SIMPLIFIED PROSPECTUS
FOR AN ALTERNATIVE MUTUAL FUND

September 4, 2020

Class A, F, Af Founders, Ff Founders and I Units

MAXAM ARBITRAGE FUND

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise. None of the securities described in this document nor the Fund are registered with the United States Securities and Exchange Commission.

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Introduction

This document contains selected important information about the Fund to help you make an informed investment decision and to help you understand your rights as an investor. This simplified prospectus contains information about the Fund and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Fund. Throughout this simplified prospectus:

- ***We**, **us**, **our*** and ***Manager*** refers to Maxam Capital Management Ltd. ("**Maxam**")
- ***Fund*** refers to the Maxam Arbitrage Fund
- ***You*** and ***your*** refers to everyone who invests in the Fund
- ***Unit*** or ***Units*** refer to a unit or units of the Fund
- ***Unitholders*** refers to owners of units of the Fund
- ***Class*** or ***Classes*** refers to one or more classes of units of the Fund
- ***Dealer*** refers to the company where your registered representative works
- ***Registered representative*** refers to the representative registered in your province or territory who advises you on your investments
- ***Trustee*** refers to Maxam acting in its capacity as the trustee of the Fund.

This document is divided into two parts. The first part, from pages 1 to 24, contains general information applicable to the Fund. The second part, from pages 25 to 32, contains specific information about the Maxam Arbitrage Fund. Additional information about the Fund is available in the following documents:

- the annual information form
- the fund facts document
- the most recently filed annual financial statements
- any interim financial report filed after those annual financial statements
- the most recently filed annual management report of fund performance ("**MRFP**")
- any interim MRFP filed after the annual MRFP

These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as part of this document. You can get a copy of these documents, at your request, and at no cost, by calling 604-685-0201 or by contacting your registered representative. These documents are also available on the Maxam website at www.maxamcm.com or by contacting us by e-mail at info@maxamcm.com. These documents and other information about the Fund are also available at www.sedar.com.

What is a mutual fund and what are the risks of investing in a mutual fund?

What is a mutual fund?

When you invest in a mutual fund, you pool your cash to make investments with many other people. On behalf of everyone who contributes, professional money managers use the cash to buy many different securities. These securities form the mutual fund's investment portfolio.

Mutual funds own different types of investments, depending on their investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions and market and company news. As a result, the value of a mutual fund's units may go up and down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it.

The cash you contribute to a mutual fund buys you a number of Units in the mutual fund and everyone who contributes to a mutual fund is called a unitholder. You share the mutual fund's income, expenses and capital gains or losses in proportion to the number of units you own, except with respect to class specific expenses.

A mutual fund may issue units in one or more classes. A class of units may be viewed as a subdivision of the mutual fund for certain purposes (e.g., calculation of management fees), but for other purposes (e.g., investment activity and common expenses) the mutual fund remains undivided. See the section titled *Purchases, Switches and Redemptions – Classes of Units* for more information.

In Canada, a mutual fund can be established either as a mutual fund trust or as a mutual fund corporation. The Fund described in this simplified prospectus is established as a trust.

What are the advantages of investing in a mutual fund?

Investing in a mutual fund has several advantages over investing on your own in individual stocks, bonds and money market instruments:

- *Professional money management* – Professional advisors have the skills, tools and the time to perform research and to make decisions about which investments to buy, hold or sell.

- *Diversification* – Investment values are always changing. Owning several investments can improve long-term results as the ones that increase in value can compensate for those that do not.

- *Liquidity* – Units may be redeemed at any time. In some cases this may result in a short-term trading fee.

- *Record-keeping and reporting* – Records of your interest are kept and you are sent financial statements, tax slips and receipts when required by applicable law.

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

Risk is the chance that your investment may not perform over a certain time period. There are different degrees and types of risks. However, in general, the more risk you are willing to accept as an investor, the higher the potential returns and the greater the potential losses.

Units of mutual funds are purchased and sold at the relevant class net asset value ("**NAV**") per unit. The NAV of the Fund, and the price of the Units, will fluctuate on a daily basis with changes in the market value of the particular Fund's investments. The values may change for a variety of reasons, including, but not limited to, changes in interest rates, economic conditions, market activity and company news. As a result, the value of your investment in the Fund may be more or less when you redeem it than when you purchased it.

Your investment is not guaranteed – The full amount of your investment in the Fund is not guaranteed. Unlike bank accounts or guaranteed investment certificates, mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

To withdraw your investment, you simply redeem your Units at the prevailing Class NAV per Unit. Under exceptional circumstances, a mutual fund may not allow you to redeem your Units. See the section titled *Purchases, Switches and Redemptions – How to Redeem Units of the Fund – Redemption suspensions* for more information.

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

In addition to the general risks of mutual fund investing, each mutual fund carries specific risks depending on its particular investments and strategies. Below, we describe the specific risks that can affect the value of your investment in the Fund.

Each investor has a different tolerance for risk. Some investors are significantly more conservative than others when making their investment decisions. It is important to take into account your own comfort with risk as well as the amount of risk suitable for your financial goals.

Investment in the Fund is speculative due to the nature of the Fund's business and involves certain risk factors. There is no guarantee that an investment in the Fund will earn any positive return in the short or long term and investors must be able to bear the risk of a complete loss of their investment. The following risks should be carefully evaluated by prospective investors.

The Fund is considered an "alternative mutual fund" meaning that under National Instrument 81-102 *Investment Funds* ("**NI 81-102**"), it is permitted to use strategies generally prohibited by other types of mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer, the ability to invest up to 100% or more of its NAV in physical commodities, either directly or through the use of specified derivatives, the ability to borrow cash, up to 50% of its NAV, to use for investment purposes, the ability to sell securities short (the combined level of cash borrowing and short selling is limited to 50% of its NAV in aggregate), and the ability to use leverage with gross aggregate exposure to borrowing, short selling and specified derivatives up to 300% of its NAV, among other things. For more information regarding the risks associated with these strategies, please see "Concentration Risk", "Commodity Risk", "Derivatives Risk", "Leverage Risk" and "Short Selling Risk" below.

Concentration Risk

The Fund may concentrate its investments in a relatively small number of securities, certain sectors or specific regions or countries. This may result in higher volatility, as the value of the Fund will vary more in response to changes in the market value of these securities, sectors, regions or countries. The Fund is subject to certain standard investment restrictions and practices contained in securities legislation, including NI 81-102. The Fund is subject to increased concentration risk as it is permitted to invest up to 20% of its NAV in the securities of a single issuer.

Credit Risk

Credit risk is comprised of default risk, credit spread risk, downgrade risk and collateral risk.

- **Default risk** is the risk that the issuer will not be able to pay the obligation, either on time or at all. Generally, lower quality debt securities involve a greater risk of default on interest and/or principal payments.

- **Credit spread risk** is the risk that there will be an increase in the difference between the interest rate of an issuer's bond and the interest rate of a bond that is considered to have little associated risk (such as a government guaranteed bond or treasury bill). The difference between these interest rates is called a "credit spread". Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in credit spread will decrease the value of debt securities.

- **Downgrade risk** is the risk that a specialized credit rating agency, such as DBRS (Dominion Bond Rating Services), Standard & Poor's or Moody's Investors Services, will reduce the credit rating of an issuer's securities. Downgrades in credit rating will decrease the value of those debt securities.

- **Collateral risk** is the risk that the value of any assets securing an issuer's obligation may be deficient or difficult to liquidate. As a result, the value of those debt securities may decline significantly in value.

Each can have a negative impact on the value of a debt security.

Leverage Risk

The Fund may leverage its investment positions by borrowing funds. Leverage increases both the potential return and the risk of loss on any investment position. The Fund is subject to a gross aggregate exposure limit of up to 300% of its NAV which is the sum of its derivative (excluding hedging activity), shorting, and borrowing activities measured on a daily basis. This will operate to limit the extent to which the Fund is leveraged.

Commodity Risk

If the Fund invests in natural resource companies or in income or royalty trusts based on commodities, such as oil and gas, it will be affected by changes in commodity prices. Commodity prices tend to be cyclical and can move dramatically in short periods of time. In addition, new discoveries or changes in government regulations can affect the price of commodities. The Fund is permitted to invest up to 100% of its NAV in physical commodities.

Currency Risk

The Fund's assets and liabilities are valued in Canadian dollars. When the Fund buys foreign securities, however, they are purchased with foreign currency. The U.S. dollar and the Euro, for example, both fluctuate in value against the Canadian dollar. An unfavourable move in the exchange rate for either currency may reduce, or even eliminate, any return on an investment priced in that currency. The opposite can also be true, as the Fund can benefit from changes in exchange rates.

The Fund may own securities denominated in foreign currencies. Maxam will have the discretion to decide the extent to which the currency risk may be hedged back to the Canadian dollar. See *Derivative Risk* below.

