assets (being cash) to Fairway Diversified or on the transfer of units of Fairway Diversified to the Securityholders of Global Preferred; and
- (d) approve the Manager or Trustee of the Terminating Fund or Fairway Diversified taking such other steps as it deems necessary or advisable in connection with the termination of the Terminating Fund and its merger with Fairway Diversified.

This extraordinary resolution, which requires approval by not less than 66 $\frac{2}{3}$ % of the votes cast by the Securityholders in respect of the resolution, will also authorize any other steps as may be necessary or desirable to give effect to the foregoing.

In respect of each Fund, the Declaration of Trust provides that, among other things, any amendments to the Declaration of Trust other than those specified therein require approval of Securityholders by extraordinary resolution. For the Meetings, the form of proxy accompanying this Circular permits a Securityholder to specify that Securities registered in the name of the Securityholder shall be voted for or against this extraordinary resolution.

Background

The investment objectives and strategies of, and other pertinent information concerning, the Terminating Funds and the Fairway Diversified are as follows:

Fairway Investment (Terminating Fund):

Investment Objective

The investment objective of the Fund is to (i) provide stable monthly distributions initially targeted to be \$0.60 per Unit per annum to yield 6% per annum on the initial issue price; (ii) mitigate the impact of

significant interest rate increases on the value of the Fund's portfolio and (iii) preserve and enhance the net asset value per Unit.

Investment Strategy

The investment strategy of the Fund is to (a) invest in an actively managed portfolio of fixed income securities consisting primarily of corporate bonds and hybrid preferred securities of principally United States and Canadian issuers rated Investment Grade (defined below) at the time of purchase (the "Investment Grade Portfolio"); (b) ensure that at least 80% of the value of the Fund's total assets are invested in securities rated BBB- or higher by Standard & Poor's a division of The McGraw-Hill Companies, Inc., or Baa3 or higher by Moody's Investor Services, Inc. or an equivalent or higher rating from another nationally recognized credit rating agency and includes any unrated security determined by an appointed advisor to be of comparable quality ("Investment Grade") at the time of purchase; (c) employ strategies which are intended to mitigate the impact of significant interest rate increases on the value of the Investment Grade Portfolio, while permitting it to benefit from declines in interest rates; (d) hedge at least 90% of the investments in the Investment Grade Portfolio to the Canadian dollar initially and at least 50% at all times; and (e) invest in or use derivative instruments or other risk management techniques for hedging, investment or leveraging purposes, including buying or selling credit derivatives, and to borrow or employ other hedge at least 90% of the investments in the Investment Grade Portfolio to the Canadian dollar initially and at least 50% at all times; and (e) invest in or use derivative instruments or other risk management techniques for hedging, investment or leveraging purposes, including buying or selling credit derivatives, and to borrow or employ other forms of leverage, including securities lending, to enhance the returns on the Investment Grade Portfolio.

Global Preferred (Terminating Fund):

Investment Objective

The investment objective of the Fund is to (i) provide a stable stream of tax efficient monthly distributions consisting of capital gains and returns of capital initially targeted to be \$0.525 per Unit per annum to yield 5.25% per annum on the initial issue price; (ii) seek to mitigate the impact of significant interest rate increases on the value of the Fund's portfolio; and (iii) preserve and enhance the net asset value per Unit in order to return at least the original subscription price of Units (\$10.00 per Unit) to Unitholders of the Fund on or about May 31, 2014, the termination date.

Investment Strategy

The investment strategy of the Fund is to provide Unitholders with exposure to the returns on the Preferred Portfolio (as defined below) through the Forward Agreement. The Preferred Portfolio consists primarily of preferred shares and other preferred securities of global issuers, including convertible preferred shares and hybrid preferred securities such as Canadian originated preferred securities and trust originated preferred securities. The Preferred Portfolio may also invest in various debt securities.

Fairway Diversified (Continuing Fund):

Investment Objective

The investment objective of the Fund is to (i) provide monthly distributions initially targeted to be \$0.0583 per Unit per annum to yield 7% per annum on the initial issue price (ii) preserve capital throughout the life of the Fund; and (iii) enhance total return through capital appreciation of the Fund's portfolio.

Investment Strategy

The investment strategy of the Fund is to invest in a portfolio consisting primarily of securities in multiple, income producing asset classes with low correlation to each other consisting primarily of units of income trusts, high yield corporate bonds, preferred securities, dividend paying common shares, other common shares and convertible bonds. The Fund investment advisor employs an “asset allocation” investment approach under which the Fund’s investments will be underweighted or overweighted amongst the various asset classes from time to time as further described in the Fund’s declaration of trust

Reasons for Mergers. After considering a range of options that are in the best interests of the Securityholders of the Terminating Funds and Fairway Diversified, the Manager believes that the mergers will be beneficial to Securityholders of the Terminating Funds and Fairway Diversified for the following reasons:

- (1) The net asset value of Global Preferred is approximately \$15.5 million, the net asset value of Fairway Investment is approximately \$25 million and the net asset value of Fairway Diversified is approximately \$52 million. Securityholders of the Terminating Funds and of Fairway Diversified would become Securityholders of a fund with a larger net asset value of up to approximately \$90 million if the merger is approved, excluding any redemptions that may occur in the normal course. The merged entity would offer Securityholders of these funds the opportunity to be part of a fund with greater resources, thereby realizing greater economies of scale and lowering the costs of administration per Securityholder. The larger combined market capitalization should also improve the liquidity of the units of Fairway Diversified.
- (2) In the opinion of the Manager, the investment objectives of the Terminating Funds and Fairway Diversified are substantially similar. All are income oriented funds with monthly distributions and they are advised by the same Investment Advisor, MFC Global.
- (3) The current annual distribution rate on units of Fairway Investment and Global Preferred would increase from 6% and 5.25%, respectively, to 7%, the current annual distribution rate on units of Fairway Diversified.

Procedure for the Mergers. The procedure for the mergers will be as follows:

- (1) all assets of the Terminating Funds will be liquidated on the open market and all forward contracts in respect of Global Preferred will be settled;
- (2) net cash proceeds of the liquidated assets of each Terminating Fund will be used to discharge the liabilities of such Terminating Fund as of the date of the merger, pay brokerage commissions on the liquidation of the assets of each Terminating Fund and pay sufficient distributions to Securityholders to ensure the Terminating Fund is not subject to Canadian federal income tax in its final taxation year;
- (3) on the effective date of the merger all or substantially all of the remaining assets (cash) of each Terminating Fund will be transferred to Fairway Diversified in exchange for units of Fairway Diversified. Fairway Diversified will not assume the liabilities of the Terminating Funds;
- (4) Fairway Diversified units received by the Terminating Fund in payment for the transferred assets (being cash) will have an aggregate net asset value equal to the value of the assets transferred by the respective Terminating Fund. The units of Fairway Diversified will be issued at the applicable net asset value per unit of Fairway Diversified determined in accordance with its Declaration of Trust as of the close of business on the effective date;

- (5) the units of Fairway Diversified received by each Terminating Fund will be transferred to Securityholders of such Terminating Fund in exchange for the issued and outstanding units of the Terminating Fund held by Securityholders. No unit certificates will be issued; and
- (6) the affairs of the Terminating Funds will be wound up and those Funds shall be terminated.

The mergers are also subject to TSX and any other required approvals. In the event the mergers are not approved for any reason, the Terminating Funds will not merge but will continue as separate funds.

Investment Consequences. While the Manager is of the view that the merger is in the best interests of the Unitholders of the Terminating Funds, if the merger is approved:

- 1) Unitholders of Global Preferred may receive, as Unitholders of Fairway Diversified, distributions that are no longer simply capital gains and return of capital distributions, but which may be characterized as interest or dividend income. As a result the investment in Fairway Diversified may be less tax efficient.
- 2) Unitholders of Global Preferred will hold, as Unitholders of Fairway Diversified, an investment that is no longer rated by a recognized rating agency. Units of Global Preferred are currently rated P-2 (low) by Standard and Poor's.
- 3) Unitholders of Fairway Investment will hold, as Unitholders of Fairway Diversified, an investment that is no longer rated by a recognized rating agency. Units of Fairway Investment are currently rated P-2 (low) by Standard and Poor's.
- 4) Unitholders of Fairway Investment will hold, as Unitholders of Fairway Diversified, an investment that attracts a slightly higher Management Fee and Service Fee payable to dealers (see Executive Compensation above), but which are, in the Manager's view, in line with fees payable by similar funds.
- 5) Unitholders of the Terminating Funds will hold, as Unitholders of Fairway Diversified, an investment that has the risks associated with investing in equity securities and higher yielding (lower quality) fixed income securities. The risks associated with such investments are reduced by the diversified nature of the investments in Fairway Diversified. For a full disclosure of the risks associated with an investment in Fairway Diversified please see "Schedule K – Information Concerning Fairway Diversified Income and Growth Trust" attached to this Circular.

Tax Consequences.

Introduction. This is a general summary of the Canadian federal income tax considerations applicable in connection with the mergers that are relevant to a Securityholder of a Terminating Fund who is an individual (other than a trust) and who, for purposes of the Tax Act is resident in Canada, holds units of the Terminating Fund as capital property and who deals at arm's length with the Terminating Fund and Fairway Diversified. This summary is based on the current provisions of the Tax Act and the regulations thereunder, an understanding of the current administrative and assessing practices of the Canada Revenue Agency and all specific proposals to amend the Tax Act and the regulations publicly announced by the Minister of Finance Canada prior to the date hereof. Such summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign income tax legislation. This summary is not intended to be legal or tax advice for any particular Securityholder and is not exhaustive of all possible tax considerations. Securityholders are advised to consult their own tax advisors about their specific circumstances. Subject to the qualifications contained therein, a general summary of the tax considerations of holding units of a Terminating Fund, and units of Fairway Diversified are described in the Annual Information Forms and Prospectuses for such Funds posted on www.sedar.com.

Taxation of Fairway Investment. If the proposed merger proceeds, Fairway Investment will dispose of all of its property for fair market value cash proceeds and may realize income (or losses) or capital gains (or capital losses) on such dispositions. The adjusted cost base to Fairway Investment of units of Fairway Diversified acquired with any such cash proceeds remaining after satisfaction of Fairway Investment's obligations and the payment of cash distributions (if any) will be the amount paid for such units plus any reasonable costs of acquiring the units. Fairway Investment will not realize any gain on the transfer of units of Fairway Diversified to Securityholders of Fairway Investment, provided such transfer occurs immediately after the acquisition of Fairway Diversified units. To the extent Fairway Investment would otherwise be subject to tax on its net income (including net taxable capital gains) earned prior to the transfer of units of Fairway Diversified to Securityholders of Fairway Investment, Fairway Investment will make a distribution of such net income to its Securityholders. Any unused non-capital losses or net capital losses remaining in Fairway Investment at the time Fairway Investment is wound-up will expire and Fairway Diversified will not be entitled to use such losses to offset any future income or gains of Fairway Diversified.

Taxation of Securityholders of Fairway Investment. A Securityholder of Fairway Investment will generally be required to include in computing income for a taxation year the amount of Fairway Investment's net income for the taxation year (including net taxable capital gains) paid or payable to the Securityholder in the taxation year. If the proposed merger proceeds, each Securityholder will dispose of units of Fairway Investment for proceeds of disposition equal to the fair market value of units of Fairway Diversified received as consideration for the Fairway Investment units. In this connection it is anticipated that the fair market value of a unit of Fairway Diversified will be approximately equal to the net asset value of such unit. On the disposition of a unit of Fairway Investment, a Securityholder will realize a capital gain (capital loss) to the extent that the proceeds of disposition of the unit exceeds (is less than) the adjusted cost base of the unit.

For the purpose of determining the adjusted cost base to a Securityholder of units of Fairway Diversified, when a new unit of the fund is acquired, the cost of the newly acquired units of the fund will be averaged with the adjusted cost base of all units of the fund held by the Securityholder as capital property immediately before that time. For this purpose the cost of units of Fairway Diversified that are acquired as proceeds for the redemption of units of Fairway Investment will be equal to the fair market value of such Fairway Diversified units.

Fairway Diversified may have realized but undistributed (and/or unrealized) income or capital gains at the time of the merger. Accordingly, a Securityholder of Fairway Investment who acquires units of Fairway Diversified may receive distributions of income (including net realized taxable capital gains) on units of Fairway Diversified in respect of periods prior to the Securityholder's acquisition of such units.

In general terms, distributions received from Fairway Diversified that are designated as distributions of taxable capital gains and capital gains realized on the disposition of units may increase the liability of a Securityholder for alternative minimum tax.

As Fairway Diversified is a mutual fund trust for purposes of the Tax Act, units of Fairway Diversified will be qualified investments for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans. Securityholders should consult with their tax advisors in this regard. Information regarding Fairway Diversified (including tax information) may be found in the Prospectus for Fairway Diversified.

