

## FUND FACTS

MAXAM ARBITRAGE FUND – Class A

August 15, 2023

# MAXAM

CAPITAL MANAGEMENT

This document contains key information you should know about Class A units of the Maxam Arbitrage Fund (the “Fund”). You can find more detailed information in the Fund’s simplified prospectus. Ask your representative for a copy or contact Maxam Capital Management Ltd. at [info@maxamcm.com](mailto:info@maxamcm.com) or call 604 685 0201.

**Before you invest in any fund, consider how the fund would work with your other investments and your tolerance for risk.**

This mutual fund is an alternative mutual fund. It is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. The specific strategies that differentiate this Fund from other types of mutual funds include: increased use of derivatives for non-hedging purposes; increased ability to sell securities short; and the ability to borrow cash to use for investment purposes. While these strategies will be used in accordance with the Fund’s investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

### QUICK FACTS

<b>Fund code:</b>	MXM101	<b>Fund manager:</b>	Maxam Capital Management Ltd.
<b>Date class started:</b>	September 30, 2020	<b>Portfolio manager:</b>	Maxam Capital Management Ltd.
<b>Total value of the fund on June 30, 2023:</b>	\$12,838,611	<b>Distributions</b>	The Fund distributes any net income and net capital gains annually in December. All distributions paid will be automatically reinvested in additional units.
<b>Management expense ratio (MER):</b>	4.43%	<b>Minimum investment:</b>	\$1,000 initial, \$50 subsequent

### What does the fund invest in?

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 Fund employs an active and opportunistic investment strategy with a focus 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. The Fund’s gross exposure to the use of leverage (through exposure to derivatives, short selling and/or the use of cash borrowing) calculated as the sum of the following, shall not exceed 300% of the Fund’s net asset value: (i) the aggregate value of outstanding indebtedness under any borrowing agreements; (ii) the aggregate market value of all securities sold short; and (iii) the aggregate notional value of the Fund’s specified derivatives positions excluding any specified derivatives used for hedging purposes.

The charts below give you a snapshot of the Fund’s investments on June 30, 2023. The Fund’s investments will change.

### Top 10 investments (June 30, 2023)

1. FG ACQUISITION CORP-CL A	10.2%
2. ALTC ACQUISITION CORP-CL A	4.6%
3. ESH ACQUISITION CORP	4.4%
4. BANNIX ACQUISITION CORP	4.3%
5. TRAILBLAZER MERGER CORP I	4.2%
6. BUKIT JALIL GLOBAL ACQUISITI	4.2%
7. CHURCHILL CAPITAL CORP V-A	4.2%
8. INFLECTION POINT ACQUISITION	4.2%
9. SILVERBOX CORP III-A	4.2%
10. ARES ACQUISITION CORP II	4.1%
Total percentage of top 10	48.6%
Total number of investments	78

### Investment Mix (June 30, 2023)

Security Type	% of NAV		
	Long	Short	Net
<b>Equities</b>	176.5	-	176.5
<b>Fixed Income</b>	-	-	-
<b>Cash and cash equivalents</b>	-	(76.5)	(76.5)
<b>Total</b>	<b>176.5</b>	<b>(76.5)</b>	<b>100.0</b>

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### How risky is it?

The value of the Fund can go down as well as up. You could lose money.

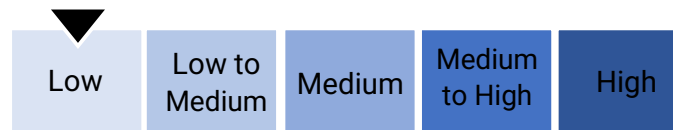
One way to gauge risk is to look at how much a fund's returns change over time. This is called "volatility".

In general, funds with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. Funds with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

#### Risk rating

Maxam Capital Management Ltd. has rated the volatility of this Fund's risk as **Low**.

This rating is based on how much the Fund's returns have changed from year to year. It doesn't tell you how volatile the Fund will be in the future. The rating can change over time. A fund with a low risk rating can still lose money.



For more information about the risk rating and specific risks that can affect the Fund's returns, see the "What is a mutual fund and what are the risks of investing in a mutual fund?" section of the Fund's simplified prospectus.

#### No guarantees

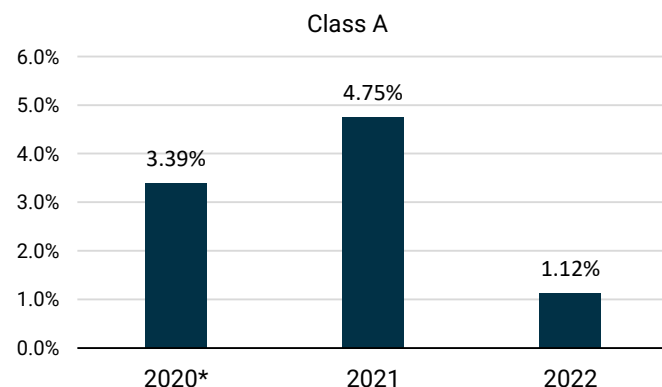
Like most mutual funds, this Fund doesn't have any guarantees. You may not get back the amount of money you invest.