In addition to the exchange rate risk, there is also a risk that certain foreign governments may restrict the ability to exchange currencies. Our ability to make distributions or process redemptions assumes the continuing free exchange of the currencies in which the Fund is invested.

Cybersecurity Risk

Cybersecurity risk is the risk of loss and liability to an organization resulting from a failure or breach of the information technology systems used by or on behalf of the organization and its service providers, including incidents resulting in unauthorized access, use or disclosure of sensitive, regulated or protected data. The use of the internet and information technology systems by us, the Fund and its service providers may expose us and the Fund to potential loss or liability arising from cybersecurity incidents.

Cyber incidents can result from deliberate attacks or unintentional events, and may arise from internal sources (*e.g.*, employees, contractors, service providers, suppliers and operational risks) or external sources (*e.g.*, nation states, terrorists, hacktivists, competitors and acts of nature). Cyber incidents include, but are not limited to, unauthorized access to information systems and data (*e.g.*, through hacking or malicious software) for purposes of misappropriating or corrupting data or causing operational disruption. Cyber incidents also may be caused in a manner that does not require unauthorized access, such as causing denial-of-service attacks on websites (*e.g.*, efforts to make network services unavailable to intended users).

A cyber incident that affects us, the Fund, our or the Fund's service providers (including, but not limited to, the Fund's portfolio advisors, transfer agent, custodian and sub-custodians) might cause disruptions and adversely affect their respective business operations (*e.g.*, interference with the Fund's ability to calculate its net asset value and impediments to trading, to Unitholder transactions with the Fund and to the Fund's processing of transactions, including redeeming Units) and might also result in violations of applicable law (*e.g.*, personal information protection laws), each of which might result in potentially significant financial losses and liabilities, regulatory fines and penalties, reputational harm, and reimbursement and other compensation costs. Similar adverse consequences might result from a cyber incident that affects an issuer of securities in which the Fund invests or a counterparty with whom the Fund engages in transactions. In addition, substantial costs might be incurred to investigate, remediate, and prevent cyber incidents.

Our cyber security risk management program, risk management systems, and business continuity plans are designed to create effective administrative, technical and physical safeguards for the protection of information and technology systems. Cross-functional risk assessments are performed regularly to identify and address cyber security risks specific to our organization and protocols are reviewd and updated annually or when prudent in response to a threat or incident. An incident management process has been developed that provides a framework for managing routine as well as more critical security events. Our written procedures for responding to such events includes a Business Continuity and Disaster Recovery Plan, which provides recovery procedures and written guidelines designed to sustain our critical functions and to restore further operational function as soon as possible. We periodically employ external security experts to assess system environments for potential vulnerabilities against cyber security threats. Based on the potential risks identified, we may seek to further enhance system controls and safeguards.

While we and the Fund have taken reasonable measures designed to prevent cyber incidents and to limit any loss or liability associated with cyber incidents, inherent limitations exist in those plans and systems, including the possibility that certain risks have not been identified. Furthermore, we cannot control the cyber security plans and systems of our service providers or the service provided to the Fund, the issuers of securities in which the Fund invests or any other third parties whose operations may affect the Fund or its Unitholders. As a result, the Fund and its Unitholders could be negatively affected.

Derivative Risk

Derivatives may be used to limit or hedge potential losses associated with currencies, stock markets and interest rates. Derivatives may also be used for non-hedging purposes: to reduce transaction costs, achieve greater liquidity, leverage, and create effective exposure to financial markets, or increase speed and flexibility in making portfolio changes. Any use of derivatives has risks, including:

- The hedging strategy may not be effective.
- There is no guarantee a liquid market will exist when the Fund wants to buy or sell the derivative contract.
- A large percentage of the assets of the Fund may be placed on deposit with one or more counterparties as margin, which exposes the underlying fund to the credit risk of those counterparties.
- There is no guarantee that an acceptable counterparty will be willing to enter into the derivative contracts.
- The counterparty to the derivative contract may not be able to meet its obligations. The Fund may engage in derivatives trades with certain counterparties that do not have a "designated rating" under NI 81-102, which may increase the risk that such counterparty may fail to perform its obligations, resulting in a loss to the Fund.
- The exchanges on which the derivative contracts are traded may set daily trading limits, preventing the Fund from closing out a particular contract.
- If an exchange halts trading in any particular derivative contract, the Fund may not be able to close out its position in that contract.
- The price of a derivative may not accurately reflect the value of the underlying security or index.
- The *Income Tax Act* (Canada) (the "**Tax Act**"), or its interpretation, may change in respect of the tax treatment of derivatives.

Arbitrage Risk

Arbitrage investing involves the risk that an expected corporate transaction will not be consummated as expected and the Fund will experience a loss.

Hedging Risk

Merger transactions frequently include the issuance of stock by the acquirer with a fixed ratio of shares for each share of the target company. To the extent the Manager does not hedge using precisely this ratio, the Fund will be exposed to unintended gains or losses. Furthermore, some transactions do not have a fixed ratio and require an assessment by the Manager of the correct correlation which may prove to be inaccurate and lead to imperfect hedging.

SPAC Risk

The Fund may invest a portion of its assets in the stock, warrants, and other securities of special purpose acquisition companies ("**SPACs**") or similar special purpose entities that raise funds for the sole purpose of seeking potential acquisition opportunities. All assets (net of operating expenses) of the SPAC are invested in government securities, money market fund securities and/or cash until an acquisition is completed. Once the SPAC identifies a transaction, common holders have the right to vote on the transaction and also to decide whether to roll their equity in the transaction or redeem shares for their pro rata share of the escrow account holdings. Should the SPAC be unable to complete an acquisition that meets its defined requirements within a pre-established period of time, the invested funds are returned to the entity's shareholders. SPACs may have specific risks, including increased volatility, associated with the regions or industries for which they pursue an acquisition. Since a SPAC is a new entity created for the purpose of acquiring another company or entity, it may have limited or no business operating history; this makes the pricing and liquidity of the security dependent on management's ability to source and complete a profitable acquisition. Furthermore, these securities may trade in the over-the-counter market which may have associated issues with price sourcing and illiquidity.

Equity Risk

Companies issue equities, or stocks, to help finance their operations and future growth. Mutual funds that purchase equities become part owners in these companies. The price of a stock is influenced by the company's performance outlook, market activity and the larger economic picture. When the economy is expanding, the outlook for many companies will generally be good and the value of their stocks should rise. The opposite may also be true. Usually, the greater the potential reward, the greater the risk.

For small companies, start-ups, resource companies and companies in emerging sectors, the risks and potential rewards are usually greater. The share price of such companies is often more volatile than the share price of larger, more established companies. Some of the products and services offered by technology companies, for example, can become obsolete as science and technology advance.

Investing in limited partnership units or trust units, such as oil and gas royalty trusts, real estate investment trusts and income trusts, carry varying degrees of risk depending on the sector and the underlying asset or business and may therefore be susceptible to risks associated with the industry in which the underlying business operates, to changes in business cycles, commodity prices, and to interest rate fluctuations and other economic factors. Certain convertible securities may also be subject to interest rate risk.

Class Risk

The Fund has different Classes of Units. If the Fund cannot pay the fees and expenses attributable to one Class of Units using the proportionate share of the Fund's assets attributable to that Class, the Fund will be required to pay those fees and expenses out of one or more of the other Classes' proportionate share of the Fund's assets. This may reduce the value of your investment in the Fund.

Foreign Market Risk

The Fund may invest in securities sold outside Canada and the U.S. The value of foreign securities, and the NAV of the Fund, may fluctuate more than Canadian and U.S. investments because:

- Companies outside Canada and the U.S. may not be subject to the same regulations, standards, reporting practices and disclosure requirements that apply in Canada and the U.S.
- Some foreign markets may not be as well regulated as Canadian and U.S. markets and their laws might make it difficult to protect investor rights.
- Political instability, social unrest, diplomatic developments or political corruption in foreign countries could affect securities held by the Fund.
- There is a chance that foreign securities may be highly taxed or that government-imposed exchange controls may prevent the Fund from taking money out of the country.
- In addition, changes to foreign currency exchange rates will affect the value of securities held by the Fund. See *Currency Risk* above.

Government Regulation Risk

Government policies or regulations are more prevalent in some sectors, such as health sciences or telecommunications, than in others, and if the Fund invests in these sectors, it may be affected when these regulations or policies change.

Fund of Fund Risk

The Fund may invest in, or obtain derivative exposure to, other mutual funds and/or exchange-traded funds. This exposes the Fund to the risks associated with the underlying fund(s).

Interest Rate Risk

Fixed-income securities, which include bonds, treasury bills and commercial paper, pay a fixed rate of interest. The Fund may have an allocation to fixed income securities and the value of the fixed income securities will rise and fall as interest rates change. This will impact the NAV of the Fund. Fixed income securities generally pay interest based on the level of rates at the time the securities were issued.