Taxation of Global Preferred. If the proposed merger proceeds and the funds make the election described in section 132.2 of the Tax Act, Global Preferred will dispose of all of its property for fair market value cash proceeds and Global Preferred may realize income (or losses) or capital gains (or capital losses) on such dispositions. The settlement of Global Preferred's forward contracts is expected to produce a capital gain for Global Preferred. The manager of Global Preferred expects that such capital gain will be

offset by the existing capital and non-capital losses of the fund. The adjusted cost base to Global Preferred of units of Fairway Diversified acquired with any cash proceeds remaining after satisfaction of Global Preferred's obligations and the payment of cash distributions (if any) will be deemed to be nil. Global Preferred will not realize any gain on the transfer of units of Fairway Diversified to Securityholders of Global Preferred, provided such transfer occurs within 60 days of the effective date of the merger. To the extent Global Preferred would otherwise be subject to tax on its net income (including net taxable capital gains) earned prior to the transfer of units of Fairway Diversified to Securityholders of Global Preferred, Global Preferred will make a distribution of such net income to its Securityholders. Any unused non-capital losses or net capital losses remaining in Global Preferred at the time Global Preferred is wound-up will expire and Fairway Diversified will not be entitled to use such losses to offset any future income or gains of Fairway Diversified.

Taxation of Securityholders of Global Preferred. A Securityholder of Global Preferred will generally be required to include in computing income for a taxation year the amount of Global Preferred's net income for the taxation year (including net taxable capital gains) paid or payable to the Securityholder in the taxation year. If the proposed merger proceeds, the funds make the election described in section 132.2 of the Tax Act and within 60 days of the effective date of the merger Global Preferred redeems all Securityholders' units by transferring units of Fairway Diversified in satisfaction of unit redemption proceeds, a Securityholder will not realize any gain or loss on the redemption of units of Global Preferred and the cost to the Securityholder of any units of Fairway Diversified received in consideration for redeemed units of Global Preferred will be deemed to be the cost amount to the Securityholder of the redeemed units immediately prior to the time of the redemption.

For the purpose of determining the adjusted cost base to a Securityholder of units of Fairway Diversified, when a new unit of the fund is acquired, the cost of the newly acquired units of the fund will be averaged with the adjusted cost base of all units of Fairway Diversified held by the Securityholder as capital property immediately before that time.

Fairway Diversified may have realized but undistributed (and/or unrealized) income or capital gains at the time of the applicable merger. Accordingly, a Securityholder of a Global Preferred who acquires units of Fairway Diversified may receive distributions of income (including net realized taxable capital gains) on units of Fairway Diversified in respect of periods prior to the Securityholder's acquisition of such units.

In general terms, distributions received from Fairway Diversified that are designated as distributions of taxable capital gains and capital gains realized on the disposition of units may increase the liability of a Securityholder for alternative minimum tax.

As Fairway Diversified is a mutual fund trust for purposes of the Tax Act, units of Fairway Diversified will be qualified investments for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans. Securityholders should consult with their tax advisors in this regard. Information regarding Fairway Diversified (including tax information) may be found in the Prospectus for Fairway Diversified.

Information Concerning Fairway Diversified

For additional information concerning Fairway Diversified, including its business, management, financial statements and management's report, see "Schedule K – Information Concerning Fairway Diversified Income And Growth Trust" attached to this Circular.

TSX Listing

The outstanding units are listed on the TSX under the symbol "FDT.UN". On May 11, 2007, the closing price of the units on the TSX was \$11.51 per unit. Fairway Diversified has applied to list the units offered hereunder on the TSX. Listing will be subject to the Fairway Diversified fulfilling all of the listing requirements of the TSX.

Management's Recommendation

In respect of each Terminating Fund and in respect of Fairway Diversified, any or all of the matters contained in this extraordinary resolution may, at any time before or after the holding of the Meeting be delayed or terminated by the Manager without further notice to, or action on the part of the Securityholders, if the Manager determines in its sole discretion that it would be necessary or advisable.

The text of the proposed extraordinary resolution for each of the Terminating Funds and for Fairway Diversified is set out in Schedule A to this Circular.

The Manager recommends that Securityholders of the Terminating Funds and Fairway Diversified vote in favour of the extraordinary resolution.

In the absence of a contrary instruction or if no choice is specified in the proxy with respect to this matter, the persons named in the enclosed form of proxy intend to vote in respect of each Terminating Fund and in respect of Fairway Diversified, FOR this extraordinary resolution authorizing the merger.

2. Issuance of Additional Securities

At the respective Meetings, Securityholders of the respective Funds or the Corporation, as the case may be, are being asked to consider and, if thought fit, to pass, with or without amendment,

- (a) with respect to the Funds, an extraordinary resolution approving an amendment to the Declaration of Trust of the Fund to permit the Trustee in its sole discretion and without obtaining approval of the Securityholders, to issue Securities at a price per Security that is less than the net asset value per Security at such time; and
- (b) with respect to the Corporation, a special resolution approving an amendment to the Articles of Incorporation to permit the Corporation without obtaining approval of the Securityholders, to issue Securities at a price per Security that is less than the net asset value per Security at such time.

This extraordinary resolution or special resolution, as the case may be, which requires approval by not less than 66 $\frac{2}{3}$ % of the votes cast by Securityholders in respect of the resolution, will also authorize any other steps as may be necessary or desirable to give effect to the foregoing. For the Meetings, the form of proxy accompanying this Circular permits a Securityholder to specify that Securities registered in the name of the Securityholder shall be voted for or against this extraordinary resolution or special resolution.

Currently, in respect of each Fund, the Declaration of Trust and in the case of the Corporation, the Articles of Incorporation prohibits the issuance of Securities except where the net proceeds per Security to

be received by the Funds are not less than the Fund's net asset value per Security unless Securityholder approval is obtained by way of an extraordinary resolution or special resolution. As a result, all future issuances of Securities, including issuances by way of rights offerings to existing Securityholders, private placements and public offerings, must yield net proceeds at or above the then net asset value per Security or be approved by the Securityholders by way of an extraordinary resolution or special resolution, which requires approval by not less than 66⅔% of the votes cast by Securityholders in respect of the resolution.

The Manager is of the view, in respect of each Fund and the Corporation, that the issuance of Securities at a price which may be less than the net asset value per Security of the Fund or the Corporation may, in certain circumstances, be in the best interest of the Fund or Corporation and the Securityholders. For example, the ability to take advantage of certain investment opportunities may depend, in part, on the availability of additional capital to employ at opportune times. By providing the Funds and the Corporation with the ability to issue securities at less than net asset value, without the delay and cost of obtaining Securityholder approval, the Funds and the Corporation would have the ability to efficiently raise additional capital through, for instance, a rights offering, allowing the Funds and the Corporation to take advantage of these time-sensitive investment opportunities, thereby capturing additional returns for Securityholders.

If this amendment is approved, the issuance of Securities and the pricing thereof will remain in the discretion of the Trustee, or in the case of the Corporation, the directors.

In respect of the Funds other than the Corporation, the Trustee is restricted in its ability to issue Securities by the requirement, set out in the Declarations of Trust, that the Trustee, before approving any issuance of Securities, must consider such matters as would be considered by the board of directors of a *Canada Business Corporations Act* corporation when issuing shares in comparable circumstances. Furthermore, the Trustee is also restricted in its ability to issue Securities by its duty to act honestly, in good faith and with a view to the best interests of Securityholders. The Trustee must also exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in issuing Securities.

In respect of the Corporation, the board of directors of the Corporation (the "Board of Directors") is restricted in its ability to authorize the issuance of Securities by the matters that must be considered under the OBCA. Furthermore, the Directors are also restricted in their ability to authorize the issuance of Securities by their duty to act honestly, in good faith and with a view to the best interests of Corporation. The Directors must also exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in issuing Securities.

In addition, any such issuance must be made in accordance with the rules of the TSX including, in the case of private placements, the rules concerning the pricing of such issuances which contain a maximum permitted discount from the market price as well as maximum permitted dilution, and will require the prior approval of the TSX.

In addition, to the extent that such issuance of Securities and pricing thereof may involve a matter that would be a "conflict of interest matter" as set forth in NI 81-107, the matter will be referred by the Manager to the IRC for its recommendation as to whether the action achieves a fair and reasonable result for the Fund.

These amendments to the Declaration of Trust in respect of each Fund are also subject to obtaining all required regulatory and third party approvals.

Management's Recommendation

In respect of each Fund and the Corporation, any or all of the matters contained in this extraordinary resolution may, at any time before or after the holding of the Meeting be delayed or

terminated by the respective Manager without further notice to, or action on the part of the Securityholders, if the Manager determines in its sole discretion that it would be necessary or advisable.

The text of the proposed extraordinary resolution for each of the Funds and the Corporation is set out in Schedule B to this Circular.

The Manager recommends in respect of each Fund that Securityholders vote in favour of the extraordinary resolution.

In the absence of a contrary instruction or if no choice is specified in the proxy with respect to this matter, the persons named in the enclosed form of proxy intend to vote in respect of each Fund and the Corporation, FOR this extraordinary resolution or special resolution in respect of each Fund and the Corporation authorizing the amendment to the Declaration of Trust and/or Articles of Incorporation to permit the Trustee in respect of each of the Funds and the directors, in respect of the Corporation to issue Securities at below the net asset value per Security.

3. Authority to Convert to Open-Ended Mutual Funds

At the respective Meetings, Securityholders of each Fund are being asked to consider and, if thought fit, to pass, with or without amendment, an extraordinary resolution approving an amendment to the Declaration of Trust of the applicable Fund granting the Manager the authority, in its discretion and without seeking further approval of Securityholders, to convert the Fund to an open-ended mutual fund on 20 days notice to Securityholders by press release if, for a period of 10 consecutive trading days, the daily weighted average trading price (or, in the event there has been no trading on a particular day, the average of the closing bid and ask prices) of the Fund's Units is greater than a 2% discount of the net asset value per Unit for that day. This extraordinary resolution, which requires approval by not less than 66 $\frac{2}{3}$ % of the votes cast by Securityholders in respect of the resolution, will also authorize any other steps as may be necessary or desirable to give effect to the foregoing. In respect of each Fund, the Declaration of Trust provides that, among other things, any amendments to the Declaration of Trust other than those specified therein require approval of Securityholders by extraordinary resolution. For the Meetings, the form of proxy accompanying this Circular permits a Securityholder to specify that Securities registered in the name of the Securityholder shall be voted for or against this extraordinary resolution.

Conversion of the Fund

In relation to each Fund, on such date as may be specified by the Manager or Trustee on 20 days notice to Securityholders by press release (the "**Conversion Date**") and on the satisfaction of any conditions the Fund will become an open-ended mutual fund, the Securities of the Fund will be delisted from any stock exchange on which they are then listed, will become redeemable at net asset value per Security on a daily basis and will be removed from the book-entry only system of CDS and the Fund will become subject to National Instrument 81-102 ("**Conversion**").

Tax implication

The Conversion of the Fund will not be a taxable event to the Fund or to the Securityholders.

Changes upon Conversion

If the conversion of the Fund is implemented by the Manager following approval of these amendments, the following changes will take effect:

- (1) Distributions: all distributions will be automatically re-invested in Securities of the Fund, unless a Securityholder requests to receive cash.

(2) Frequency of net asset value calculation: the net asset value per Security will be calculated on each Business Day.

(3) NI 81-102: The Fund will be subject to certain standard investment restrictions and practices contained in NI 81-102 and such other investment restrictions as the Trustee may determine, in its sole discretion, from time to time. These investment restrictions may affect the investment portfolio of the Fund, among other things with respect to the use of leverage. The Fund will be able to borrow or pledge its assets only to the extent permitted by NI 81-102. Currently NI 81-102 would not permit the Fund to borrow cash or provide a security interest over any of its portfolio assets unless: (i) the transaction is a temporary measure to accommodate requests for the redemption of securities of the Fund while the Fund effects an orderly liquidation of portfolio assets, or to permit the Fund to settle portfolio transactions and, after giving effect to all transactions undertaken under this paragraph, the outstanding amount of all borrowings of the Fund does not exceed 5% of the net assets of the Fund taken at market value at the time of borrowing, (ii) the security interest is required to enable the Fund to effect a specified derivative transaction under NI 81-102, is made in accordance with industry practice for that type of transaction and relates only to obligations arising under that particular specified derivatives transaction, or (iii) the security interest secures a claim for the fees and expenses of the custodian or sub-custodian of the Fund for services rendered in that capacity as permitted by NI 81-102.

(4) Redemption: Securityholders may redeem Securities on any Business Day without charge. To do so, Securityholders must complete a written redemption request to the Toronto office of the Fund's registrar and transfer agent and follow the guidelines established by the registrar and transfer agent that will be in compliance with NI 81-102.

