



Annual Information Form dated July 16, 2019

	Classes of Units Available
Lorica Canadian Fixed Income Fund	A, F

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

The mutual and the securities of the mutual funds offered under this annual information form are not registered with the United States Securities and Exchange Commission and such securities may only be sold in the United States in reliance on exemptions from registration.

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INTRODUCTION

In this document:

We, us, our, the Manager and *Lorica* means Lorica Investment Counsel Inc.

Class means a class of Units of the Fund.

Holder means a holder of a Share or Unit.

Marquest means Marquest Asset Management Inc.

Registered Plans means, collectively, registered retirement savings plans, registered retirement income funds, deferred profit-sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts.

Simplified Prospectus means the current simplified prospectus of the Fund.

Trustee means the Manager, acting in the capacity of trustee of the Fund.

Unit means a unit of any Class issued by the Fund.

Unitholder means a holder of a Unit.

NAME, FORMATION AND HISTORY OF THE LORICA FUNDS

The Lorica Funds currently consist of one Fund.

The Fund is an open-end mutual fund trust governed by a declaration of trust subject to the laws of Ontario and can issue an unlimited number of Units of one or more Classes. The Trustee has sole discretion to determine whether the capital of the Fund is divided into one or more Classes of Units and the attributes which attach to each Class of Units. The Classes of Units authorized for the Fund, and the attributes attached thereto, will be as shown from time to time in the Simplified Prospectus and in this Annual Information Form.

The address of the head office and principal office of the Trustee and Manager is 130 Spadina Avenue, Suite 801, Toronto, Ontario M5V 2L4.

The Fund is separate and distinct from any other fund in all respects, including as to its assets and liabilities.

On October 24, 2018, Lorica announced that it entered into a binding agreement with Marquest Asset Management Inc. (“Marquest”) to acquire the right to manage the Marquest Canadian Fixed Income Fund together with the data, records, and documents relating to the Fund from Marquest (the “Transaction”). At a meeting of unitholders of the Fund held on December 12, 2018, unitholders of the Fund approved the change of manager of the Fund from Marquest to Lorica. The Transaction closed, Lorica became the manager and trustee of the Fund, and the Fund was renamed the Lorica Canadian Fixed Income Fund, effective January 16, 2019.

Lorica Canadian Fixed Income Fund

The Fund is an open-end investment trust governed by the amended and restated declaration of trust dated January 16, 2019 (“Declaration of Trust”) under Ontario law. The Manager is the trustee of the Fund.

The date of establishment of the Fund, the dates of revisions to its Declaration of Trust, and particulars about any major events affecting the Fund in the last ten years, are set forth in the following table:

Lorica Canadian Fixed Income Fund	<p>The Fund was established on December 1, 2014. Units of the Fund were first offered to the public on or about December 1, 2014.</p> <p>On October 24, 2018, Lorica announced that it entered into a binding agreement with Marquest Asset Management Inc. (“Marquest”) to acquire the right to manage the Marquest Canadian Fixed Income Fund together with the data, records, and documents relating to the Fund from Marquest (the “Transaction”). At a meeting of unitholders of the Fund held on December 12, 2018, unitholders of the Fund approved the change of manager of the Fund from Marquest to Lorica. The Transaction closed, Lorica became the manager and trustee of the Fund, and the Fund was renamed the Lorica Canadian Fixed Income Fund, effective January 16, 2019.</p>
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INVESTMENT RESTRICTIONS

The Fund is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 - *Investment Funds*. The Fund is managed in accordance with these restrictions and practices. These restrictions and practices, which are deemed to be incorporated by reference into this Annual Information Form, are designed in part to ensure that the investments of the Fund are diversified and relatively liquid and to ensure the proper administration of the Fund. We will provide you with a copy of these restrictions and practices upon request.