Subsequent changes to the level of interest rates will then impact the price of those previously issued securities. For example, when interest rates fall, the value of an existing bond will rise because the coupon rate on that bond is greater than prevailing interest rates. Conversely, if interest rates rise, the value of an existing bond will fall. The value of debt securities that pay a floating or variable rate of interest are generally less price sensitive to interest rate changes.

Large Transaction Risk

Any large transaction made by an institutional or individual investor could significantly impact the Fund's cash flow. If the investor buys large amounts of Units of the Fund, the Fund could temporarily have a high cash balance. Conversely, if the investor redeems large amounts of Units of the Fund, the Fund may be required to fund the redemption by selling securities at an inopportune time. This unexpected sale may have a negative impact on the performance of your investment.

Large Investor Risk

Investors may make large investments in the Fund. Large purchases and redemptions may result in the Fund maintaining an abnormally high cash balance, large sales of portfolio securities, impacting market value; increased transaction costs (e.g., commissions), or capital gains being realized, which may increase taxable distributions to investors. If this should occur, returns to investors may also be adversely affected.

Derivative Agreement Risk

Regulatory changes or market conditions may, in the future, limit the Fund's ability to increase its exposure through existing derivative agreements or to enter into new derivative agreements, and may require that the Fund reduce or eliminate its existing exposure, possibly to an extent that is prohibitively expensive, in which case the Fund may determine that it is in the best interest of the Fund to terminate the derivative agreement. There is no assurance that the Fund will be able to maintain or increase its exposure under derivative agreements on acceptable terms with a counterparty or any other substitute counterparty.

Derivative Counterparty Risk

The Fund may pledge cash up to the value of the amount payable by the Fund under a derivative agreement as security in order to secure its obligations under each of the derivative agreements that the Fund is a party to. The counterparty will pledge securities to the Fund (which may include units of a reference fund) or enter into another collateral arrangement to fully secure its obligations to the Fund under derivative agreements.

The Fund's counterparty credit risk is limited to an amount up to 10% of the total assets of the Fund in accordance with NI 81-102. Each counterparty will at all times be a Schedule I bank as defined in the *Bank Act* (Canada). Should the credit rating of a counterparty fall below the approved credit rating as set out in NI 81-102, the Fund has the option to terminate the transaction early.

The possibility exists that the counterparty will default on its obligations under a derivative agreement, in which case the Fund will not receive delivery of units of the reference fund or the return of collateral pledged as security.

Rebalancing Risk

Rebalancing risk arises when the weights of two or more components of an overall portfolio are to be kept in a specific ratio, but the independent movement of each in the market demands that some of the components be bought or sold in order to restore the ratio back to its desired level. The greater the volatility of the components, the greater the potential rebalancing required, and this leads to performance degradation over time.

Liquidity Risk

Liquidity risk is the possibility that investments in the Fund cannot be readily converted into cash when required. Maxam may invest in small and medium sized companies whose shares typically trade in much lower volumes than larger companies. In such cases, if Maxam needs or wants to sell such securities promptly, it may not be able to do so on a timely basis. As a result, in order to sell this type of holding, the Fund may need to discount the securities from recent prices or dispose of the securities over a long period of time. Accordingly, the value of such securities is subject to greater fluctuation since they may not regularly trade.

By comparison, an illiquid asset is more difficult to convert in this manner. There can be a number of reasons that an asset or a security is not liquid. For example, some issuers may be less well known or have fewer securities outstanding. A security or asset can also be considered to be illiquid because the pool of potential buyers is smaller. Sometimes securities are restricted in the sense that resales are prohibited by a promise or agreement made by the holder of the securities.

Liquidity risk refers to the possibility that an asset is not able to be sold on an organized market for a price that approximates the amount at which we value the same asset for purposes of calculating the NAV per Unit of the Fund. If that were to occur, then the NAV of the Units you would redeem may be lower than reasonably anticipated.

Prepayment Risk

Many types of debt securities, including some mortgage backed securities and floating rate debt instruments, allow the issuer to prepay principal prior to maturity. Debt securities subject to prepayment risk can offer less income and/or potential for capital gains.

Repurchase and Reverse Repurchase Transactions and Securities Lending Risk

Sometimes the Fund may enter into what are called repurchase transactions, reverse repurchase transactions and securities lending agreements. In a repurchase transaction, the Fund sells a security at one price to a third party for cash and agrees to buy the same security back from the same party for cash at a set price at a set future date. It is a way for the Fund to borrow short-term cash and earn fees. In a reverse repurchase transaction, the Fund buys a security at one price from a third party and agrees to sell the same security back to the same party at a higher price later on. It is a way for the Fund to earn a profit (or interest) and for the other party to borrow some short-term cash. A securities lending agreement is similar to a repurchase agreement, except that instead of selling the security and agreeing to buy it back later, the Fund loans the security to a third party for a fee and can demand the return of the security at any time. While the securities are on loan, the borrower provides the Fund with collateral consisting of a combination of cash and securities.

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

Business Risk

While Maxam believes that the Fund’s investment policies will be successful over the long term, there can be no guarantee against losses resulting from an investment in Units of the Fund and there can be no assurance that the Fund’s investment approach will be successful or that its investment objectives will be attained. It is possible that the Fund could realize substantial losses, rather than gains, from some or all of the investments described herein.

Operational Risk

Operating risks are broadly defined as the risks associated with implementing and supporting the operating requirements of the Fund, including middle office and back office functions such as trade processing, accounting, administration, reporting and valuation. If the Manager’s internal systems or the service provider’s external systems of control are deficient, then the Fund may be exposed to unintended potential losses.

Taxation Risk

The Fund is expected to qualify or be deemed to qualify at all material times as a “mutual fund trust” under the Tax Act. If the Fund does not qualify or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading “Income Tax Considerations for Investors” could be materially and adversely different in some respects. There can be no assurance that Units of the Fund will be qualified investments for registered plans under the Tax Act. The Tax Act imposes penalties on such plans for the acquisition or holding of non-qualified investments.

The use of derivative strategies may also have a tax impact on the Fund. In general, gains and losses realized by the Fund from derivative transactions will be on income account, except where such derivatives are used to hedge portfolio securities held on capital account and provided there is sufficient linkage. The Fund will generally recognize gains or losses under a derivative contract when it is realized by the Fund upon partial settlement or upon maturity. This may result in significant gains being realized by the Fund at such times and such gains may be taxed as ordinary income. To the extent such income is not offset by any available deductions, it would be distributed to applicable Unitholders in the taxation year in which it is realized and included in such Unitholder’s income for the year.

There can be no assurance that the Canada Revenue Agency (“**CRA**”) will agree with the tax treatment adopted by the Fund in filing its tax return. The CRA could reassess the Fund on a basis that results in tax being payable by the Fund or in an increase in the taxable component of distributions considered to have been paid to Unitholders. A reassessment by the CRA may result in the Fund being liable for unremitted withholding tax on prior distributions to non-resident Unitholders. Such liability may reduce the NAV of, or trading prices of, Units of the Fund.

If the Fund experiences a “loss restriction event” (i) the Fund will be deemed to have a year-end for tax purposes (which could result in the Fund being subject to tax unless it distributes its income and capital gains prior to such year-end), and (ii) the Fund will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, the Fund will be subject to a loss restriction event when a person becomes a “majority-interest beneficiary” of the Fund, or a group of persons becomes a “majority-interest group of beneficiaries” of the Fund, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of the Fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the Fund. Generally, a person is deemed not to become a majority interest beneficiary, and a group of persons is deemed not to become a majority interest group of beneficiaries, of the Fund if the Fund qualifies as an “investment fund” under the rules including that it meets certain investment requirements.

Net Asset Value

The NAV of each Class of Units that comprise the Fund will fluctuate with changes in the market value of the investments attributable to that Class. Such changes in market value may occur as a result of various factors, including those factors identified above with respect to international investments and emerging market securities and material changes in the intrinsic value of an issuer whose securities are held by the Fund.

Valuation Risk

The net asset value of the Units will vary directly with the market value and return of the investment portfolio of the Fund. The valuation of portfolio securities and other investments of the Fund may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the net asset value of the Fund and its Units could be adversely affected. Independent pricing information may not at times be available regarding certain of the Fund's securities and other investments. Valuation determinations will be made in good faith in accordance with the trust agreement dated August 11, 2020 entered into by Maxam in its capacity as manager of the Fund and Maxam, as trustee of the Fund (the "**Trust Agreement**").

Although the Fund generally will invest in exchange-traded and liquid over-the-counter securities, the Fund may from time to time have some of its assets in investments that by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Fund to any such investment differs from the actual value, the net asset value per Unit may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that if you redeem all or part of your Units while the Fund holds such investments, you will be paid an amount less than you might have been paid if the actual value of such investments is higher than the value designated by the Fund. Similarly, there is a risk that an investor might, in effect, be overpaid if the actual value of the investor's investments is lower than the value designated by the Fund in respect of a redemption. In addition, there is a risk that an investment in the Fund by a new investor (or an additional investment by an existing Unitholder) could dilute the value of your investment if the actual value of such investments is higher than the value designated by the Fund. Further, there is a risk that a new Unitholder (or an existing Unitholder that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Fund. We do not intend to adjust the net asset value of the Fund retroactively.