A Securityholder's right to redeem Securities of the Fund may be suspended with the consent of the Canadian securities regulatory authorities or for any period when normal trading is suspended on any stock exchange, options exchange or futures exchange, in or outside Canada, on which securities are listed and traded, or on which specified derivatives are traded, where more than 50% of the securities or specified derivatives held by the Fund by market value, or underlying market exposure, are listed or traded if those securities or specified derivatives are not traded on any other exchange that represents a reasonably practical alternative for the Fund.

(5) Voting: Securityholders will lose voting rights and the ability to approve changes to the investment strategy. The circumstances under which Securityholders will be entitled to a vote will be reduced and certain matters which require approval by an Extraordinary Resolution will, after the Conversion Date, require the approval of the holders of a simple majority of the Securities voting thereon. Securityholders will be permitted to vote on all matters that require Securityholder approval under NI 81-102. These matters include, in respect of the Fund: (a) any (i) change in the basis of the calculation of a fee or expense charged to the Fund that could result in an increase in charges to the Fund, or (ii) a new fee or expense is introduced that could result in an increase in charges to the Fund. (In either case, Securityholder consent will not be required if the change or new fee or expense is a result of a change made by a third party at arm's length to the Fund. In this case, Securityholders will be sent written notice at least 60 days before the effective date of the change.); (b) a change of the manager, unless the new manager is an affiliate of the Manager; (c) a change in the fundamental investment objectives of the Fund; (d) a change of the auditor of the Fund; (e) a decrease in the frequency of the calculation of the net asset value per Security of the Fund; and (f) a material reorganization of the Fund.

(6) Elimination of Termination Date: the termination date for the Fund will be eliminated.

Reasons for Conversion to Open-Ended Fund

This extraordinary resolution, if approved, will provide the Manager, in respect of each Fund, with the flexibility to convert a Fund to an open-ended mutual fund, subject to the forgoing conditions and any regulatory and third party approvals. The right may only be exercised if the Fund has traded at a discount to net asset value of greater than 2% for 10 consecutive trading days as set forth above. Conversion will offer Unitholders the benefit of a daily redemption right at net asset value and permit the Fund to more easily raise assets by issuing additional Units at net asset value. In respect of each Fund, pursuant to the resolution, if the Manager determines that a conversion is appropriate and desirable, the Manager can effect the conversion, including any required changes to the Declaration of Trust, without seeking the approval of Securityholders for the conversion or such amendments. If a decision is made to convert, the Manager will issue a press release at least 20 business days prior to the proposed effective date thereof disclosing the proposed conversion.

Management's Recommendation

In respect of each Fund, any or all of the matters contained in this extraordinary resolution may, at any time before or after the holding of the Meeting be delayed or terminated by the Manager without further notice to, or action on the part of the Securityholders, if the Manager determines in its sole discretion that it would be necessary or advisable.

The text of the proposed extraordinary resolution for the Fund is set out in Schedule C to this Circular.

The Manager recommends, in respect of each Fund, that Securityholders vote in favour of the extraordinary resolution.

In the absence of a contrary instruction or if no choice is specified in the proxy with respect to this matter, the persons named in the enclosed form of proxy intend to vote in respect of each Fund, FOR this extraordinary resolution permitting, without Securityholder approval, mergers between the Fund and Affiliated Funds.

4. Additional Redemption Right

At the respective Meetings, Securityholders of each Fund are being asked to consider and, if thought fit, to pass, with or without amendment, an extraordinary resolution approving an amendment to the Declaration of Trust of the applicable Fund to permit Securityholders to switch to an affiliated fund to be offered to the public by prospectus, by adding a further redemption right at 100% of the net asset value per Security from time to time, at the discretion of the Manager, to purchase securities of an affiliated fund (the “**Additional Redemption Right**”). This extraordinary resolution, which requires approval by not less than 66⅔% of the votes cast by Securityholders in respect of the resolution, will also authorize any other steps as may be necessary or desirable to give effect to the foregoing. In respect of each Fund, the Declaration of Trust provides that, among other things, any amendments to the Declaration of Trust other than those specified therein require approval of Securityholders by extraordinary resolution. For the Meetings, the form of proxy accompanying this Circular permits a Securityholder to specify that Securities registered in the name of the Securityholder shall be voted for or against this extraordinary resolution.

The Manager of the Funds is a wholly-owned subsidiary of Fairway Capital Management Corp. and an indirect wholly-owned subsidiary of JovFunds Management Inc. (formerly Fairway Asset Management Corp.), both investment management holding companies. In December 2005, JovFunds Management Inc. acquired control of Fairway Capital Management Corp. which resulted in an indirect change of control of the Manager. Complete details of an affiliated fund would be included in the

preliminary prospectus of such affiliated fund, that would be mailed to Securityholders at the time the Additional Redemption Right is offered.

In respect of each Fund, the Additional Redemption Right will provide Securityholders with the opportunity to invest 100% of the net asset value per Unit, received upon redemption of Securities, in other affiliated funds when they are being offered to the public by prospectus and will permit investment flexibility and diversification for the benefit of Securityholders. In respect of each Fund, the Additional Redemption Right will be offered from time to time, in the sole discretion of the Manager. In respect of each Fund, all proceeds of the redemption received by a Securityholder pursuant to the Additional Redemption Right must be invested in the affiliated fund. In respect of each Fund, the Manager will give notice to the Securityholders of the Additional Redemption Right at the time such right is offered.

In addition, in respect of each Fund, to the extent that the offering of the Additional Redemption Right may involve a matter that would be a “conflict of interest matter” as set forth in NI 81-107, the matter will be referred by the Manager to the IRC for its recommendation as to whether the action achieves a fair and reasonable result for the Fund.

In respect of each Fund, these amendments to the Declaration of Trust are also subject to obtaining all required regulatory and third party approvals.

In respect of each Fund, all other existing redemption rights of Securityholders will not be affected by this proposed extraordinary resolution. The Manager believes that it is in the best interest of Securityholders to provide an additional right to permit Securityholders to redeem Securities in the circumstances described above.

Management’s Recommendation

In respect of each Fund, any or all of the matters contained in this extraordinary resolution may, at any time before or after the holding of the Meetings be delayed or terminated by the Manager without further notice to, or action on the part of the Securityholders, if the Manager determines in its sole discretion that it would be necessary or advisable.

The text of the proposed extraordinary resolution for each of the Funds is set out in Schedule D to this Circular.

The Manager recommends that Securityholders of the respective Funds vote in favour of the extraordinary resolution.

In the absence of a contrary instruction or if no choice is specified in the proxy with respect to this matter, the persons named in the enclosed form of proxy intend to vote in respect of each Fund, FOR this extraordinary resolution authorizing the amendment to the Declaration of Trust to add the Additional Redemption Right.

5. Termination of the Fund by the Manager

Except in relation to Nuveen and Long Reserve (where the respective Declarations of Trust already provide this type of discretion to the Manager), at the respective Meetings, Securityholders of each of the other Funds are being asked to consider and, if thought fit, to pass, with or without amendment, an extraordinary resolution approving an amendment to the Declaration of Trust of the applicable Fund to permit the Manager, in its discretion, to terminate the Fund, without Securityholder approval if, in its opinion, it is no longer economically practical for the Fund to continue, or it would be in the best interests of the Securityholders to terminate the Fund. This extraordinary resolution, which requires approval by not less than 66⅔% of the votes cast by Securityholders in respect of the resolution, will also authorize any

other steps as may be necessary or desirable to give effect to the foregoing. In respect of each Fund, the Declaration of Trust provides that, among other things, any amendments to the Declaration of Trust other than those specified therein require approval of Securityholders by extraordinary resolution. For the Meetings of the applicable Funds, the form of proxy accompanying this Circular permits a Securityholder to specify that Securities registered in the name of the Securityholder shall be voted for or against this extraordinary resolution.

In respect of the applicable Funds, under the current Declaration of Trust, the Fund has a fixed duration and a fixed termination date. These Funds may be terminated before the termination date with the approval of the Securityholders by extraordinary resolution. The respective Funds will also terminate prior to the termination date where, on the resignation or removal of the Trustee, a successor Trustee is not appointed.

In respect of each of the applicable Funds, under the proposed resolution, the Manager will be granted the right to terminate the Fund, which it may exercise in certain limited circumstances. In particular, the Manager would be able to terminate the Fund without Securityholder approval in either of the following circumstances: (i) if, in its opinion, it is no longer economically practical for the Fund to continue; or (ii) if it determines that it would be in the best interests of the Securityholders to terminate the Fund. In such event, i) the Manager will provide notice of no less than 30 days and no more than 60 days of the new termination date; ii) the Manager will issue a press release at least 10 business days in advance of the new termination date; and (iii) the entitlement of Securityholders upon early termination will be the net asset value of the Fund at the close of business the day before the termination date less the expenses of such termination.

In respect of each of the applicable Funds, the Manager believes that the right to terminate the Fund in the circumstances described above would be in the best interests of the Fund and the Securityholders. If approved in respect of the applicable Funds, the proposed amendment would eliminate the administrative costs and delays associated with obtaining Securityholder approval to terminate the Fund, including calling and holding such a meeting and, potentially, an adjourned meeting. It is important to note that, in deciding to terminate a Fund, the Manager is bound by the standard of care it owes to both the Securityholders and the Fund. In addition, the Manager is limited in its ability to terminate a Fund in that it must be either economically impractical to continue the Fund or in the best interests of Securityholders to terminate the Fund.

In addition, to the extent that such termination of a Fund by the Manager may involve a matter that would be a “conflict of interest matter” as set forth in NI 81-107, the matter will be referred by the Manager to the IRC for its recommendation as to whether the action achieves a fair and reasonable result for the Fund.

These amendments to the Declaration of Trust of each of the applicable Funds are also subject to obtaining all required regulatory and third party approvals.

Management’s Recommendation

Any or all of the matters contained in this extraordinary resolution may, at any time before or after the holding of the Meetings be delayed or terminated by the Manager without further notice to, or action on the part of the Securityholders, if the Manager determines in its sole discretion that it would be necessary or advisable.

The text of the proposed extraordinary resolution for each of the applicable Funds is set out in Schedule E to this Circular.

The Manager recommends that Securityholders of the respective Funds as applicable vote in favour of the extraordinary resolution.

In the absence of a contrary instruction or if no choice is specified in the proxy with respect to this matter, the persons named in the enclosed form of proxy intend to vote in respect of each applicable Fund, FOR this extraordinary resolution authorizing the amendment to the Declaration of Trust to permit the Manager, in its discretion, to terminate the Fund, without Securityholder approval if, in its opinion, it is no longer economically practical to continue the Fund, or it determines that it would be in the best interests of the Securityholders to terminate the Fund.

6. Allocation of Realized Capital Gains to Redeeming Securityholders of Fairway Diversified

At the Meeting for Fairway Diversified (which is the only Fund without this discretion), Securityholders are being asked to consider and, if thought fit, to pass, with or without amendment, an extraordinary resolution approving an amendment to the Declaration of Trust of the Fund to permit the Trustee or Manager, in its sole discretion, to designate as payable to redeeming Securityholders capital gains realized by the Fund in connection with the disposition of securities required in order to fund the redemption. This extraordinary resolution, which requires approval by not less than 66 $\frac{2}{3}$ % of the votes cast by Securityholders in respect of the resolution, will also authorize any other steps as may be necessary or desirable to give effect to the foregoing. In respect of the Fund, the Declaration of Trust provides that, among other things, any amendments to the Declaration of Trust other than those specified therein require approval of Securityholders by extraordinary resolution. For the Meetings, the form of proxy accompanying this Circular permits a Securityholder to specify that Securities registered in the name of the Securityholder shall be voted for or against this extraordinary resolution.

Under the proposed amendment, in relation to Fairway Diversified, the Trustee or the Manager, in its sole discretion, would be able to designate as payable to the redeeming Securityholders, with payment to be made at the same time as payment of any redemption proceeds, capital gains realized by the Fund in connection with the disposition of securities required in order to fund the redemption. Such payment would be designated as a distribution.

In relation to the Fund, the Manager believes that the proposed amendment would be in the best interests of the Fund and the Securityholders, most particularly those Securityholders that are not redeeming Securities. Where capital gains are realized as a result of the disposition of portfolio securities in order to fund a redemption, these capital gains are realized solely as a result of the redemption and should be borne by the redeeming Securityholders. In relation to each Fund, if these gains are not allocated as proposed, the Fund would be required to declare a distribution of an amount equivalent to the gain payable to the remaining Securityholders likely payable in Securities which the remaining Securityholders would be required to include on some basis as income in the year in respect of which it was payable. The proposed resolution would permit the Trustee or the Manager, in respect of Fairway Diversified, to more equitably allocate these capital gains to those for whose benefit they were realized. Redeeming Securityholders would not sustain adverse tax consequences as a result of such allocation.

These amendment to the Declaration of Trust of the Fund is also subject to obtaining all required regulatory and third party approvals.

Management's Recommendation

Any or all of the matters contained in this extraordinary resolution may, at any time before or after the holding of the Meetings be delayed or terminated by the Manager without further notice to, or action on the part of the Securityholders, if the Manager determines in its sole discretion that it would be necessary or advisable.