The net proceeds from the sale of Units of the Fund, and any money available for investment or reinvestment, are invested according to the fundamental investment objective of the Fund. These investment objectives and the investment strategies used by the Fund are summarized in the Simplified Prospectus. The fundamental investment objectives of the Fund may not be changed without the prior approval of holders of the Units of that Fund. Until these monies are invested or reinvested, they are maintained in Government of Canada treasury bills or in short-term paper or certificates of deposit issued or guaranteed by, or otherwise on deposit with, one or more Canadian financial institutions, or other cash equivalents.

The Fund may invest in Units of another investment fund, if consistent with the Fund’s objectives. To the extent that such investments are made, there will be no duplication of management fees.

The Fund is permitted to invest in “derivatives” to the extent such investments are consistent with the Fund’s investment objective. A derivative is an instrument, agreement or security whose value is based upon the market price or value of a security, commodity or financial instrument, or upon the value or level of an economic indicator such as interest rates or a stock market index.

The Fund may use clearing corporation options, future contracts, options on futures, over-the-counter options, forwards contracts, debt-like securities and listed warrants for hedging and non-hedging purposes, provided their use is consistent with the Fund's investment objectives.

DESCRIPTION OF SECURITIES OFFERED BY THE LORICA FUNDS

The Fund

An investment in the Fund is represented by Units. No Units are issued until they have been fully paid for. No certificates are issued to Unitholders.

The Fund can issue an unlimited number of Units of one or more Classes, as determined by the Trustee. The Trustee determines whether the capital of the Fund is divided into one or more Classes of Units and the attributes which attach to each Class of Units. The Classes of Units authorized for the Fund, and the attributes attached thereto, will be as shown from time to time in the Simplified Prospectus and in this Annual Information Form. The Units of each Class of the Fund have the following attributes:

- (a) each entitles the holder to one vote:
 - (i) at all meetings where all Unitholders vote together, and
 - (ii) at all meetings where Unitholders of a particular Class vote separately as a Class;
- (b) each entitles the holder to participate *pro rata* in such manner and at such times as the Trustee considers appropriate and equitable, with respect to all distributions of the net income and net realized capital gains attributable to that Class of Units of the Fund to holders of Units of the same Class; and
- (c) on liquidation of the Fund to participate pro rata in such manner and at such times as the Trustee considers appropriate and equitable with the other Unitholders of the same Class in the net assets attributable to that Class of Units of the Fund remaining after the satisfaction of its outstanding liabilities.

Units may not be transferred, except in the event of death or by operation of law. Instead, the value of your investment is realized by selling your Units back to the Fund. This is commonly referred to as "redeeming".

Distributions in respect of the Fund may be declared payable by the Manager in its sole discretion. Several factors determine the amount of the distributions by the Fund including realized and unrealized gains, distributions or dividends from investments and net conversions. The history of distributions paid is no indication of future distribution payments and the composition of distributions as between net income, net realized capital gains and/or return of capital may vary. See "Income Tax Considerations".

Voting Rights

The Fund does not hold regular meetings of Unitholders. However, a meeting will be held to enable Unitholders to vote on the following matters:

- (a) any increase in the fees to be charged to the Fund;
- (b) the appointment of a new manager other than an affiliate of the Manager;
- (c) any change in the fundamental investment objective of the Fund;
- (d) the appointment of a new auditor of the Fund;
- (e) any decrease in the frequency of calculating the net asset value per Unit;
- (f) certain material reorganizations of the Fund; and
- (g) certain amendments to the Declaration of Trust of the Fund.

Each of these matters requires an affirmative vote of at least 50% of the votes cast at the meeting called to consider the matter. The required quorum, or minimum attendance required for such meetings, is two Unitholders present in person or by proxy, owning at least 10% of the outstanding Units of the Fund.

VALUATION AND PRICING

Pricing of Units

The Unit Price for the Fund is equal to the applicable Class net asset value per Unit of the Fund. The Unit Price is determined by the Manager at the close of business on each day. The Toronto Stock Exchange is open for trading and is available, at no cost to you, on our website at www.marquest.ca. This is usually done at 4:00 p.m. (Toronto time), unless The Toronto Stock Exchange closes earlier.