Short Selling Risk

A short sale by a mutual fund involves borrowing securities from a lender which are then sold in the open market. At a future date, the securities are repurchased by the mutual fund and returned to the lender. While the securities are borrowed, the proceeds from the sale are deposited with the lender and the mutual fund pays interest to the lender. If the value of the securities declines between the time that the mutual fund borrows the securities and the time it repurchases and returns the securities to the lender, the mutual fund makes a profit on the difference (less any interest the mutual fund is required to pay the lender). Short selling involves risk. There is no assurance that securities will decline in value during the period of the short sale and make a profit for a mutual fund. Securities sold short may instead appreciate in value creating a loss for a mutual fund. Unlike a purchase of a share where the maximum amount of the loss is the amount invested, the size of the loss in respect of a short sale is not limited as there is no limit on the amount a security sold short may increase in value. A mutual fund may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender may also recall borrowed securities at any time. The lender from whom a mutual fund has borrowed securities may go bankrupt and a mutual fund may lose the collateral it has deposited with the lender. The Fund is permitted to sell securities short up to a maximum of 50% of its NAV.

Portfolio Turnover Risk

The operation of the Fund may result in a high annual portfolio turnover rate. Portfolio securities may be sold without regard to the time they have been held when, in the opinion of Maxam, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate of turnover (e.g., greater transaction costs such as brokerage fees). A portfolio turnover rate of 100% is equivalent to a fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the chance that a distribution from the Fund must be included in computing your income for tax purposes for that year.

Conflicts of Interest

The Fund may be subject to various conflicts of interest due to the fact that Maxam is engaged in a wide variety of management, advisory and other business activities. Maxam's investment decisions for the Fund will be made independently of those made for the other funds managed by Maxam and other clients of Maxam and independently of its own investments. However, on occasion, Maxam may make the same investment for the Fund and one or more of the other funds under its management or its other clients. Where the Fund and one or more of the other funds or clients of Maxam are engaged in the purchase or sale of the same security, the transaction will be effected on an equitable basis. Maxam will allocate opportunities to make and dispose of investments equitably among clients with similar investment objectives having regard to whether the security is currently held in any of the relevant investment portfolios, the relative size and rate of growth of the Fund and the other funds or clients under common management and such other factors as Maxam considers relevant in the circumstances.

Involvement in Other and Competing Activities

Maxam, its officers, directors, employees, or shareholders and their respective affiliates and associates are not limited or affected in their ability to carry on other business ventures for their own account, or for the account of others, and may be engaged in the development of, investment in, or management of businesses that may compete with the business of the Fund. Investment in the Fund will not carry with it the right of the Fund or of any Unitholder to invest in any other venture of Maxam or its affiliates or associates or to any profit therefrom or to any interest therein. Maxam may have a conflict of interest in carrying out its obligations to the Fund as a result of its involvement in competing activities. Maxam has policies in place to reduce or eliminate potential or perceived conflicts of interest, as well as disclosure protocols to make sure any potential conflicts are adequately disclosed to investors.

Competition for Services

The Fund will not have independent management and will rely upon Maxam to manage the business of the Fund and to provide managerial skill. The directors and officers of Maxam may have a conflict of interest in allocating their time between the business of Maxam, the Fund, and other businesses or projects in which they may become involved. The directors and officers of Maxam have, however, agreed to devote as much time to the Fund as is required for the effective management of the Fund.

Reliance on Management

The success of the Fund will be entirely dependent upon the efforts of Maxam.

No Assurance of Return

Although Maxam will use its best efforts to achieve superior rates of return for the Fund, no assurance can be given in this regard. An investment in Units should be considered speculative and investors must be able to bear the risk of a complete loss of their investment.

Lack of Separate Counsel

Counsel for the Fund in connection with this offering is also counsel to Maxam. The Unitholders, as a group, have not been represented by separate counsel and counsel for the Fund and Maxam does not purport to have acted for the Unitholders or to have conducted any investigation or review on their behalf.

Limited Resources of Manager

Maxam has no obligation to fund any operating deficits resulting from the business of the Fund or to advance funds to continue the business operations of the Fund. Even if Maxam should elect to do so voluntarily or be held individually accountable by Fund creditors, its available assets will likely not be adequate to satisfy the capital needs of continuing business operations. Maxam has no equity and, consequently no capital resources. If the Fund's revenues are insufficient to pay the Fund's expenses after expending the funds obtained from this offering and if Maxam does not advance such additional funds as may be needed by the Fund, the Fund may not be able to continue its business operations in the absence of an alternative source of financing, and there can be no assurance that such financing will be available to the Fund.

Purchases, Switches And Redemptions

Classes of Units

The Fund may have an unlimited number of Classes of Units and may issue an unlimited number of Units of each Class. You may buy, switch, redeem or hold Units of the Fund through a registered representative or through any other distributor approved by us. In addition, in certain circumstances, you may buy, switch or redeem Units directly through us.

The Fund is currently offering the following Classes of Units under this simplified prospectus. Class A Units are available to all investors. Class F Units have lower fees than Class A Units and are usually only available to investors who have fee-based accounts with dealers who have signed an agreement with us. We do not pay trailer fees to dealers who sell Class F Units, which means we can charge a lower management fee. Your dealer is responsible for determining whether you are eligible to buy and continue to hold Class F Units. If you are no longer eligible to hold Class F Units your dealer is responsible for telling us to change your Units to Class A of the same funds or to redeem them. Class Af Founders Units are available to all investors. Class Ff Founders Units have lower fees than Class A Units and are usually only available to investors who have fee-based accounts with dealers who have signed an agreement with us. We do not pay trailer fees to dealers who sell Class Ff Founders Units, which means we do not need to charge a management fee. Your dealer is responsible for determining whether you are eligible to buy and continue to hold Class Ff Founders Units. If you are no longer eligible to hold Class Ff Founders Units your dealer is responsible for telling us to change your Units to Class Af Founders of the same funds or to redeem them. We may discontinue the sale of Class Af Founders and Class Ff Founders Units at any time following the initial offering of the Fund. Class I Units are only available to private or institutional investors who have entered into an agreement with us and meet certain other conditions. No management fees are charged to the Fund with respect to the Class I Units. Instead, each Class I investor negotiates a separate fee that is paid directly to us.

More information regarding the fees and expenses payable by the Fund and investors in the Fund and the compensation payable to dealers in connection with the sale of Units is set out in the sections below called "Fees and expenses", "Impact of sales charges", "Dealer compensation" and "Dealer compensation from management fees".

The minimum purchase amount for Classes A, F, Af Founders and Ff Founders of Units is $1,000 or such lesser amount as Maxam in its sole discretion may accept. Minimum purchase amounts for Class I Units are negotiated directly.

The money that you and other investors pay to purchase Units of any Class is tracked in the Fund's administration records. However, all contributions to the Fund are combined in a single pool to create one portfolio for investment purposes.

How to buy Units of the Fund

You can buy Class A Units, Class F Units, Class Af Founders Units and Class Ff Founders Units of the Fund through a registered representative registered with the securities regulator in your province or territory, or through any other distributor approved by Maxam. Class I Units are purchased directly from Maxam pursuant to the terms and conditions of an agreement entered into with us. You must have reached the age of majority in your province or territory to buy units in a mutual fund. You may hold Units in trust for a minor. Payment for Units must be made within two business days of the date of your request (or before such other deadline as we may establish from time to time in accordance with applicable securities laws).

Purchase price – When you buy Units in the Fund, you buy them at the NAV of the Units of the Class of the Fund calculated as of the business day on which your purchase is made, as long as your purchase order is received on or before 4:00 p.m. (Eastern Standard Time) on that day (or the next business day, as applicable).

The purchase price per Unit of the Fund will be the NAV per Unit of that Class of Units next determined after receipt by the Fund of your purchase order. SGGG Fund Services Inc., as record-keeper and fund administrator, calculates a separate NAV for each Class of Units of the Fund in Canadian dollars. Generally speaking, the NAV per Unit of each Class is calculated by:

- adding up the assets of the Fund and determining the share of the Class,
- subtracting the proportionate share of the Class of the aggregate amount of expenses common to all Classes,
- subtracting the expenses of the Fund that are specific to the Class, and
- dividing by the number of Units of the Class held by Unitholders.

Initial sales charge

Initial sales charges are negotiable between you and your registered representative. The maximum initial sales charge is 5% of the total amount invested.

How we process your order – You and your registered representative, or other approved distributor, are responsible for the completeness and accuracy of your purchase order.