The text of the proposed extraordinary resolution for the Fund is set out in Schedule F to this Circular.

The Manager recommends that Securityholders vote in favour of the extraordinary resolution.

In the absence of a contrary instruction or if no choice is specified in the proxy with respect to this matter, the persons named in the enclosed form of proxy intend to vote in respect of the Fund, FOR this extraordinary resolution authorizing the amendment to the Declaration of Trust to permit the Trustee or Manager, in its sole discretion, to designate as payable to redeeming Securityholders capital gains realized by the Fund in connection with the disposition of securities required in order to fund the redemption.

7. Payment of Management Fee in Units

Except in respect of Deans Knight and Fairway Investments, at the respective Meetings, Securityholders of each of the other Funds are being asked to consider and, if thought fit, to pass, with or without amendment, an extraordinary resolution approving an amendment to the Declaration of Trust of the applicable Fund to permit the management fee to be paid in either Units or cash and if in Units, to a total maximum amount of 100,000 Units, at the option of the Manager and without Securityholder approval. This extraordinary resolution, which requires approval by not less than 66 $\frac{2}{3}$ % of the votes cast by Securityholders in respect of the resolution, will also authorize any other steps as may be necessary or desirable to give effect to the foregoing. In respect of each of the Funds, the Declaration of Trust provides that, among other things, any amendments to the Declaration of Trust other than those specified therein require approval of Securityholders by extraordinary resolution. For the Meetings of the applicable Funds, the form of proxy accompanying this Circular permits a Securityholder to specify that Units registered in the name of the Securityholder shall be voted for or against this extraordinary resolution.

In respect of the applicable Funds, the Declaration of Trust currently provides for a management fee to be paid by the Fund to the Manager as compensation for the management services rendered to the Fund by the Manager.

In respect of the applicable Funds, the proposed resolution would permit the management fees that are paid in respect of the Fund to be paid in either Units, or cash, at the option of the Manager. If the management fee is paid in Units, the Units issued from the treasury of the Fund for this purpose will be valued at the greater of the net asset value per Unit and market price.

In respect of the applicable Funds, the Manager believes that this amendment is in the best interests of the Fund and the Securityholders. The proposed amendment will give the Manager greater flexibility in managing the affairs the Fund, including retaining cash and investments within the Fund, and, to the extent that such fees are paid in Units, further aligns the interests of the Manager with those of the Securityholders.

It is important to note that, in respect of the applicable Funds, in making its decision as to whether it will be paid for its management services in Units or cash, the Manager is restricted in its decision by its obligation to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and to exercise the care, diligence and skill of a prudent and qualified manager in similar circumstances.

In addition, in respect of the applicable Funds, to the extent that such payment of the management fee may involve a matter that would be a “conflict of interest matter” as set forth in NI 81-107, the matter will be referred by the Manager to the IRC for its recommendation as to whether the action achieves a fair and reasonable result for the Fund.

In respect of the applicable Funds, these amendments to the Declaration of Trust are also subject to obtaining all required regulatory and third party approvals.

Management’s Recommendation

In respect of the applicable Funds, any or all of the matters contained in this extraordinary resolution may, at any time before or after the holding of the Meetings be delayed or terminated by the Manager without further notice to, or action on the part of the Securityholders, if the Manager determines in its sole discretion that it would be necessary or advisable.

The text of the proposed extraordinary resolution for the applicable Funds is set out in Schedule G to this Circular.

The Manager recommends that, in respect of the applicable Funds, Securityholders vote in favour of the extraordinary resolution.

In the absence of a contrary instruction or if no choice is specified in the proxy with respect to this matter, the persons named in the enclosed form of proxy intend to vote in respect of each Fund as applicable, FOR this extraordinary resolution authorizing the amendment to the Declaration of Trust to permit the management fee to be paid, at the option of the Manager and without Securityholder approval, in either Units or cash.

8. Amendment to Investment Restrictions/Investment Strategy for Deans Knight and Fairway Diversified

At the Meeting of Deans Knight and Fairway Diversified, Securityholders are being asked to consider and, if thought fit, to pass, with or without amendment, an extraordinary resolution approving an amendment to the Declarations of Trust of, respectively, Deans Knight and Fairway Diversified, to:

- (a) in the case of Deans Knight, amend the investment restriction which restricts the value of the Fund’s total assets which may be invested, respectively in Income Trusts, Corporate Bonds and Other Income Producing Securities (all such capitalized terms as defined in the Fund’s declaration of trust) from the current ranges to the proposed ranges as follows:

	Current	Proposed
Income Trusts	at least 30% and not more than 100%	not more than 100%
Corporate Bonds	not more than 40%	not more than 75%
Other Income Producing Securities	not more than 25%	not more than 40%

and

- (b) in the case of Fairway Diversified to amend the Investment Strategy (as defined in the Fund’s declaration of trust) by amending the table setting forth the various asset classes which will be included in the Portfolio (as defined in the Fund’s declaration of trust) and the expected initial allocation and permitted ranges of each such class to:
 - (i) amend the permitted range for the asset class “Income Trusts, High Yield Corporate Bonds and Preferred Securities” (all capitalized terms as defined in the Fund’s declaration of trust) from “50 – 90%” to “10 – 75%”;

- (ii) amend the permitted range for the asset class “Dividend Paying Common Shares and Convertible Bonds” (all capitalized terms as defined in the Fund’s declaration of trust) from “10 – 50%” to “10 – 75%”; and
- (iii) include the following additional asset class, expected initial allocation and permitted range:

<u>Asset Class</u>	<u>Expected Initial Allocation</u>	<u>Permitted Range</u>
Investment Grade Securities	0%	0 – 25%

For this purpose, the following definitions shall be added to the definitions of the Fund’s declaration of trust:

“**Investment Grade Securities**” means fixed income securities consisting primarily of corporate bonds and hybrid preferred securities of principally United States and Canadian issuers rated Investment Grade at the time of purchase; and

“**Investment Grade**” means a rating of any United States or Canadian dollar denominated security that, at the time of purchase, is either rated BBB- or higher by Standard & Poor’s, or Baa3 or higher by Moody’s, or has the equivalent or higher rating from another nationally recognized credit rating agency, and includes any unrated security in the Portfolio determined by the Investment Advisor to be of comparable quality.

This extraordinary resolution, which requires approval, in the case of each Fund, by not less than 66% of the votes cast by Securityholders in respect of the resolutions, will also authorize any other steps as may be necessary or desirable to give effect to the foregoing. The Declaration of Trust for each Fund provides that, among other things, any change in the Investment Restrictions or Investment Strategy, requires approval of Securityholders by extraordinary resolution. For the Meeting, the form of proxy accompanying this Circular permits a Securityholder to specify that Securities registered in the name of the Securityholder shall be voted for or against this extraordinary resolution.

Each of the Funds is subject to certain Investment Restrictions and an Investment Strategy as set out in the Declarations of Trust. The Investment Restrictions and Investment Strategy limit the types of investments that the Fund may make. Due to changes in the tax environment for Income Trusts making an investment in Income Trusts potentially less attractive. The Manager considers that it is in the interest of Deans Knight and Fairway Diversified to have a lower requirement for investment in Income Trusts, and, it is in the interest of Fairway Diversified to widen its investment parameters allowing for investment in Investment Grade Securities and additional investment in Dividend Paying Common Shares and Convertible Bonds. As a result, the Investment Restrictions of Deans Knight and the Investment Strategy of Fairway Diversified contained in the respective Declarations of Trust for the Funds must be amended. The particular amendments that each Fund is proposing to amend are set out in the text of the proposed extraordinary resolution.

The respective proposed resolution would amend the Declaration of Trust by removing or amending the Investment Restrictions and Investment Strategy of the Funds as noted above. The Manager believes, in respect of each Fund, that the proposed amendment is in the best interests of the Fund and the Securityholders.

These amendments to the Declaration of Trust are also subject to obtaining all required regulatory and third party approvals.

Management's Recommendation

Any or all of the matters contained in this extraordinary resolution may, at any time before or after the holding of the Meetings be delayed or terminated by the Manager without further notice to, or action on the part of the Securityholders, if the Manager determines in its sole discretion that it would be necessary or advisable.

The text of the proposed extraordinary resolutions are set out at Schedule H to this Circular.

The Manager recommends that Securityholders vote in favour of the extraordinary resolution.

In the absence of a contrary instruction or if no choice is specified in the proxy with respect to this matter, the persons named in the enclosed form of proxy intend to vote in respect of each Fund, FOR this extraordinary resolution authorizing the removal of or amendment to certain of the Investment Restrictions.

9. Amendment to Investment Restrictions to Reflect Changes in Applicable Tax Legislation

At the respective Meetings, Securityholders of each Fund are being asked to consider and, if thought fit, to pass, with or without amendment, an extraordinary resolution approving an amendment to the Declaration of Trust of the applicable Fund to remove or amend certain of the investment restrictions (the “**Investment Restrictions**”) of the Fund which no longer apply due to changes in applicable tax legislation. This extraordinary resolution, which requires approval by not less than 66 $\frac{2}{3}$ % of the votes cast by Securityholders in respect of the resolution, will also authorize any other steps as may be necessary or desirable to give effect to the foregoing. In respect of each Fund, the Declaration of Trust provides that, among other things, any change in the Investment Restrictions, requires approval of Securityholders by extraordinary resolution. For the Meetings, the form of proxy accompanying this Circular permits a Securityholder to specify that Securities registered in the name of the Securityholder shall be voted for or against this extraordinary resolution.

The Fund is subject to certain Investment Restrictions, which are set out in the Declaration of Trust. These Investment Restrictions limit the types of investments that the Fund may make. A number of the Investment Restrictions correspond to the requirements of or the restrictions contained in applicable tax legislation, and were imposed in order to ensure compliance with such legislation by the Fund. However, changes to the applicable tax legislation have removed or altered the need for certain requirements and restrictions. As a result, certain Investment Restrictions contained in the Declaration of Trust are either no longer required or must be altered.

The proposed resolution permits the Trustee to amend the Declaration of Trust by removing or amending certain Investment Restrictions which are no longer required or require amending due to changes in applicable tax legislation. The Manager believes that the proposed amendment is in the best interests of the Fund and the Securityholders. Where the changes in tax legislation have resulted in the elimination of certain prohibitions or restrictions against certain types of investments, if the Declaration of Trust is not changed to remove the corresponding Investment Restrictions, then the Fund is being unnecessarily restricted in the types of investments it may make. By removing the inapplicable Investment Restrictions, the Fund will be able to make a broader range of investments, while still complying with applicable legislation. Where the changes in the tax legislation have altered, as opposed to having been eliminated, the restrictions against certain investments, if the corresponding Investment Restrictions are not similarly changed, then the Fund will be improperly applying the law. The amendments to the Investment Restrictions will ensure that the Fund is properly complying with applicable tax legislation.

These amendments to the Declaration of Trust are also subject to obtaining all required regulatory and third party approvals.

Management's Recommendation

Any or all of the matters contained in this extraordinary resolution may, at any time before or after the holding of the Meetings be delayed or terminated by the Manager without further notice to, or action on the part of the Securityholders, if the Manager determines in its sole discretion that it would be necessary or advisable.

The text of the proposed extraordinary resolution is set out at Schedule I to this Circular.

The Manager recommends that Securityholders vote in favour of the extraordinary resolution.

In the absence of a contrary instruction or if no choice is specified in the proxy with respect to this matter, the persons named in the enclosed form of proxy intend to vote in respect of each Fund, FOR this extraordinary resolution authorizing the removal or amendment of certain Investment Restrictions.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summarizes the principal Canadian federal income tax considerations relating to the extraordinary resolutions (other than the resolution respecting the mergers of the Terminating Funds with Fairway Diversified) that are generally applicable to a Securityholder who is an individual (other than a trust) and who at all relevant times for purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”) holds Securities as capital property and deals at arm’s length with and is not affiliated with the Fund. Certain Securityholders whose Securities might not otherwise qualify as capital property may be entitled to make the irrevocable election in the circumstances permitted by subsection 39(4) of the Tax Act to deem such Securities (and all other Canadian securities owned by the holder) to be capital property.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”), all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”), and an understanding of the current published administrative practices of the Canada Revenue Agency (the “**CRA**”) publicly available prior to the date hereof. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not anticipate any changes in law or in the administrative practices of the CRA, nor does it take into account, provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Securityholder, and no representations with respect to the income tax consequences to any particular Securityholder are made. Accordingly, Securityholders should consult their own tax advisors for advice with respect to the tax consequences to them of these extraordinary resolutions, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

See “**Tax Consequences**” on pages 19 to 21 for a summary of the tax considerations relating to the proposed merger of the Terminating Funds with Fairway Diversified.

Changes to Security Provisions

The changes to the Security provisions set forth in the extraordinary resolutions will not constitute a disposition of Securities if any or all of such extraordinary resolutions are approved by the Securityholders.