### How has the fund performed?

This section tells you how Class A units of the Fund have performed over the past three years. Returns are after expenses have been deducted. These expenses reduce the Fund's returns.

#### Year-by-year returns

This chart shows how the Class A units of the Fund have performed in each of the past three years. The Fund did not drop in value in those three years. The range of returns and change from year to year can help you assess how risky the Fund has been in the past. It does not tell you how the Fund will perform in the future.



\*2020 returns are from September 30, 2020, Fund inception date

#### Average return

A person who invested \$1,000 in Class A units of the Fund since its inception would have \$1,119.96 as of June 30, 2023.

#### Best and worst 3-month returns

This table shows the best and worst returns for Class A units for the Fund in a 3-month period over the past three years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ending	If you invested \$1,000 at the beginning of the period
Best Return	5.82%	January 31, 2021	Your investment would rise to \$1,058.22
Worst Return	-0.90%	June 30, 2022	Your investment would fall to \$991.04

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### Who is this fund for?

#### This fund may be right for you if:

- you plan to hold your investment for the medium-term
- you are looking for an alternative mutual fund that provides exposure to securities in Canada, the United States and foreign jurisdictions using an arbitrage strategy with low correlation to equity markets
- you have a low tolerance for risk
- you want access to a fund that actively seeks to hedge market risk

Do not invest in this fund if you cannot accept periodic volatility.

### A word about tax

In general, you will have to pay tax on any money you make on a fund. How much you pay depends on the tax laws where you live and whether or not you hold the fund in a registered plan such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your fund in a non-registered account, fund distributions are included in your taxable income, whether you get them in cash or have them reinvested.

### How much does it cost?

The following tables show the fees and expenses you could pay to buy, own, and sell Class A units of the Fund. The fees and expenses – including any commissions – can vary among classes of a fund and among funds. Higher commissions can influence representatives to recommend one investment over another. Ask about other funds and investments that may be suitable for you at a lower cost.

### Sales Charges

There is one sales charge applicable for purchases of Class A units of the Fund.

Sales charge	What you pay		How it works
	In percent (%)	In dollars (\$)	
Initial Sales Charge	0% to 5% of the amount you buy	\$0 to \$50 on every \$1,000 you buy	You and your representative negotiate the amount you pay, up to a maximum of 5%. We deduct the sales charge from the amount you invest and pay it to your representative's firm as a commission.

### Fund Expenses

You don't pay these expenses directly. They affect you because they reduce the Fund's returns. The Fund's expenses are made up of the management fee, the performance fee, operating expenses, interest expenses and trading costs.

As of December 31, 2022, the Fund's expenses were 5.16% of its value. This equals \$51.60 for every \$1,000 invested. Maxam waived some of the Fund expenses; if it had not done so, the MER would have been higher.

Annual rate (as a % of the Fund's value)	
<b>Management expense ratio (MER)</b> This is the total of the Fund's management fee (including the trailing commission), performance fee (if applicable), and operating expenses.	<b>4.43%</b>
<b>Trading expense ratio (TER)</b> These are the Fund's trading costs.	<b>0.73%</b>
<b>Fund expenses</b>	<b>5.16%</b>

The annual management fee for Class A units of the Fund is 1.90% of the net asset value of Class A units of the Fund.

### Performance fee:

The Fund pays Maxam Capital Management Ltd. a performance fee based on the daily net asset value of the Class A units during the calendar quarter multiplied by 15% of the amount by which the net asset value of Class A units has exceeded the high watermark set at the end of the period for which the last performance fee was paid, plus applicable taxes.

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### More about the trailing commission:

The trailing commission is an ongoing commission. It is paid for as long as you own units of the Fund. It is for services and/or advice that your representative and their firm provide to you.

Maxam Capital Management Ltd. pays the trailing commission to your representative's firm. It is paid from the Fund's management fee and is based on the value of your investment.

For Class A units of the Fund, Maxam Capital Management Ltd. pays your representative's firm a trailing commission of 1% each year based on the average total value of all Class A units of the Fund held through your representative's firm. This is the equivalent of \$10 per \$1,000 invested.

### Other Fees

You may have to pay other fees when you buy, hold, sell or switch Class A units of the Fund.

Fee	What you pay
<b>Short-term trading fee</b>	A fee of 2% of the amount redeemed may be charged if you redeem units within 30 days of purchasing such units. This fee goes to the Fund.
<b>Switch and reclassification fee</b>	Your representative or your representative's firm may charge you a fee of up to 2% of the net asset value of the class of units of the Fund you switch or reclassify. You may negotiate this amount with your representative's firm.

### What if I change my mind?

Under securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual fund units within two business days after you receive the simplified prospectus or fund facts document, or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, fund facts document or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

### For more information

Contact Maxam Capital Management Ltd. or your representative for a copy of the Fund's simplified prospectus and other disclosure documents. These documents and the fund facts make up the Fund's legal documents.

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To learn more about investing in mutual funds, see the brochure **Understanding Mutual Funds**, which is available on the website of the Canadian Securities Administrators at [www.securities-administrators.ca](http://www.securities-administrators.ca)