The Trustee must receive full and proper payment within two business days of processing your order (or before such other deadline as we may establish from time to time in accordance with applicable securities laws). If full and proper payment is not received within that time, or if the payment is returned or dishonoured, your Units will be redeemed on the next valuation day. If the proceeds are greater than the amount you owe, the Fund keeps the difference. If the proceeds are less than the amount you owe, your dealer will pay the difference to the Fund and you may be responsible to reimburse your dealer depending upon your arrangements with your dealer.

We have the right to accept or reject your order within one business day of receiving it. We reserve the right to reject any purchase order. If we accept your order, you will receive a written confirmation from your dealer or other distributor through whom you purchased your Units. If we reject your order, the Trustee will return any money you have sent without interest.

The minimum initial investment in the Fund is $1,000. We may waive the minimum initial investment amount in certain circumstances, such as related party accounts. Generally, each additional investment must be at least $50, save for certain circumstances in our discretion.

Registration of Units – Units may be registered with the record-keeper either directly in your name or in a nominee name, including the name of your dealer.

Certificates – No certificates will be issued.

How to redeem Units of the Fund

To redeem Units, contact your registered representative or other approved distributor through whom you purchased your Units, who may ask you to complete a redemption request form.

The redemption price per Unit of the Fund is based on the Fund's NAV per Unit of that Class of Units, next determined after receipt by the Fund of your redemption order.

Units of the Fund can be purchased or redeemed on a daily basis on or before 4:00 p.m. (Eastern Standard Time) of each business day on which the Toronto Stock Exchange is open for business. If your redemption request is received on or before 4:00 p.m. (Eastern Standard Time) on a day on which the Toronto Stock Exchange is open for business or before the Toronto Stock Exchange closes for the day, whichever is earlier, the redemption value will be calculated as of that day. If your redemption request is received after that time, the redemption value will be calculated as of the next day on which the Toronto Stock Exchange is open for business.

How we process your redemption request – How we process a redemption request from you will depend on whether you hold Units directly with us or whether you hold your Units through a dealer.

If you hold your Units directly with us, provided all necessary documentation has been submitted, the Fund will pay you the proceeds of a redemption request within two business days after the next occurring valuation date after receiving your redemption request. The Trustee will, on behalf of the Fund, mail you a cheque unless you choose to have the proceeds delivered:

- By wire to your bank account (you may have to pay a fee to your bank or financial institution); or

- By electronic funds transfer ("**EFT**") into your bank account

If you choose payment by EFT, you need to accompany your redemption request with an imprinted void cheque so we may deposit the funds directly into your bank account.

If you hold your Units through a dealer, upon receipt of all necessary documentation, the Trustee will, on behalf of the Fund, send the proceeds to your dealer to allocate the proceeds payment to you accordingly.

Redemption fees – You pay no sales charge when you redeem Class A, F, Af Founders, Ff Founders or I Units of the Fund. Maxam, at its sole discretion, may charge a short-term trading fee if you redeem or switch your Units within 30 days of buying them. Please see *Short-term trading* and *Switch fees* on pages 16-17 of this simplified prospectus.

Redemption suspensions – Canadian securities regulators allow us to suspend your right to redeem:

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

- In other circumstances with the consent of the Canadian securities regulators.

If we suspend redemption rights before the redemption proceeds have been determined, you may either withdraw your redemption request or redeem your Units at the NAV next determined after the suspension has been lifted. During any period of suspension of redemption rights, we will not accept orders for Units.

Short-term trading – The interests of Unitholders and the ability of the Fund to manage its investments may be adversely affected by inappropriate or excessive short-term trading because, among other things, these types of trading activities can dilute the value of Fund securities, can interfere with the efficient management of the Fund's portfolios and can result in increased brokerage and administrative costs.

We have adopted policies and procedures intended to detect and deter short-term trading. For example, we may cancel or refuse to process purchases if we believe that you have engaged in excessive short-term trading.

If you redeem your Units within 30 days of purchase, the Manager may, at its sole discretion, charge a short-term trading fee of 2% of the NAV of the Units being redeemed. This amount is charged on behalf of, and is paid to, the Fund. See *Fees and Expenses* below.

How to switch your Units

In our discretion, you can switch between different Classes of Units of the Fund. Switching between Classes of a particular Fund is called a reclassification. However, we do not initiate any such switches.

Tax consequences of switching – A reclassification of your Units between Classes of the Fund is not a disposition for tax purposes. See the section titled *Income Tax Considerations for Investors* for more details.

Switch fees – We do not charge switch fees. When you switch Units of the Fund, your dealer may charge you a fee.

Fees and Expenses

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

Typically, a Class of the Fund that pays more compensation to a dealer has a higher management fee than a Class of the Fund which pays less compensation to your dealer.

It is up to you and your registered representative, or other approved distributor through whom you purchase your Units, to decide on an appropriate Class. The Class chosen will determine the amount of compensation paid to your dealer. If you purchase through a dealer, you should understand that not all dealers, including your registered representative's sponsoring dealer, make all Classes available. See the section titled *Dealer Compensation* for more information.

The consent of the Unitholders of the Fund will be obtained before any change is made in the basis of the calculation of a fee or expense charged to the Fund or a Class of Units of the Fund, or directly to you by the Fund in connection with the holding of Units of the Fund, in a way that could result in an increase in charges to the Fund or a Class of Units of the Fund or to you, unless applicable securities laws do not require the consent of the Unitholders of the Fund to be obtained. If consent is not required to be obtained, we will send you a notice at least 60 days before the effective date of the change.

If the Fund holds securities of other mutual funds, there are fees and expenses payable by the other mutual funds in addition to the fees and expenses payable by the Fund. No management fees or incentive fees are payable by the Fund that, to a reasonable person, would duplicate a fee payable by the other mutual fund for the same service. No sales fees or redemption fees are payable by the Fund in relation to its purchases or redemptions of the securities of the other mutual fund if the other mutual fund is managed by the Manager or an affiliate or associate of the Manager. No sales fees or redemption fees are payable by the Fund in relation to its purchases or redemptions of securities of the other mutual fund that, to a reasonable person, would duplicate a fee payable by an investor in the Fund.

Fees and Expenses Payable by the Fund

Management Fees	Maxam is the manager of the Fund and is responsible for managing the business and affairs of the Fund including providing all necessary investment management, clerical, administrative and operational services. In this role, Maxam's duties include: (i) investment management, including portfolio security selection and investment; (ii) determination of investment policies, practices, objectives and investment strategies applicable to the Fund, including restrictions on investments; (iii) administrative and other services required by the Fund in relation to subscriptions and notices of redemption or transfer; (iv) the offering of Units of the Fund for sale to prospective purchasers including the authority to enter into arrangements regarding the distribution and sale of Units; (v) appointment of Fund service providers including auditors, bankers, valuation service providers, recordkeeping service providers and custodians; (vi) establishment of general matters of policy; (vii) authorization, negotiation and execution of contractual arrangements, including without limitation any loan agreements and supporting documentation relating to the Fund; and (viii) establishment and maintenance of registers and related ledgers, records and information relative to the Units of the Fund held by all Unitholders.

As consideration for the services provided by Maxam, the Fund pays Maxam a management fee, monthly in arrears. The management fee for the Fund is calculated daily, on each business day, as a percentage of the NAV of each Class of Units that comprise the Fund. The management fee may vary from Class to Class and will be deducted as an expense of the Fund in the calculation of the net profits of such Fund. The management fee for each of the existing Classes of Units is set out below.

Maxam Arbitrage Fund

Class A: 1.90% per annum (calculated daily) of the aggregate NAV of the Class A Units on the preceding business day.

Class F: 0.90% per annum (calculated daily) of the aggregate NAV of the Class F Units on the preceding business day.

Class Af Founders: 1.45% per annum (calculated daily) of the aggregate NAV of the Class A Units on the preceding business day.

Class Ff Founders: 0.45% per annum (calculated daily) of the aggregate NAV of the Class F Units on the preceding business day.

We may discontinue the sale of Class Af Founders and Class Ff Founders Units at any time following the initial offering of the Fund. No management fees are charged to the Fund with respect to the Class I Units. Instead, each Class I investor negotiates a separate fee that is paid directly to us. The maximum annual management fee for the Class I Units will not exceed the annual management fee for the Class A Units of the Fund.

Management fees are subject to applicable taxes, including GST/HST. The costs of providing certain of these services are regarded as operating expenses of the Fund and are paid by the Fund in addition to the management fee paid by the Fund to the Manager. For further information, see below under "*Operating Expenses*". The remaining expenses relating to the services provided by the Manager to the Fund are paid by the Manager from the management fee the Manager receives from the Fund.

Performance Fees

The Manager receives a performance fee in respect of Class A, Class Af Founders, Class F and Class Ff Founders Units which is calculated and accrued each business day during the relevant Performance Fee Determination Period (as defined below).

Maxam Arbitrage Fund will pay the Manager a performance fee plus GST/HST and any other applicable taxes for each Performance Fee Determination Period equal to 15% of the Net Profit (as defined below) of Class A, Class Af Founders, Class F and Class Ff Founders Units, subject to the High Watermark (as defined below).