If the extraordinary resolution regarding the issuance of Securities at a price below net asset value is approved, the tax consequences of any transaction carried out pursuant to that resolution will depend on the type of transaction and will be described in the circular or prospectus describing the transaction.

If the extraordinary resolution regarding the Additional Redemption Right is approved and if a transaction is carried out to permit a switch of Securities into securities of an Affiliated Fund (“**Affiliated Fund Securities**”), a Securityholder may realize a capital gain or capital loss on the exchange of Securities for Affiliated Fund Securities (or cash in lieu of fractional Affiliated Fund Securities) to the extent the proceeds of disposition of Securities exceed (or are less than) the aggregate of the adjusted cost base of such Securities and any reasonable costs of disposition, as such transaction will result in a redemption of Securities and therefore a disposition by the Securityholder for tax purposes. For this purpose, a Securityholder’s proceeds of disposition of a Security will be the amount paid or credited to the Securityholder by the Fund, less any amount designated by the Fund as a distribution.

If the extraordinary resolution regarding the allocation of realized capital gains to redeeming Securityholders is approved, any such allocation will not result in a redeeming Securityholder sustaining a tax disadvantage. The capital gain designated as payable by the Fund to the redeeming Securityholder would be treated as a capital gain of the redeeming Securityholder. However, the proceeds of disposition for the Securities redeemed would be reduced by the same amount, reducing the capital gain, or producing a capital loss, in respect of the Securities redeemed. Any capital loss so realized may be used by the Securityholder to offset the capital gain designated as payable by the Fund. As a consequence, a redeeming Securityholder will realize the same net capital gain or capital loss that would have been realized had the Fund not designated as payable to the redeeming Securityholder any capital gains realized by the Fund.

AUDITORS’ CONSENT

We have read the Notice of Meeting and Management Information Circular (“Circular”) of Fairway Diversified Income and Growth Trust (the “Fund”) dated May 15, 2007 relating to a Special Meeting of the Fund and consent to the incorporation by reference in this Circular of our report to the Unitholders of the Fund on the statement of investments as at December 31, 2006, the statements of net assets as at December 31, 2006 and 2005 and the statements of operations, changes in net assets and cash flows for the periods then ended. Our report is dated March 12, 2007.

We also consent to the incorporation by reference in this Circular of our report to the Unitholders of the Fund of the statements of net assets and investments as at December 31, 2004, and the statements of operations, changes in net assets and cash flows for the period then ended. Our report is dated April 15, 2005.

Toronto, Canada
May 15, 2007

(signed) “Ernst & Young LLP”
Chartered Accountants
Licensed Public Accountants

APPROVAL AND CERTIFICATES

The contents and the sending of this Circular have been approved in respect of each Fund, by the Board of Directors of the Manager and Trustee of the Funds and in respect of the Corporation, by the Board of Directors of the Corporation.

Where, in respect of a Fund or in respect of the Corporation, information contained in this Circular rests particularly within the knowledge of a person other than the Board of Directors of the Manager and Trustee of the Funds or the Board of Directors of the Corporation, the Board of Directors of the Manager and Trustee of the Funds and the Board of Directors of the Corporation have, in respect of the relevant Fund or the Corporation, relied upon the information furnished by such person.

The foregoing, including Schedule K attached hereto, contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it is made. The foregoing, including Schedule K attached hereto, constitutes full, true and plain disclosure of all material facts relating to the Securities of Fairway Diversified to be issued to Securityholders in respect of the merger as described in more detail herein.

The information given in this Circular is as of May 15, 2007 except where otherwise indicated.

BY ORDER OF THE BOARD OF DIRECTORS OF
FAIRWAY ADVISORS INC. AS MANAGER OF THE FUNDS

(Signed) "STEVEN J. HAWKINS"
Chief Executive Officer, Managing Partner and Director

(Signed) "PETER RIZAKOS"
Managing Partner and Director

BY ORDER OF THE BOARD OF DIRECTORS OF
CHARTERHOUSE PREFERRED SHARE INDEX CORPORATION

(Signed) "KEVIN S. BEATSON"
President, Chief Executive Officer, Secretary and Director
Charterhouse Preferred Index Corporation

(Signed) "JASON MACKAY"
Chief Financial Officer and Director
Charterhouse Preferred Share Index Corporation

DATED at Toronto, Ontario this 15th day of May, 2007.

SCHEDULE A

GLOBAL PREFERRED SECURITIES TRUST FAIRWAY INVESTMENT GRADE INCOME FUND FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST

EXTRAORDINARY RESOLUTION

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT:

1. the Trustee is hereby authorized and directed on behalf of each of Global Preferred and Fairway Investment (each a “**Terminating Fund**”) and on behalf of Fairway Diversified as appropriate to:
 - (a)
 - (i) liquidate all assets of the Terminating Fund (and further with respect to Global Preferred only, settle all forward contracts);
 - (ii) pay sufficient distributions to ensure the Terminating Fund is not subject to Canadian federal income tax in its final taxation year; and
 - (iii) transfer the net assets (being cash) to Fairway Diversified, in exchange for units of Fairway Diversified;
 - (b) redeem all outstanding units of the Terminating Fund and transfer units of Fairway Diversified to holders of units of the Terminating Fund in satisfaction of any and all redemption proceeds owing in connection therewith; and
 - (c) make an election under section 132.2 of the *Income Tax Act* (Canada) (i) to defer the recognition of gains of Securityholders of Global Preferred on the exchange of their units for units of Fairway Diversified and (ii) such that Global Preferred will not realize any capital gains on the transfer of its net assets (being cash) to Fairway Diversified;
2. the Trustee is hereby authorized and directed for and on behalf of the Fund to execute and deliver all such documents and to take such actions as may be necessary or advisable in order to carry out the intent of the foregoing resolution, and the matters authorized thereby, including making consequential amendments to the Declarations of Trust, such determination to be conclusively evidenced by the execution and delivery of such documents or the performance of such actions by any director or officer of the Trustee;
3. notwithstanding that this resolution has been passed by the Securityholders, the Manager is hereby authorized to delay or terminate the changes contemplated by this resolution if the Manager determines in its sole discretion that it would be necessary or desirable; and
4. all capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Circular.

SCHEDULE B

**LONG RESERVE LIFE RESOURCE FUND
DEANS KNIGHT INCOME AND GROWTH FUND
FAIRWAY INVESTMENT GRADE INCOME FUND
NUVEEN SENIOR FLOATING RATE INCOME FUND
GLOBAL PREFERRED SECURITIES TRUST
FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST**

EXTRAORDINARY RESOLUTION

and

CHARTERHOUSE PREFERRED SHARE INDEX CORPORATION

SPECIAL RESOLUTION

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION OR A SPECIAL RESOLUTION AS APPLICABLE THAT:

1. (a) with respect to the Funds, the Trustee is hereby authorized to amend the Declaration of Trust to permit the Trustee, in its sole discretion and without obtaining the approval of the Securityholders, to issue Securities at a price per Security that is less than the net asset value per Security at such time;
- (b) with respect to the Corporation, the directors are hereby authorized to amend the Articles of Incorporation to permit the Board of Directors, in their sole discretion and without obtaining the approval of the Securityholders, to issue Securities at a price per Security that is less than the net asset value per Security at such time;
2. the Trustee is hereby authorized and directed for and on behalf of the Fund and the Board of Directors is hereby authorized and directed on behalf of the Corporation to execute and deliver all such documents and to take such actions as may be necessary or advisable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, including making consequential amendments to the Declaration of Trust or Articles of Amendment, such determination to be conclusively evidenced by the execution and delivery of such documents or the performance of such actions by any director or officer of the Trustee or of the Corporation;
3. notwithstanding that this resolution has been passed by the Securityholders, the Manager is hereby authorized to delay or terminate the changes contemplated by this resolution if the Manager determines in its sole discretion that it would be necessary or desirable; and
4. all capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Circular.

SCHEDULE C

**LONG RESERVE LIFE RESOURCE FUND
DEANS KNIGHT INCOME AND GROWTH FUND
FAIRWAY INVESTMENT GRADE INCOME FUND
NUVEEN SENIOR FLOATING RATE INCOME FUND
GLOBAL PREFERRED SECURITIES TRUST
FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST**

EXTRAORDINARY RESOLUTION

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT:

1. the Trustee is hereby authorized to amend the Declaration of Trust to grant to the Manager the authority, in its discretion and without seeking the further approval of Unitholders, to convert the Fund to an open-ended mutual fund if, for a period of 10 consecutive trading days, the daily weighted average trading price (or, in the event there has been no trading on a particular day, the average of the closing bid and ask prices) of the Fund's Units is greater than a 2% discount of the net asset value per Unit for that day;
2. the Trustee is hereby authorized and directed for and on behalf of the Fund to execute and deliver all such documents and to take such actions as may be necessary or advisable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, including making consequential amendments to the Declaration of Trust, such determination to be conclusively evidenced by the execution and delivery of such documents or the performance of such actions by any director or officer of the Trustee;
3. notwithstanding that this resolution has been passed by the Securityholders, the Manager is hereby authorized to delay or terminate the changes contemplated by this resolution if the Manager determines in its sole discretion that it would be necessary or desirable; and
4. all capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Circular.

SCHEDULE D

**LONG RESERVE LIFE RESOURCE FUND
DEANS KNIGHT INCOME AND GROWTH FUND
FAIRWAY INVESTMENT GRADE INCOME FUND
NUVEEN SENIOR FLOATING RATE INCOME FUND
GLOBAL PREFERRED SECURITIES TRUST
FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST**

EXTRAORDINARY RESOLUTION

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT:

1. the Trustee is hereby authorized to amend the Declaration of Trust to permit redemptions by any Securityholder at 100% of the net asset value per Security from time to time, at the discretion of the Manager, for the purpose of using the redemption proceeds to purchase securities of another investment vehicle administered, managed, sponsored or promoted by the Manager or an affiliate of the Manager to be offered to the public by prospectus;
2. the Trustee is hereby authorized and directed for and on behalf of the Fund to execute and deliver all such documents and to take such actions as may be necessary or advisable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, including making consequential amendments to the Declaration of Trust, such determination to be conclusively evidenced by the execution and delivery of such documents or the performance of such actions by any director or officer of the Trustee;
3. notwithstanding that this resolution has been passed by the Securityholders, the Manager is hereby authorized to delay or terminate the changes contemplated by this resolution if the Manager determines in its sole discretion that it would be necessary or desirable; and
4. all capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Circular.

SCHEDULE E

DEANS KNIGHT INCOME AND GROWTH FUND FAIRWAY INVESTMENT GRADE INCOME FUND GLOBAL PREFERRED SECURITIES TRUST FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST

EXTRAORDINARY RESOLUTION

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT:

1. the Trustee is hereby authorized to amend the Declaration of Trust to permit the Manager, in its discretion, to terminate the Fund, without Securityholder approval if, in its opinion, it is no longer economically practical for the Fund to continue, or it determines that it would be in the best interests of the Securityholders to terminate the Fund. In such event, i) the Manager will provide notice of no less than 30 days and no more than 60 days of the new termination date; ii) the Manager will issue a press release at least 10 business days in advance of the new termination date; and (iii) the entitlement of Securityholders upon early termination will be the net asset value of the Fund at the close of business the day before the termination date less the expenses of such termination.
2. the Trustee is hereby authorized and directed for and on behalf of the Fund to execute and deliver all such documents and to take such actions as may be necessary or advisable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, including making consequential amendments to the Declaration of Trust, such determination to be conclusively evidenced by the execution and delivery of such documents or the performance of such actions by any director or officer of the Trustee;
3. notwithstanding that this resolution has been passed by the Securityholders, the Manager is hereby authorized to delay or terminate the changes contemplated by this resolution if the Manager determines in its sole discretion that it would be necessary or desirable; and
4. all capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Circular.

SCHEDULE F

FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST

EXTRAORDINARY RESOLUTION

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT:

1. the Trustee is hereby authorized to amend the Declaration of Trust to permit the Trustee or Manager to designate as payable to redeeming Securityholders capital gains realized by the Fund in connection with the disposition of securities required in order to fund the redemption;
2. the Trustee is hereby authorized and directed for and on behalf of the Fund to execute and deliver all such documents and to take such action as may be necessary or advisable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, including making consequential amendments to the Declaration of Trust, such determination to be conclusively evidenced by the execution and delivery of such document or the performance of such action by any director or officer of the Trustee;
3. notwithstanding that this resolution has been passed by the Securityholders, the Manager is hereby authorized to delay or terminate the changes contemplated by this resolution if the Manager determines in its sole discretion that it would be necessary or desirable; and
4. all capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Circular.