The "**Performance Fee Determination Period**" means (i) each calendar quarter for those investors that remain in the Fund at the end of each quarterly period, and (ii) the period from the beginning of a calendar quarter until the redemption date for those investors that redeem prior to the end of a calendar quarter.

"**Net Profit**" means, in respect of each Class of Units of the Fund for any Performance Fee Determination Period, the amount calculated by deducting the relevant Class NAV per Unit on the first business day of that Performance Fee Determination Period for the applicable Class from the Class NAV per Unit on the last business day of that Performance Fee Determination Period for that Class and multiplying the resulting amount by the total number of Units of such Class outstanding at the close of business on the last business day in that Performance Fee Determination Period.

No performance fee shall be paid in respect of a Class unless the Class NAV per Unit for that Class exceeds the highest Class NAV per Unit in respect of which a performance fee has been previously paid for that series (the "**High Watermark**") and, in such circumstances, a performance fee shall only be paid on that portion of the Net Profit that exceeds the High Watermark.

Investors in Class I Units may negotiate a performance fee (in accordance with applicable regulatory requirements) to be paid by the investor to the Manager that is different than the one described above or may pay no performance fee at all, as determined by the Manager in its discretion.

Operating Expenses

The Fund is responsible for the payment of all fees and expenses relating to its operation, including registrar and transfer agent fees and expenses, audit, accounting, administration (other than advertising and promotional expenses which are paid for by Maxam), record keeping and legal fees and expenses, trustee, custody and safekeeping charges, all costs and expenses associated with the qualification for sale of Units (except for formation and organization costs and costs associated with the preparation and filing of this simplified prospectus and the annual information form), providing financial and other reports to Unitholders and convening and conducting meetings of Unitholders, all taxes, assessments or other governmental charges levied against the Fund, interest, all brokerage and other fees relating to the purchase and sale of the assets of the Fund, and the fees and expenses of the independent review committee ("**IRC**").

The fees and expenses of the IRC include annual fees payable to each member of the IRC ($2,750 per year payable to Christopher Wallace, $2,500 per year payable to Justin Kates and $2,500 per year payable to Theoni Pilarinos). Maxam will pay for all expenses associated with the identification and management of the Fund's investments (other than direct expenses such as interest charges on margin borrowings and brokerage fees, which are the responsibility of the Fund).

Fees and Expenses Payable Directly by You

Sales Charges	Investors in Class A and Af Founders Units may pay an initial sales charge of 0% to 5% of the amount you buy. You and your representative negotiate the amount you pay up to a maximum of 5%. The Manager will deduct the sales charge from the amount you invest and pay it to your representative's firm as a commission. You do not pay any sales charges for purchases of Class F, Ff Founders or Class I Units. Your registered dealer, or other approved distributor, may charge you a commission.
Switch Fees	You do not pay any fees for switches between Classes of Units in the Fund.
Short-Term Trading Fees	If you redeem or switch your Units within 30 days of purchase, the Manager may, at its sole discretion, charge a fee equal to 2% of the NAV of the Units being redeemed or switched.
Other Fees and Expenses	There are no other fees or expenses payable in connection with an investment in Units of the Fund.

Impact of Sales Charges

The following table shows the amount of fees that you would have to pay under the different purchase options available to you if you made an investment of $1,000 in the Fund, if you held that investment for one, three, five or ten years and redeemed immediately before the end of that period.

	At time of purchase	1 year	3 years	5 years	10 years
Sales charge option[1]	$50	$0	$0	$0	$0
Redemption charge option[2]	n/a	$0	$0	$0	$0
No-load option[3]	$0	$0	$0	$0	$0

1 You pay a sales charge only when you buy Class A or Class Af Founders Units of the Fund.

2 There are no redemption fees for redeeming Units of the Fund. A short-term trading fee of 2% may be charged by Maxam in its sole discretion if you redeem or switch your Units within 30 days of buying them.

3 There is no sales charge when you buy Class F, Class Ff Founders or Class I Units of the Fund.

Dealer Compensation

Dealer Compensation

Commission – When you purchase Units through an authorized dealer, your dealer may charge you a commission, sales charge or service fee. These charges are negotiated between you and your dealer.

Trailing Commissions We Pay to Your Dealer – Part of the management fees that the Fund pays is used to compensate dealers or other approved distributors for the services provided in connection with your investment in Units and is payable as a trailing commission in compliance with National Instrument 81-105 *Mutual Fund Sales Practices*. We also pay trailing commissions to discount brokers for securities you purchase through your discount brokerage account. Trailing commission payments (sometimes known as a "trailer fee") are made quarterly at a current annual rate of up to 1% of the value of the Class A and Class Af Founders Units held by clients of the dealer.

Other Kinds of Dealer Compensation – Maxam may, in compliance with National Instrument 81-105 *Mutual Fund Sales Practices*, do any or all of the following:

- assist dealers with certain of their direct costs associated with marketing the Fund and providing educational investor conferences and seminars about the Fund
- provide dealers non-monetary benefits of a promotional nature and of minimal value and may engage in business promotion under these programs on an individual basis
- pay dealers a portion of the costs of educational conferences, seminars or courses that provide information about financial planning, investing in securities, mutual fund industry matters or mutual funds generally.

Equity Interests – No participating dealer or representative of a participating dealer has an equity interest in us.

Dealer Compensation from Management Fees

The percentage of the management fees paid to Maxam by the Fund that were used to fund the payment of trailer fees and the costs of marketing, promotional or educational activities in connection with the Fund in the most recently completed financial year cannot be provided at this time because the Fund has not yet completed one financial year.

Income Tax Considerations for Investors

This information is a general summary of tax rules and is not intended to be legal or tax advice. For this discussion, we assume that you are a Canadian resident individual (other than a trust) and hold your Units as capital property.

We have tried to make this discussion easy to understand. As a result, we cannot be technically precise or cover all the tax consequences that may apply. We suggest you consult your tax advisor for details about your individual situation.

Taxation of Your Earnings from the Fund

Mutual funds can make money in a number of ways on your behalf. They can earn income in the form of dividends, interest or other types of returns from the investments they make. A fund may also realize a capital gain if it sells an investment for more than its cost. On the other hand, a fund may realize a capital loss if it sells an investment for less than its cost. A fund may experience gains or losses from derivative activities and certain other activities such as short selling and, depending on the nature of the activities, these are treated as either income gains or losses (i.e., like interest) or capital gains or losses.

Every year the Fund in which you have invested distributes to you enough of its net income and net realized capital gains to ensure that such Fund does not have to pay tax on its income. In effect, the Fund generally flows all of its taxable income to you. This flow-through is called a distribution. The size of the distribution you receive on a Class of Units of the Fund is generally in proportion to the number of Units of that Class that you own.

If you buy Units of the Fund, a portion of the acquisition price may reflect income and capital gains of the Fund that have not yet been realized or distributed. You must include in income the taxable portion of any distribution paid to you by the Fund even though the particular Fund may have earned the income or realized the gains relating to the distributions before you owned the Units. In particular, this may be the case when Units are acquired late in the year, or on or before the date on which a distribution is paid.

The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate of turnover (e.g., greater transaction costs such as brokerage fees). A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of a year. The higher the Fund's portfolio turnover rate in a year, the greater the chance that you will receive a distribution that must be included in your income for tax purposes for that year. Any gains realized would be offset by any losses realized on portfolio transactions. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

Some Tax Considerations for Non-registered Accounts

Distributions – Distributions of the Fund's net income and taxable capital gains that are paid or made payable to you by the Fund (calculated in Canadian dollars) must be factored into your computation of income for tax purposes, even though the distributions may be reinvested in additional Units. The amount of reinvested distributions is added to the aggregate adjusted cost base ("**ACB**") of your Units (determined separately for each Class of Units that you own) to reduce your capital gain or increase your capital loss when you later redeem or otherwise dispose of your Units, thereby ensuring you do not pay tax on this amount again.

The Fund may also distribute returns of capital. A return of capital is a distribution in excess of the Fund's distributed net income and capital gains. A return of capital will not be included in the computation of your income, but will reduce the ACB of your Units, which will increase your capital gain or reduce your capital loss if you later redeem or otherwise dispose of your Units.

Redeeming your Units – Redeeming Units of the Fund held in a non-registered account may affect the taxes you pay if you have a capital gain or a capital loss on your investment. If you redeem Units with a NAV that is greater than the ACB, you have a capital gain. If you redeem Units with a NAV that is less than the ACB, you have a capital loss. You may deduct any expenses of redemption, in calculating your capital gains or losses. All amounts are to be calculated in Canadian dollars for tax purposes.

Current income tax rules generally require you to include one-half of capital gains realized in your income for tax purposes as taxable capital gains and, in general, one-half of your capital losses (either realized in the current year or prior years subject to the specific rules in the Tax Act) may be deducted from your taxable capital gains.

You are responsible for keeping a record of the ACB of your investment. The aggregate ACB of your Units is generally made up of the amounts you paid to purchase your investment in cash, including any upfront sales commissions, plus the amount of any distributions you received from the Fund and reinvested in more Units; minus the return of capital component (if any) of distributions and by the ACB of any Units you have previously redeemed. This record will enable you to calculate any capital gains or capital losses realized when you redeem (or otherwise dispose of) your Units. You must compute the aggregate ACB of each Class of Units of the Fund you own separately.

Switching between Classes – For tax purposes, a reclassification of Units of one Class of the Fund to Units of another Class of the same Fund (commonly referred to as "switching") is not a disposition for tax purposes and no capital gain or loss will be realized. The cost of the Units received on a switch between Classes will be equal to the ACB of the Units that were switched.

Tax Statements

You will receive a T3 tax slip for each year showing the amount and type of distributions allocated to you during the previous year. Keep detailed records of the purchase cost, sales charges and distributions related to your investments so you can calculate your ACB or cost amount. We suggest you consult a tax advisor to help you with these calculations.

Some Tax Considerations for Registered Plans

Distributions – You generally do not pay tax on distributions you receive in a registered plan as long as you do not make a withdrawal from the plan. Withdrawals from tax-free savings accounts are not subject to tax.

Redeeming your Units – When you redeem your Units and leave the proceeds in the registered plan, you generally do not pay any tax on the proceeds. If you withdraw Units or the proceeds of their redemption from your registered plan, you will generally pay tax on the amount withdrawn at your marginal tax rate. Withdrawals from TFSAs are not subject to tax and special rules apply with respect to RESPs and RDSPs. The amount you receive on withdrawal will be net of any redemption fees on the redemption and any applicable withholding taxes.

Contributions – You should be careful not to contribute more to your registered plan than allowed under the Tax Act or you may have to pay a penalty tax. You should consult with your own tax advisor as to whether Units of the Fund would be a "prohibited investment" under the Tax Act, in your particular circumstances.

Tax Information Reporting

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into between Canada and the U.S. on February 5, 2014 (the "**IGA**"), and related Canadian legislation, the Fund and/or registered dealers are required to report certain information with respect to Unitholders who are U.S. tax residents or U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other "U.S. Persons" as defined under the IGA (excluding registered plans such as RRSPs), to the CRA. The CRA will then exchange the information with the U.S. Internal Revenue Service. In addition, to meet the objectives of the Organization for Economic Co-operation and Development Common Reporting Standard (the "**CRS**"), the Fund and/or registered dealers are required under Canadian legislation to identify and report to the CRA certain information relating to certain unitholders in the Fund (excluding registered plans such as RRSPs) who are tax residents in a country outside of Canada and the U.S. The CRA is expected to provide that information to the tax authorities of the relevant jurisdiction that is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or that has otherwise agreed to a bilateral exchange with Canada under the CRS.

What are your legal rights?

Securities legislation in some provinces and territories gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the simplified prospectus or fund facts, or to cancel your purchase within 48 hours of receiving confirmation of your order. Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and get your money back, or to make a claim for damages, if the simplified prospectus, annual information form, fund facts or financial statements misrepresent any facts about the Fund. These rights must usually be exercised within certain time limits. For more information, refer to the securities legislation of your province or territory or consult a lawyer.

Specific Information about the Maxam Arbitrage Fund

Organization and Management of the Maxam Arbitrage Fund

The table below identifies and describes the companies that are involved in managing or providing services to the Fund:

Manager	
MAXAM CAPITAL MANAGEMENT LTD. Vancouver, British Columbia	Maxam is the Manager of the Fund and is responsible for managing the business and affairs of the Fund including providing all necessary investment management, clerical, administrative and operational services. For further information on the services we provide to the Fund in our role as Manager of the Fund, see the section titled *Fees and Expenses – Fees and Expenses Payable by the Fund – Management Fees*.
Trustee	
MAXAM CAPITAL MANAGEMENT LTD. Vancouver, British Columbia	When you purchase Units in the Fund, you are buying units of a trust. The Trustee holds title to the securities owned by the Fund. The Trustee has a fiduciary responsibility to act in the best interests of the Unitholders on the terms set out in the Trust Agreement governing the Fund. The Trust Agreement provides for circumstances in which the Trustee, and other service providers, may rely on the Manager in carrying out their responsibilities.
Portfolio Advisor	
MAXAM CAPITAL MANAGEMENT LTD. Vancouver, British Columbia	As portfolio advisor, Maxam manages the investment portfolios of the Fund, provides analysis and makes decisions relating to the investment of the assets of the Fund.
Custodian	
TD SECURITIES INC. Toronto, Ontario	The custodian holds the assets of the Fund in safekeeping.
Prime Broker	
TD SECURITIES INC. Toronto, Ontario	The prime broker provides prime brokerage services to the Fund, including trade execution and settlement, securities lending in connection with the short sale strategies of the Fund, and cash borrowing for investment purposes.

Record-Keeper

SGGG Fund Services Inc.
Toronto, Ontario

The record-keeper keeps a record of all Unitholders of each of the Fund, processes all of the purchases and redemptions of the Fund and issues investor statements and annual tax slips for investors. The fund administrator provides financial data to assist in the completion of the Fund's audited financial statements. The fund administrator also produces and maintains the records which are the basis for the calculation of the NAV of the Fund.

Auditor

KPMG LLP
Vancouver, British Columbia

The auditor conducts an audit of the annual financial statements of the Fund in accordance with Canadian auditing standards.

Independent Review Committee

In accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds*, we have appointed an independent review committee for the Fund. The IRC will review and provide recommendations on conflict of interest matters related to the operations of the Fund and, in some cases, approve conflict of interest matters. The IRC is composed of persons who are independent of us, the Fund and our related entities. The IRC will prepare, at least annually, a report of its activities for Unitholders, which will be available at www.maxamcm.com or at a Unitholder's request, at no cost, by contacting us at info@maxamcm.com.

Additional information about the IRC, including the names of its members is available in the annual information form for the Fund. Under applicable securities laws, certain merger transactions involving the Fund may be completed without the approval of the Unitholders provided that, among other things, the transaction is approved by the IRC and we provide you with at least 60 days' notice of the proposed merger.

If the Fund holds securities of another mutual fund that is managed by the Manager or an affiliate, the securities of the other mutual fund held by the Fund will not be voted and the Manager may arrange for the securities of the other mutual fund to be voted by the beneficial holders of the securities of the Fund.

Fund Details

Type of fund	Arbitrage, Event-Driven
Date the fund was started	Class A – September 4, 2020 Class F – September 4, 2020 Class Af Founders – September 4, 2020 Class Ff Founders – September 4, 2020 Class I – September 4, 2020
Type of securities	Class A, Class F, Class Af Founders, Class Ff Founders and Class I trust units
Eligibility	Units of the Fund are expected to be qualified investments for registered plans

What Does the Maxam Arbitrage Fund Invest In?

Investment Objectives

The fundamental investment objective of the Fund is to generate consistent, positive returns, while minimizing volatility and correlation with equity markets by investing in publicly traded securities in Canada, the United States and other foreign jurisdictions.

The fundamental investment objective of the Fund may only be changed with the approval of a majority of Unitholders at a meeting called for that purpose. However, we may change the Fund's investment strategies described below at our discretion.

Investment Strategies

We employ an active and opportunistic investment strategy. Our focus is on merger arbitrage and other event-driven hedged opportunities. These typically include profiting from the successful completion of mergers, take-overs, tender offers, leveraged buyouts, spin-offs, liquidations and other corporate reorganizations. We also plan to profit from debt, equity, sub-receipt or rights offerings as well as capital structure arbitrage and other idiosyncratic mispricing opportunities.

We intend to invest primarily in small, mid and large-capitalization companies trading on North American exchanges – however, we may choose to invest in compelling opportunities in other developed markets. Specific strategies, tools and techniques to be employed are referenced below. The Fund may directly invest up to 100% of its net assets in foreign securities.

Merger Arbitrage

The core strategy of merger arbitrage involves the purchase and sale of shares in companies that have announced merger transactions. When a definitive transaction has been announced, shares in the target company typically trade at a discount, or 'spread', to the contracted merger consideration. We may choose to arbitrage this spread in cases where the potential return is attractive relative to the risk of the merger being called off or delayed. In cases where the proposed consideration involves shares of the acquiring company, we may choose to sell short the expected deal proceeds to lock in the spread and mitigate any market risk. From time to time the Manager may also take short positions in merger targets if there is a reasonable likelihood of the merger being called off. We may also engage in the trading of listed call or put options to hedge underlying risks.