SCHEDULE G

**LONG RESERVE LIFE RESOURCE FUND
NUVEEN SENIOR FLOATING RATE INCOME FUND
GLOBAL PREFERRED SECURITIES TRUST**

and

FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST

EXTRAORDINARY RESOLUTION

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT:

1. the Trustee is hereby authorized to amend the Declaration of Trust to permit the management fees to be paid in either Units or cash, and if in Units, to a total maximum amount of 100,000 Units, at the option of the Manager and without Securityholder approval;
2. the Trustee is hereby authorized and directed for and on behalf of the Fund to execute and deliver all such documents and to take such action as may be necessary or advisable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, including making consequential amendments to the Declaration of Trust, such determination to be conclusively evidenced by the execution and delivery of such document or the performance of such action by any director or officer of the Trustee;
3. notwithstanding that this resolution has been passed by the Securityholders, the Manager is hereby authorized to delay or terminate the changes contemplated by this resolution if the Manager determines in its sole discretion that it would be necessary or desirable; and
4. all capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Circular.

SCHEDULE H

DEANS KNIGHT INCOME AND GROWTH FUND

and

FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST

EXTRAORDINARY RESOLUTION

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT:

1. the Trustee is hereby authorized to amend the Declarations of Trust:
- (a) in the case of Deans Knight, amend the investment restriction which restricts the value of the Fund's total assets which may be invested, respectively in Income Trusts, Corporate Bonds and Other Income Producing Securities (all such capitalized terms as defined in the Fund's declaration of trust) from the current ranges to the proposed ranges as follows:

	Current	Proposed
Income Trusts	at least 30% and not more than 100%	not more than 100%
Corporate Bonds	not more than 40%	not more than 75%
Other Income Producing Securities	not more than 25%	not more than 40%

and

- (b) in the case of Fairway Diversified to amend the Investment Strategy (as defined in the Fund's declaration of trust) by amending the table setting forth the various asset classes which will be included in the Portfolio (as defined in the Fund's declaration of trust) and the expected initial allocation and permitted ranges of each such class to:
- (i) amend the permitted range for the asset class "Income Trusts, High Yield Corporate Bonds and Preferred Securities" (all capitalized terms as defined in the Fund's declaration of trust) from "50 – 90%" to "10 – 75%";
- (ii) amend the permitted range for the asset class "Dividend Paying Common Shares and Convertible Bonds" (all capitalized terms as defined in the Fund's declaration of trust) from "10 – 50%" to "10 – 75%"; and
- (iii) include the following additional asset class, expected initial allocation and permitted range:

<u>Asset Class</u>	<u>Expected Initial Allocation</u>	<u>Permitted Range</u>
Investment Grade Securities	0%	0 – 25%

For this purpose, the following definitions shall be added to the definitions of the Fund's declaration of trust:

“Investment Grade Securities” means fixed income securities consisting primarily of corporate bonds and hybrid preferred securities of principally United States and Canadian issuers rated Investment Grade at the time of purchase; and

“Investment Grade” means a rating of any United States or Canadian dollar denominated security that, at the time of purchase, is either rated BBB- or higher by Standard & Poor’s, or Baa3 or higher by Moody’s, or has the equivalent or higher rating from another nationally recognized credit rating agency, and includes any unrated security in the Portfolio determined by the Investment Advisor to be of comparable quality.

2. the Trustee is hereby authorized and directed for and on behalf of each Fund to execute and deliver all such documents and to take such action as may be necessary or advisable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, including making consequential amendments to the Declarations of Trust, such determination to be conclusively evidenced by the execution and delivery of such document or the performance of such action by any director or officer of the Trustee;
3. notwithstanding that this resolution has been passed by the Securityholders, the Manager is hereby authorized to delay or terminate the changes contemplated by this resolution if the Manager determines in its sole discretion that it would be necessary or desirable; and
4. all capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Circular.

SCHEDULE I

**LONG RESERVE LIFE RESOURCE FUND
DEANS KNIGHT INCOME AND GROWTH FUND
FAIRWAY INVESTMENT GRADE INCOME FUND
NUVEEN SENIOR FLOATING RATE INCOME FUND
GLOBAL PREFERRED SECURITIES TRUST**

and

FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST

EXTRAORDINARY RESOLUTION

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT:

1. the Trustee is hereby authorized to change the Investment Policy of the Fund by removing or amending certain Investment Restrictions as defined in the Declaration of Trust of the Fund which are no longer required or require amending due to changes in applicable tax legislation;
2. the Trustee is hereby authorized and directed for and on behalf of the Fund to execute and deliver all such documents and to take such action as may be necessary or advisable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, including making consequential amendments to the Declaration of Trust, such determination to be conclusively evidenced by the execution and delivery of such document or the performance of such action by any director or officer of the Trustee;
3. notwithstanding that this resolution has been passed by the Securityholders, the Manager is hereby authorized to delay or terminate the changes contemplated by this resolution if the Manager determines in its sole discretion that it would be necessary or desirable; and
4. all capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Circular.

SCHEDULE J

DISSENT RIGHTS IN RESPECT OF CHARTERHOUSE PREFERRED

The following description is a summary only of the dissenting shareholder provisions of the *Business Corporations Act* (Ontario) (“OBCA”), which are technical and complex. It is suggested that a shareholder of the Corporation wishing to exercise a right to dissent should seek legal advice, as failure to comply strictly with the provisions of the OBCA may result in the loss or unavailability of the right to dissent.

The procedure to be followed by a shareholder who intends to dissent from the special resolution approving the amendment to Articles of Incorporation described in the Circular and who wishes to require the Corporation to acquire his or her shares and pay him or her the fair value thereof, determined as of the close of business on the day before the special resolution is adopted, is set out in section 185 of the OBCA.

Section 185 provides that a shareholder may only make such a claim with respect to all the shares of a class held by him or her on behalf of any one beneficial owner and registered in the shareholder’s name. One consequence of this provision is that **a shareholder may only exercise the right to dissent under section 185 in respect of shares which are registered in that shareholder’s name.** In many cases, shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either: (a) in the name of an intermediary that the Non-Registered Holder deals with in respect of the shares (such as banks, trust companies, securities dealers and brokers, trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans, and their nominees); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. (CDS)) of which the intermediary is a participant. Accordingly, a Non-Registered Holder will not be entitled to exercise the right to dissent under section 185 directly (unless the shares are re-registered in the Non-Registered Holder’s name). A Non-Registered Holder who wishes to exercise the right to dissent should immediately contact the intermediary who the Non-Registered Holder deals with in respect of the shares and either: (i) instruct the intermediary to exercise the right to dissent on the Non-Registered Holder’s behalf (which, if the shares are registered in the name of CDS or other clearing agency, would require that the share first be re-registered in the name of the intermediary); or (ii) instruct the intermediary to re-register the shares in the name of the Non-Registered Holder, in which case the Non-Registered Holder would have to exercise the right to dissent directly.

A registered shareholder who wishes to invoke the provisions of section 185 of the OBCA must send to the Corporation a written objection to the special resolution (the “**Notice of Dissent**”) at or before the time fixed for the shareholders meeting at which the special resolution is to be voted on. The sending of a Notice of Dissent does not deprive a registered shareholder of his or her right to vote on the special resolution but a vote either in person or by proxy against the special resolution does not constitute a Notice of Dissent. A vote in favour of the special resolution will deprive the registered shareholder of further rights under section 185 of the OBCA.

Within 10 days after the adoptions of the special resolution by the shareholders, the Corporation is required to notify in writing each shareholder who has filed a Notice of Dissent and has not voted for the special resolution or withdrawn his or her objection (a “**Dissenting Shareholder**”) that the special resolution has been adopted. A Dissenting Shareholder shall, within 20 days after he learns that the special resolution has been adopted, send to the Corporation a written notice (the “**Demand for Payment**”) containing his or her name and address, the number and class of shares in respect of which he dissents, and a demand for payment of the fair value of such shares. Within 30 days after sending his or her Demand for Payment, the Dissenting Shareholder shall send the certificates representing the shares in respect of which he or she dissents to the Corporation or its transfer agent. the Corporation or its transfer agent shall endorse on the share certificates notice that the holder thereof is a Dissenting Shareholder under section 185 of the OBCA and shall forthwith return the share certificates to the Dissenting Shareholder.

If a Dissenting Shareholder fails to send the Notice of Dissent, the Demand for Payment or his or her share certificates, he or she has no right to make a claim under section 185 of the OBCA.

After sending a Demand for Payment, a Dissenting Shareholder ceases to have any rights as a holder of the shares in respect of which he has dissented other than the right to be paid the fair value of such shares as determined under section 185 of the OBCA, unless: (i) the Dissenting Shareholder withdraws his or her Demand for Payment before the Corporation makes a written offer to pay (the “**Offer to Pay**”); (ii) the Corporation fails to make a timely Offer to Pay to the Dissenting Shareholder and the Dissenting Shareholder withdraws his or her Demand for Payment; or (iii) the directors of the Corporation revoke the special resolution relating to the amendment of the Articles of Incorporation, in all of which cases the Dissenting Shareholder’s rights as a shareholder are reinstated.

Not later than seven days after the later of the effective date of the amendment of the Articles of Incorporation and the day the Corporation receives the Demand for Payment, the Corporation shall send, to each Dissenting Shareholder who has sent a Demand for Payment, an Offer to Pay for the shares of the Dissenting Shareholder in respect of which he has dissented in an amount considered by the directors of the Corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined. Every Offer to Pay made to Dissenting Shareholders for shares of the same class shall be on the same terms. The amount specified in an Offer to Pay which has been accepted by a Dissenting Shareholder shall be paid by the Corporation within 10 days of the acceptance, but an Offer to Pay lapses if the Corporation has not received an acceptance thereof within 30 days after the Offer to Pay has been made.

If an Offer to Pay is not made by the Corporation or if a Dissenting Shareholder fails to accept an Offer to Pay, the Corporation may, within 50 days after the effective date of the amendment of the Articles of Incorporation or within such further period as a court may allow, apply to the court to fix a fair value for the shares of any Dissenting Shareholder. If the Corporation fails to so apply to the court, a Dissenting Shareholder may apply to the Superior Court of Justice of Ontario (the “**court**”) for the same purpose within a further period of 20 days or within such further period as the court may allow. A Dissenting Shareholder is not required to give security for costs in any application to the court.

Before making application to the court or not later than 7 days after receiving notice of an application to the court by a Dissenting Shareholder, the Corporation shall give to each Dissenting Shareholder who has sent to the Corporation a Demand for Payment and has not accepted an Offer to Pay, notice of the date, place and consequences of the application and of his or her right to appear and be heard in person or by counsel. A similar notice shall be given to each Dissenting Shareholder who, after the date of the first mentioned notice and before termination of the proceedings commenced by the application, sends the Corporation a Demand for Payment and does not accept an Offer to Pay, such notice to be sent within 3 days thereafter. All such Dissenting Shareholders shall be joined as parties to any such application to the court to fix a fair value and shall be bound by the decision rendered by the court in the proceedings commenced by such application. The court is authorized to determine whether any other person is a Dissenting Shareholder who should be joined as a party to such application.

The court shall fix a fair value for the shares of all Dissenting Shareholders and may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the effective date of the amendment of the Articles of Incorporation until the date of payment of the amount ordered by the court. The final order of the court in the proceedings commenced by an application by the Corporation or a Dissenting Shareholder shall be rendered against the Corporation and in favour of each Dissenting Shareholder who, whether before or after the date of the order, sends the Corporation a Demand for Payment and does not accept an Offer to Pay. The cost of any application to a court by the Corporation or a Dissenting Shareholder will be in the discretion of the court. Where, however, the Corporation fails to make an Offer to Pay, the costs of the application by a Dissenting Shareholder are to be borne by the Corporation.

SCHEDULE K

INFORMATION CONCERNING

FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this Circular, and in certain documents incorporated by reference herein, constitute forward looking statements. These statements relate to future events or Fairway Diversified Income and Growth Trust's (the "**Fund**") future performance. All statements other than statements of historical fact may be forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements. While the Fund believes that the expectations reflected in the forward looking statements contained in this Circular, and in its documents incorporated by reference herein, are reasonable, no assurance can be given that these expectations will prove to be correct, and such forward looking statements included in, or incorporated by reference in such documents should not be unduly relied upon. These statements speak only as of the date of this Circular or as of the date specified in the documents incorporated by reference herein. The Fund assumes no obligation to update the aforementioned forward looking statements. The Fund's actual results could differ materially from those anticipated in the aforementioned forward looking statements, and in its documents incorporated by reference herein.

INFORMATION CONCERNING FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST

The Fund

The Fund is a closed-end investment trust established under the laws of Ontario pursuant to a declaration of trust dated as of February 26, 2004, as amended pursuant to an amended and restated declaration of trust dated as of May 31, 2004 (the "**Declaration of Trust**") by Fairway Advisors Inc. (the "**Manager**" or the "**Trustee**") as trustee of the Fund. The Manager was incorporated on January 19, 2004 and is a wholly-owned subsidiary of Fairway Capital Management Corp. ("**Fairway Capital**") and an indirect wholly owned subsidiary of JovFunds Management Inc. ("**JovFunds**") (which was previously called Fairway Asset Management Corp. until its name was changed on November 1, 2006), both investment management holding companies. The principal place of business of the Fund and the registered office of the Manager is BCE Place, 181 Bay Street, Suite 3740, Toronto, Ontario M5J 2T3.