Special Purpose Acquisition Corporations

The Manager plans to invest in SPACs as part of its strategy. SPACs are cash shells that have been formed by a sponsoring manager to look for an acquisition. During the term in which the SPAC is searching for a qualifying transaction, the cash proceeds from the formation of the SPAC are invested in interest bearing government securities. When a transaction is found (typically within a 2 year time limit), securityholders are entitled to vote to support the proposed transaction or redeem their Units for their proportional share of the cash in the SPAC. If no transaction is proposed during the lifetime of the SPAC then investor funds plus interest are returned. This structure allows for investors to gain low-risk exposure to potential transactions by maintaining the option to exit at cash value should the transaction not be well received. Additional features such as fractional warrants can add to the potential returns and mitigate downside risks.

Subscription Receipts

The Manager plans to trade in both primary offerings and secondary trading of subscription receipts. A subscription receipt is a security that is typically offered by a company that is planning a large acquisition. To minimize financing risk, the company will sell subscription receipts to raise funds for the acquisition, with the subscription receipts to convert to shares or other securities upon consummation of the transaction. Should the acquisition not close, then proceeds from the subscription receipt offering will be returned pro-rata to investors. In cases where subscription receipts trade at a market price below its underlying security (typically common shares), the Manager may take a long subscription receipt position and corresponding short common shares position to arbitrage this spread.

Equity and Debt Financings

The Manager plans to participate in primary and secondary security offerings that it believes will trade well relative to the issue price. We may choose to take offsetting short positions in the subject companies or appropriate comparables to mitigate market risk in the period after the deal securities have been allocated, but prior to close.

Convertible Arbitrage

The Manager may participate in convertible arbitrage trading. Convertible arbitrage involves the purchase of convertible debentures paired against a short position in the underlying equity. Convertible debentures are debt securities that are convertible into equity of the underlying issuer at the option of the debentureholder. The fund will typically hedge the underlying equity exposure by selling short common shares at the appropriate ratio, or delta, to the optionality embedded within the debenture. Downside risk is mitigated by the equity short position and the fact that the debenture sits higher in the capital structure.

Other Strategies

Other strategies that the Manager may choose to pursue from time to time include, but are not limited to:

- Holdco Arbitrage – trading in companies with a market price at a discount to its underlying publicly listed assets

- Spin-offs / Stubs – trading in companies that are distributing select balance sheet assets directly to unitholders

- Substantial Issuer Bids – trading in companies that have made a tender offer for its own shares

- Index Arbitrage – trading in securities that may be added or deleted from an index

- Closed End Fund Arbitrage – trading in listed closed end funds that can be liquidated at NAV

All strategies pursued will be those permitted within the rules for alternative mutual funds.

Use of Derivatives

The Fund may invest in derivative instruments to: (i) reduce transaction costs, (ii) increase liquidity and efficiency of trading, (iii) gain exposure to equity markets in a more efficient manner, (iv) reduce risk, (v) generate yield, (vi) hedge currency exposure, and (vii) provide leverage. The Fund will only use derivatives as permitted by securities regulators.

Portfolio Turnover

The Fund's investment strategies may involve active and frequent trading of portfolio securities. In any year, the higher a fund's portfolio turnover rate, and the greater the trading costs payable by the fund in the year, and the larger the capital gains distribution may be. There is not necessarily a relationship between a high portfolio turnover rate and the performance of a fund.

Securities Lending, Repurchase and Reverse Purchase Transactions

The Fund is authorized to enter into securities lending, repurchase and reverse purchase transactions in accordance with NI 81-102. In a securities lending transaction, the Fund lends its portfolio securities through an authorized agent to another party (often called a "counterparty") in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, the Fund sells its portfolio securities for cash through an authorized agent while at the same time assuming an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. In a reverse repurchase transaction, the Fund buys portfolio securities for cash while at the same time agreeing to resell the same securities for cash (usually at a higher price) at a later date. The following are some examples of the risks associated with securities lending, repurchase and reverse repurchase agreements:

- When entering into securities lending, repurchase and reverse repurchase transactions, the Fund is subject to the credit risk that the counterparty may default under the agreement and the Fund would be forced to make a claim in order to recover its investment.

- When recovering its investment on default, the Fund could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by the Fund.

- Similarly, the Fund could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by the Fund to the counterparty.

What are the Risks of Investing in the Maxam Arbitrage Fund?

An investment in Maxam Arbitrage Fund is subject to the general risks associated with alternative mutual fund investing. In addition, an investment in Maxam Arbitrage Fund will also be subject to the general risks inherent in equity investments, as well as the specific risks described under the heading *What are the specific risks of investing in a mutual fund?*, including:

- Arbitrage risk
- Short selling risk
- Equity risk
- Hedging risk
- SPAC risk
- Liquidity risk
- Derivative risk
- Repurchase, reverse repurchase and securities lending risk
- Leverage risk
- Taxation risk
- Operational risk
- Portfolio turnover risk
- Class risk

As noted above under "Investment objectives" Maxam Arbitrage Fund falls within the definition of an "alternative mutual fund" set out in NI 81-102 as it is permitted to use strategies generally prohibited to other mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer, either directly or through the use of specified derivatives, the ability to borrow cash, up to 50% of its NAV, to use for investment purposes, the ability to sell securities short (the combined level of cash borrowing and short selling is limited to 50% of its NAV in aggregate), and the ability to use leverage through the use of cash borrowing, short selling and specified derivatives. For more information regarding the risks associated with these strategies, please see "Concentration Risk", "Derivative Risk", "Leverage Risk" and "Short Selling Risk" under the heading *What are the specific risks of investing in a mutual fund?*

Investment Risk Classification Methodology

A risk classification rating is assigned to the Fund to provide you with information to help you determine whether the Fund is appropriate for you. We assign fund risk ratings to the Fund as an additional guide to help you decide whether the Fund is right for you. Our determination of the risk rating for the Fund is guided by the Canadian Securities Administrators (the "**CSA**") *Investment Risk Classification Methodology*.

As part of our review of the investment risk rating of the Fund, we consider the historical volatility risk as measured by the standard deviation of fund performance. However, you should be aware that other types of risk, both measurable and non-measurable, may exist. Additionally, just as historical performance may not be indicative of future returns, a fund's historical volatility may not be indicative of its future volatility.

Consistent with CSA guidelines, the Manager also considers qualitative factors before making a final determination of the appropriate risk ratings. Using this methodology, we assign a risk rating to the Fund as either low, low to medium, medium, medium to high, or high risk. We review the investment risk level of the Fund on an annual basis.

Since the Fund does not yet have a return history, the methodology requires us to use an appropriate reference index to backfill the returns for the purposes of the above calculation. The reference index used to backfill the returns for the Fund is listed under the section *Who Should Invest in this Fund?* for the Fund, along with a brief description of the reference index.

We assign a risk rating category that is at, or higher than, the applicable rating indicated by the standard deviation ranges in the standardized risk classification methodology, as outlined in the table below.

Standard Deviation Range	Risk Rating
0 to less than 6	Low
6 to less than 11	Low to Medium
11 to less than 16	Medium
16 to less than 20	Medium to High
20 or greater	High

You may obtain a copy of the methodology at no cost by calling us at 604-685-0201 or by emailing Maxam at info@maxamcm.com.

Who Should Invest in the Maxam Arbitrage Fund?

The Maxam Arbitrage Fund is suitable for investors who are seeking capital gains over the medium to long term, with a **Low to Medium** tolerance for risk. The Maxam Arbitrage Fund is not appropriate for an investor with a short time horizon and a low tolerance for risk.

Because Maxam Arbitrage Fund has less than a 10-year performance history, a reference index has been used to backfill the returns for the purposes of determining the investment risk level, as described in in the section titled *Investment Risk Classification Methodology*. The reference index used is a composite index consisting of the following: 75% HFRI ED: Merger Arbitrage Index and 25% HFRI Event-Driven (Total) Index. This index is event-driven and equal-weighted, focusing on merger arbitrage globally in U.S. dollars, with a monthly reporting interval.

Distribution Policy

The Maxam Arbitrage Fund distributes its net income and net realized capital gains annually in December. Distributions are automatically reinvested in additional Units of the Maxam Arbitrage Fund.

Fund Expenses Indirectly Borne by Investors

Mutual funds pay for expenses out of a fund's assets. This means that investors in a mutual fund indirectly pay these expenses through lower returns. Information regarding expenses of the Maxam Arbitrage Fund indirectly borne by investors cannot be provided at this time because Maxam Arbitrage Fund is a new fund. See the section titled *Fees and Expenses – Fees and Expenses Payable Directly by You* for more information about fees and expenses paid directly by the investor which are not included in the calculation of the Maxam Arbitrage Fund management expense ratio.

SIMPLIFIED PROSPECTUS

MAXAM ARBITRAGE FUND

Additional information about the Fund is available in the Fund's Annual Information Form, Fund Facts, management reports of fund performance and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means they legally form part of this simplified prospectus just as if they were printed as a part of this document. You can get a copy of these documents at your request and at no cost, by calling us at 604-685-0201, or from your dealer, or by email at info@maxamcm.com. You may also find these documents and other information about the Fund at www. maxamcm.com or at www.sedar.com.

Manager of the Fund

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