The Fund closed its initial public offering on March 16, 2004 with the issuance of 12,000,000 redeemable, transferable units of the Fund (the "**Units**") at \$10.00 per Unit for gross proceeds of \$120,000,000. On April 8, 2004 the Fund closed an over-allotment option of 500,000 Units at \$10.00 per Unit for gross proceeds of \$5,000,000 (collectively, the initial public offering and over-allotment option are the "**Offering**").

The Fund is a reporting issuer, or the equivalent thereof, in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador.

The outstanding Units are listed on the Toronto Stock Exchange and trade under the symbol "FDT.UN".

Investment Objectives and Strategy of the Fund

The investment objectives of the Fund are (i) to provide Holders with monthly distributions (ii) to preserve capital throughout the life of the Fund; and (iii) to enhance total return through capital appreciation of the Portfolio (as described below).

In order to achieve its investment objectives, the Fund invested its net proceeds, together with any borrowings under the loan facility (as described below) (the "Loan Facility") in a broadly diversified portfolio (the "Portfolio") of securities in multiple, income producing asset classes with low correlation to each other, consisting primarily of units of Income Trusts, High Yield Corporate Bonds, Preferred Securities, Dividend Paying Common Shares, Other Common Shares and Convertible Bonds. The Manager provides management services to the Fund and has retained MFC Global Investment Management (Canada), a division of Elliott & Page Limited, the investment advisor to the Fund (the "**Investment Advisor**").

Documents Incorporated by Reference

Information has been incorporated by reference in this Circular 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 Manager at BCE Place, 181 Bay Street, Suite 3740, Toronto, Ontario M5J 2T3 (telephone: 1-866-299-7929 or 416-507-4110). In addition, copies of the documents incorporated herein by reference may be obtained from the securities commissions or similar authorities in Canada through the SEDAR website at www.sedar.com. For the purpose of the Province of Quebec, this Circular contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Manager at the above-mentioned address and telephone number.

The following documents of the Fund, which have been filed with securities commissions or other similar authorities in each of the provinces of Canada, are incorporated by reference into and form an integral part of this Circular, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Circular or in any other subsequently filed document that is also incorporated by reference to this Circular:

- (a) the Annual Information Form (the "**AIF**") of the Fund for the year ended December 31, 2006 dated March 29, 2007;
- (b) the audited comparative consolidated financial statements of the Fund and notes thereto as at and for the years ended December 31, 2006 and 2005, including the auditors' report thereon, together with management's report of fund performance for the periods then ended; and
- (c) the audited comparative consolidated financial statements of the Fund and notes thereto as at and for the period from February 26, 2004 (date of inception) to December 31, 2004, including the auditors' report thereon, together with management's discussion and analysis of financial condition and results of operations for the periods then ended.

Any documents of the type referred to above (but excluding confidential material reports) filed by the Fund with the provincial securities commissions or similar authorities in Canada after the date of this Information shall be deemed to be incorporated by reference into and form an integral part of this Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular 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 a 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 Circular.

Distribution History

The Fund pays distributions on the Units on or about the 15th day of the month to unitholders of record on the last business day of the month preceding payment. The amount of monthly distributions may fluctuate from month to month and there can be no assurance that the Fund will make any distribution in any particular month or months. The accompanying table summarizes cash distributions made by the Fund since February, 2004.

Record Date	Payment Date	Distribution per Unit (\$)
4/30/2004	5/10/2004	0.05833
5/31/2004	6/10/2004	0.05833
6/30/2004	7/12/2004	0.05833
7/30/2004	8/10/2004	0.05833
8/31/2004	9/10/2004	0.05833
9/30/2004	10/12/2004	0.05833
10/29/2004	11/10/2004	0.05833
11/30/2004	12/10/2004	0.05833
12/31/2004	1/12/2005	0.05833
1/31/2005	2/10/2005	0.05833
2/28/2005	3/10/2005	0.05833
3/31/2005	4/12/2005	0.05833
4/29/2005	5/10/2005	0.05833
5/31/2005	6/10/2005	0.05833
6/30/2005	7/12/2005	0.05833
7/29/2005	8/10/2005	0.05833
8/31/2005	9/12/2005	0.05833
9/30/2005	10/13/2005	0.05833
10/31/2005	11/10/2005	0.05833
11/30/2005	12/12/2005	0.05833
12/30/2005	1/12/2006	0.05833
1/31/2006	2/10/2006	0.05833
2/28/2006	3/10/2006	0.05833
3/31/2006	4/12/2006	0.05833
4/28/2006	5/10/2006	0.05833
5/31/2006	6/12/2006	0.05833
6/30/2006	7/13/2006	0.05833
7/31/2006	8/11/2006	0.05833
8/31/2006	9/13/2006	0.05833
9/30/2006	10/12/2006	0.05833
10/31/2006	11/10/2006	0.05833
11/30/2006	12/12/2006	0.05833

Record Date	Payment Date	Distribution per Unit (\$)
12/29/2006	1/11/2007	0.05833
1/31/2007	2/12/2007	0.05833
2/28/2007	3/12/2007	0.05833
3/30/2007	4/12/2007	0.05833
4/30/2007	5/10/2007	<u>0.05833</u>
		<u>2.15821</u>

Price Range, Net Asset Value and Trading Volume of Fund Units

The Units are listed for trading on the TSX under the symbol “FDT.UN”. The following table sets forth the high and low net asset value, trading prices and the aggregate trading volume of the Units as reported by the TSX for the periods indicated. The information has been obtained from public sources and neither the Fund nor the Manager assumes any responsibility for the accuracy of such information.

Period	Net Asset Value		Price		Volume
	High	Low	High	Low	
March 2004 (16 – 31)	9.4562	9.3752	9.93	9.85	20,220
Second Quarter 2004	9.4964	8.9508	9.90	8.41	9,378
Third Quarter 2004	9.7283	9.2506	9.49	8.81	9,675
Fourth Quarter 2004	10.5047	9.7347	10.11	9.20	22,758
First Quarter 2005	10.9938	10.2752	10.75	9.75	47,130
Second Quarter 2005	10.8273	10.3255	10.25	9.85	11,874
Third Quarter 2005	11.5731	10.7447	11.00	10.21	14,879
Fourth Quarter 2005	11.4878	10.4502	11.94	9.65	14,599
First Quarter 2006	11.8962	11.4629	11.63	11.00	16,618
Second Quarter 2006	11.8012	10.7016	11.30	10.00	8,215
Third Quarter 2006	11.5118	10.9654	11.20	10.20	6,104
Fourth Quarter 2006	11.7676	10.9711	11.55	10.55	11,214
First Quarter 2007	11.7681	11.2904	11.54	11.01	15,373
April 2007	12.2833	11.6897	11.85	11.05	4,466
May 2007 (1 – 9)	12.2116	12.0300	11.95	11.63	6,475

On May 11, 2007, the closing price of the Units on the TSX was \$11.51. On May 11, 2007, the net asset value per Unit was \$12.28.

Description of the Fund Units

Pursuant to the Declaration of Trust, the Fund is authorized to issue an unlimited number of redeemable, transferable Units of one class, of which 4,219,591 Units were issued and outstanding as at May 9, 2007. Each Unit represents an equal, undivided interest in the net assets of the Fund. Each holder of Units (“**Holder**”) is entitled to the same rights and obligations as a Holder of any other Unit and no Holder is entitled to any privilege, priority or preference in relation to any other Holder. Each Holder is entitled to participate equally with respect to any and all distributions made by the Fund and is entitled to one vote for each Unit held. Notwithstanding the foregoing, the Manager, in respect of any Units which may be held by it from time to time, insiders of the Fund (as such expression is defined in the *Securities Act* (Ontario), affiliates of the Manager, and any director or officer of such persons who hold Units are not entitled to vote on any extraordinary resolutions to be adopted by the Holders. On termination, all Holders of record holding outstanding Units are entitled to receive their pro rata share of any assets of the Fund remaining after payment of all debts, liabilities and liquidation or termination expenses of the Fund. A book-entry only certificate representing the Units was issued in registered form to a nominee of CDS

Clearing and Depository Services Inc. (“CDS”) on its behalf. Any purchase or transfer of Units must be made through CDS Participants, which includes securities brokers and dealers, banks and trust companies.

Risk Factors

An investment in the Units is subject to certain risks. Readers should carefully consider the risk factors described under the heading “*Risk Factors*” set out at the end of this Schedule.

Legal Proceedings

There are no outstanding legal proceedings material to the Fund to which the Fund is a party or in respect of which any of its properties or assets are subject, not are there such proceedings known to be contemplated.

Auditors, Transfer Agent and Registrar

The auditors of the Fund are Ernst & Young LLP, located at 222 Bay Street, 21st Floor, Toronto, Ontario M5K 1J7.

The transfer agent and registrar for the Fund is Computershare Investor Services Inc. (“Computershare”) at its principal office in 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1.

Additional Information

Additional information relating to the Fund is available on the SEDAR website at www.sedar.com or on the Fund’s website at www.fairwaycapital.com. Financial information concerning the Fund is provided in its financial statements for the year ended December 31, 2006 and the accompanying management’s report of fund performance, both of which are incorporated by reference herein and can be accessed on SEDAR.

Copies of these documents may be obtained at no cost from the Manager upon request, please contact:

Fairway Advisors Inc.
BCE Place, 181 Bay Street, Suite 3740
Toronto, Ontario M5J 2T3
Phone: 1-866-299-7929
Email: info@fairwaycapital.com

FAIRWAY DIVERSIFIED - RISK FACTORS

There are certain risks associated with an investment in Units. Unitholders of each Terminating Fund should consider the following risk factors in connection with voting for the merger:

No Assurance of Achieving Investment Objectives and No Guaranteed Rate of Return

There is no assurance that the Fund will be able to achieve its investment objectives. There is no assurance that the Fund will be able to pay distributions, and the indicative distributions may be significantly less than the initial targeted indicative distributions. The Manager may at any time re-evaluate the Fund's targeted distributions. The amount of distributions available for payment to Holders will depend in part on the amount of distributions and interest paid by the issuers of the securities held by the Fund in the Portfolio and the value of those securities. There is no guarantee that the Portfolio will earn any return and the Portfolio could be subject to losses. An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment and who can withstand the effect of monthly distributions not being paid in any period.

Fluctuations in Net Asset Value ("NAV")

The NAV and the funds available for distribution will vary according to, among other things, distributions paid on the Units, the value of the securities in the Portfolio, the performance of the equity markets generally, interest rates and foreign currency exposure. External economic forces can affect the competitive strength and profitability of the businesses represented by the securities in the Portfolio which would significantly affect the value of such securities. Fluctuations in the market values of the investments in the Portfolio may occur for a number of reasons beyond the control of the Investment Advisor, the Manager or the Fund. There is no assurance that an adequate market will exist for Portfolio securities acquired by the Fund. The Fund may make investments in securities that have low trading volumes, and thus it may be difficult for the Fund to make such trades without adversely affecting the price of such securities, and consequently the NAV. The market value of income funds in which the Fund invests may materially decline if such funds are unable to meet their cash distribution targets in the future. Investments issued by issuers who are not reporting issuers in certain jurisdictions may be subject to an indefinite hold period under applicable securities legislation. In some circumstances, the issuers of investments which the Fund may acquire have limited operating histories. The Fund cannot predict whether the investments in the Portfolio held by the Fund will trade at a discount to, a premium to, or at their respective net asset values or when or if distributions on such securities will be made. Units may trade in the market at a premium or discount to the NAV per Unit and there can be no assurance that Units will trade at a price equal to the NAV per Unit.

Composition of the Portfolio

The composition of the Portfolio taken as a whole may vary widely from time to time. Overweighting investments in certain sectors or industries involves a risk that the Portfolio will suffer a loss because of general advances or declines in the prices of securities in those sectors or industries. Units may represent a less liquid investment than securities in the Portfolio.

Income Trusts

The yields on Income Trusts are not assured. Income Trusts depend ultimately on the financial performance of the related operating company and may also be subject to general risks associated with industry, business cycles, commodity prices, interest rates and other economic factors. Some of the Income Trusts in the Portfolio will have limited operating histories. There is a risk that the rules in the Tax Act may change, which could negatively affect the yields of Income Trust securities in the Portfolio. Unitholders of Income Trusts do not receive the protection of statutorily mandated limited liability, as in

the case of shareholders of most Canadian corporations, and thus there is no guarantee that unitholders, such as the Fund, could not be made party to legal actions in connection with the Income Trust.

Real Estate Investment Trusts

Investments in REITs are subject to the general risks associated with real property investments. Real property investments are affected by various factors including changes in general economic conditions (such as the availability of long-term mortgage funds) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space and various other factors. The value of a real property and any improvements thereto may also depend on the credit and financial stability of the tenants. A REIT's income and funds available for distribution to its unitholders would be adversely affected if a significant number of tenants were to become unable to meet their obligations to the REIT or if the REIT were unable to lease a significant amount of available space in its properties on economically favourable lease terms. External economic forces can also significantly affect the value of REITs, such as the quality of the property portfolio, the perception and ability of the REIT's advisor, the prospects of the Canadian and U.S. commercial real estate market and the economy in general, including the level and likely direction of interest rates.

High Yield Debt Securities

The Portfolio will hold investments in debt securities which involve risks of default on interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness. The Portfolio will include high yield instruments, which typically entail greater potential price volatility and may be less liquid than higher rated instruments. High yield debt securities may be regarded as predominately speculative with respect to the issuer's continuing ability to meet principal and interest payments. They may also be more susceptible to real or perceived adverse economic and competitive industry conditions than higher rated securities. Analysis of the creditworthiness of issuers of high yield debt securities may be more complex than for issuers of higher quality debt obligations. Unrated securities may be less liquid than comparable rated securities and involve the risk that the Investment Advisor may not accurately evaluate the securities' comparative credit rating. The secondary market on which high yield debt securities are traded may be less liquid than the market for investment grade securities. During periods of thin trading in these markets, the spread between bid and ask prices is likely to increase significantly and there may be greater difficulty in selling the securities in the Portfolio.

Equity Risk

The value of equity securities such as common shares will be affected by the financial performance of the issuer as well as general economic factors. Equity related securities that provide indirect exposure to the equity securities of an issuer, such as warrants and convertible securities, can also be affected by equity risk.

Foreign Currency and Commodity Price Exposure

Certain of the investments in the Portfolio, at any time, will consist of securities denominated in currencies other than the Canadian dollar and, accordingly, the NAV will, when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar. However, the Investment Advisor intends to hedge at least 90% of the Portfolio back to the Canadian dollar at all times. The operations and financial condition of issuers of certain securities in the Portfolio, and thus the distributions paid on such securities, will be dependent in part on commodity prices applicable to the commodities sold by such issuers. Commodity prices may vary and are determined by supply and demand factors such as general economic and political conditions. A decline in commodity prices could have an adverse effect on the operations and financial condition of the issuers of such securities and the amount of

distributions paid on such securities. In addition, certain commodity prices are based on a U.S. dollar market price, and accordingly an increase in the value of the Canadian dollar against the U.S. dollar could reduce the amount of distributions paid on such securities.

Foreign Market Exposure

The Portfolio may, at any time, include securities of issuers established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to Canadian and U.S. companies, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or U.S. company. Volume and liquidity in some foreign markets may be less than in Canada and the United States and, at times, volatility of price may be greater than in Canada or the United States. As a result, the price of such securities may be affected by conditions in the market of the jurisdiction in which the issuer is located or its securities are traded. Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

Leverage

One element of the Fund's investment strategy is the utilization of borrowings under the Loan Facility or the use of other forms of leverage to make investments in additional instruments. The obligations under the Loan Facility or other forms of leverage may be secured by the assets of the Portfolio. By adding additional leverage, these strategies have the potential to enhance returns but also involve additional risks. There can be no assurance that the leveraging strategy employed for the Fund will enhance returns. The use of leverage may result in a capital loss or decrease in net cash distributions to Holders. If the instruments in the Portfolio suffer a substantial decrease in value, the leverage component will cause a decrease in the NAV in excess of that which would otherwise be experienced. In addition, if the aggregate amount of borrowings under the Loan Facility and other forms of leverage exceed at any time 25% of the total assets of the Fund at the time of borrowing as a result of redemptions or other decrease in the number of Units, the Fund will be required to sell investments or enter into other transactions in order to reduce the aggregate amount of borrowings to such 25% level. Such transactions may be required to be effected at prices or on terms that may adversely affect the value of the Portfolio. However, the Fund will not be required to reduce borrowings or other leverage as a result of decreases in the total assets of the Fund occurring otherwise than as a result of redemptions or other decrease in the number of Units outstanding. If the total assets of the Fund decreases otherwise than as a result of redemptions or other decrease in the number of Units outstanding, the percentage of leverage in the Portfolio may constitute more than 25% of the total assets of the Fund. If the Loan Facility is called by the lender, the Fund may have to liquidate the Portfolio to pay back debt at a time when market conditions are not favourable, resulting in a loss to the Fund. The interest expense and banking fees incurred in respect of a Loan Facility or expenses and fees incurred in respect of other forms of leverage may exceed the incremental capital gains/losses and income generated by the incremental investments for the Portfolio. In addition, the Fund may not be able to renew a Loan Facility or other forms of leverage on acceptable terms. It is expected that the Fund will utilize leverage and may utilize the maximum amount of leverage permitted by the Investment Restrictions. There is a possibility that some of the interest paid on the Loan Facility may not be deductible by the Fund for tax purposes.

Reliance on Investment Advisor, Manager and Key Personnel

Performance of the investments in the Portfolio will be dependent on the Investment Advisor, which provides investment advisory and portfolio management services with respect to the Portfolio pursuant to the Investment Advisory Agreement, and the Manager as manager of the Fund. In the event that all or substantially all of the portfolio managers of the Investment Advisor, cease to be employed by the

Investment Advisor, or if the Investment Advisor ceases to be the investment advisor to the Fund, the performance of the Portfolio may be adversely affected.

Nature of Units

The Units share certain attributes common to both equity securities and debt instruments. The Units represent a fractional interest in the net assets of the Fund. Units are dissimilar to debt instruments in that there is no principal amount owing to Holders. Holders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions.

Interest Rate Changes and Sensitivity of Market Price of Units to Interest Rates

Interest rate risk is the risk that debt obligations will decline in value because of changes in interest rates. Generally, debt securities will decrease in value when interest rates rise and increase in value when interest rates decline. NAV will fluctuate with interest rate changes and the corresponding changes in the value of the investments in the Portfolio. As the Fund intends to provide Holders with monthly distributions, the market price of Units may be affected by the level of interest rates prevailing from time to time. An increase in interest rates will also increase the costs to the Fund of borrowing.

Securities Lending

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

Illiquid Securities

If the Investment Advisor is unable, or determines that it is inappropriate, to dispose of some or all of the investments in the Portfolio prior to the Fund’s termination date, Holders may, subject to applicable laws, receive distributions of securities *in specie* upon the termination of the Fund, which may be subject to resale restrictions or for which there may be an illiquid market. Some of these assets may not be listed on any stock exchange and no market may develop. Assets so distributed may not be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, which would have adverse tax consequences to such plans and/or their annuitants or beneficiaries. If the Investment Advisor determines that it is appropriate to acquire certain securities for the Fund, the Investment Advisor may be unable to acquire the desired number of such securities, or to acquire such securities at a price acceptable to the Investment Advisor, if the market for such securities is particularly illiquid.

Derivatives Risk

The Fund may use derivatives for any purpose including, among other things, as a substitute for taking a position in the underlying asset or as part of a strategy designed to reduce or increase exposure to other risks, such as currency risk. The use of derivative instruments involves risks different from and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, leveraging risk, counterparty risk, trading execution risk and short selling risk. Short selling of securities will expose the Portfolio to losses if the value of the securities sold short increases, because the Fund may be required to purchase such securities at a higher price in order to cover its short position than the price at which such securities were sold short. Derivatives also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. Hedging with derivatives may not always be successful and could limit the Fund’s ability to

participate in increases in the value of the securities in the Portfolio. The Fund may not be able to obtain or close out a derivative contract when the Investment Advisor believes it is desirable to do so, which may prevent the Fund from making a profit or limiting a loss. When the Fund invests in a derivative instrument, it could lose more than the principal amount invested.

Conflicts of Interest

The Manager, the Investment Advisor, their respective directors and officers and their respective affiliates and associates may engage in the promotion, management or investment management of any other account, fund or trust which invests primarily in securities to be held in the Portfolio. Although none of the directors or officers of the Manager will devote his or her full time to the business and affairs of the Fund or the Manager, each will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage (in the case of officers) the business and affairs of the Fund and the Manager. Although officers, directors and professional staff of the Investment Advisor will devote as much time to the Fund as the Investment Advisor deems appropriate to perform its duties in accordance with the Investment Advisory Agreement, the staff of the Investment Advisor may have conflicts in allocating its time and services among the Portfolio and the other portfolios of the Investment Advisor.

Status of the Fund for Securities Law Purposes

The Fund is not a “mutual fund” for securities law purposes. As a result, some of the protections provided to investors in mutual funds under such laws will not be available to investors in the Units and restrictions imposed on mutual funds under Canadian securities laws, including NI 81-102, do not apply to the Fund.

Changes in Legislation

There can be no assurance that income tax laws, securities, and other laws or the interpretation and application of such laws by courts or government authorities, and government incentive programs relating to the business of income funds and the treatment of mutual fund trusts under the Tax Act will not be changed in a manner which adversely affects the distributions received by the Fund and the Holders and/or the value of the Units or the securities in which the Fund invests.

Taxation of the Fund

While the Fund has been structured so that it generally will not be liable to pay income tax, the information available to the Manager relating to the characterization, for tax purposes, of the distributions received by the Fund in any year from issuers of the Fund’s investments may be insufficient as at December 31 of that year to ensure that the Fund will make sufficient distributions in order that the Fund will not be liable to pay income tax in respect of that year. In determining its income for tax purposes, the Fund will treat gains or losses on the disposition of securities in the Portfolio as capital gains and losses. CCRA’s practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained.

Cross-Border Income Funds

Based on publicly available information, it is the understanding of the Fund that no U.S. Internal Revenue Service rulings were sought in connection with the establishment of a number of income funds that have significant operations in the United States. No assurance can be given that the U.S. Internal Revenue Service will not successfully challenge various aspects of the structures adopted by these income funds or that advisers to these income funds will continue to provide audit and other opinions relating to the operations of these income funds. Any successful challenge by the U.S. Internal Revenue Service or a withdrawal of such services by advisers may have a material and adverse affect on the after tax income available for distribution by such income funds. To the extent that such funds are held by the Fund at that time, the distributions of the Fund and the value of the Units may be adversely affected.

Interest Deductions

The CCRA has expressed a view that the amount of interest on money borrowed and used to invest in units of an income fund may not be fully deductible in certain circumstances based on the composition of a portfolio. Counsel to the Fund and the Agents are of the view that, while the ability to deduct interest will always be a question of fact, based on the jurisprudence, the CCRA's position should not impact on the Fund's ability to deduct interest on money borrowed to acquire Income Trust securities. If the CCRA's position were to prevail and apply to the Fund based upon its facts, part of the interest payable by the Fund in connection with money borrowed to acquire Income Trust securities could be non-deductible, increasing the net income of the Fund for tax purposes. Income of the Fund which is not distributed and thus included in the income of Holders would be subject to non-refundable income tax in the Fund.

Legal and Statutory Rights

Although the Custodian of the Portfolio is in Canada and some of the assets of the Fund may be held in Canada, the majority of the Fund's assets may be held in accounts with sub-custodians in other jurisdictions. Accordingly, there may be additional defences available to any judgement obtained by the Fund in Canada which may affect enforcement in any such jurisdictions.

Liability of Holders

Under proposed legislation in Ontario, beneficiaries of a trust that is a reporting issuer under the *Securities Act* (Ontario) and that is governed by the laws of Ontario are not liable for any act, default, obligation or liabilities of the trust or any of its trustees. However, there can be no assurance that such proposed legislation will come into force. The Fund is a unit trust and, as such, the Holders do not receive the protection of statutorily mandated limited liability as in the case of shareholders of most Canadian corporations or under the proposed legislation referred to above. There is no guarantee, therefore, that Holders could not be made party to legal action in connection with the Fund. However, the Declaration of Trust will provide that no Holder, in its capacity as such, will be subject to any personal liability whatsoever, in tort, contract or otherwise, to any person in connection with the Fund's property or the obligations or the affairs of the Fund and all such persons shall look solely to the Fund's property for satisfaction of claims of any nature arising out of or in connection therewith and the Fund's property only shall be subject to levy or execution. Pursuant to the Declaration of Trust, the Fund will indemnify out of the Fund's assets and hold harmless each Holder from any costs, damages, liabilities, expenses, charges and losses suffered by a Holder resulting from or arising out of such Holder not having limited liability.

The Declaration of Trust provides that the Trustee shall use reasonable means to cause the Fund's operations to be conducted in such a way as to minimize any such risk and, in particular, where feasible, to cause every written contract or commitment of the Fund to contain an express disavowal of liability of Holders. In any event, it is considered that the risk of any personal liability of Holders is minimal in view of the anticipated equity of the Fund, and the nature of its activities. In the event that a Holder should be required to satisfy any obligation of the Fund, such Holder will be entitled to reimbursement from any available assets of the Fund.