The Unit Price for a Class at any time is calculated by dividing the applicable net asset value at that time by the number of Units of that Class then outstanding, as follows:

$$\text{Unit Price (for a Class) of the Fund} = \frac{\text{Class net asset value of the Fund}}{\text{number of outstanding Units of the Class of the Fund}}$$

The Class net asset value of the Fund is determined in accordance with the rules set forth below under “Valuation”.

For the purpose of issuing and redeeming Units of the Fund, the Class net asset value of each Unit will be such net asset value next calculated after a purchase or redemption order for the Unit is received by us. We may suspend the determination of net asset value in certain circumstances, as described at the end of this section under “Suspension of the determination of Unit Price and the right to redeem Units”.

Valuation

Valuation of Assets:

Pursuant to National Instrument 81-106 *Investment Fund Continuous Disclosure*, the Fund is required to calculate the net asset value per Unit for the purposes of the financial statements in accordance with Canadian generally accepted accounting principles (GAAP). For all other purposes, including the calculation of net asset value for purchases and redemptions, the net asset value per Unit is calculated in accordance with the following rules and considerations:

- (a) Cash on hand or on deposit, Government of Canada treasury bills, and short-term paper, certificates of deposit of Canadian chartered banks, cash dividends and interest declared or accrued and not yet received are valued at the full amount or some lesser amount that the Manager considers to be the fair value.
- (b) Securities which are listed on a securities exchange or traded in an over-the-counter market will be valued at their latest sale price on that day, if traded. If there are no trades on that day, these securities will be valued at a price determined by the Manager which shall not be higher than the closing asked price and will not be lower than the closing bid price. If securities are traded on more than one securities exchange, the Manager will determine which exchange shall be considered the primary market for those securities and use such exchange's trading for valuation of those securities. If there are no bid or ask quotations, the Manager will make a realistic and fair valuation taking into account the last sale.
- (c) If the resale of any security held by the Fund is restricted or limited by law (including by investment letter, escrow provisions or other representation, undertaking or agreement), the value of that security will be the lesser of:
 - (i) the value of that security based on reported quotations in common use; and
 - (ii) the percentage of the market value of securities of the same class, the trading of which is not subject to the same restrictions or limitations, equal to the percentage that the Fund's acquisition cost of the securities was of the market value of the securities at the time of acquisition. Where the date on which the restrictions will be lifted is known, the actual value of the securities may be taken into account. Despite the foregoing, where resale is restricted by a statutory holding period, the value of that security during such holding period and for each day the security is valued shall be the reported market value of the same class of shares of that security which is not subject to a restriction, less 3%.
- (d) If a security was:
 - (i) acquired by the Fund through the exercise of (a) a conversion or exchange right attached to a security, or (b) a right, option or warrant; and
 - (ii) the resale of the security, right, option or warrant was restricted by statutory holding period, investment letter, escrow provisions or otherwise,

then the value of the security will be the value otherwise determined in accordance with these rules, except that (i) the value will be reduced by the same rate of discount which applied at the time the Fund acquired the security, right, option or warrant, and (ii) the rate of the discount may be reduced proportionately where the resale restriction is to be lifted on a specific date.

- (e) The value of bonds and debentures will be determined by:
 - (i) taking the average of the bid and ask quotations as of the valuation date; or
 - (ii) according to a formula that determines the value of the bond or debenture by comparing the rate of investment return on the bond or debenture with the rate of investment return prevailing at that time for similar investments,
 and the selection of the quotations or formula will be at the discretion of the Manager.
- (f) Securities which the Fund has agreed to purchase or sell will be included or excluded as if the agreements were in fact fully carried into effect.
- (g) Any item quoted or computed in a currency other than Canadian dollars will be valued at the equivalent in Canadian dollars at the exchange rate in effect on the date of valuation for the sale of that currency in Canada. If there are any forward currency contracts or currency futures contracts, these will be valued at their current market value on the valuation date. Any difference resulting from revaluation will be treated as an unrealized gain or loss on investment.
- (h) If the Fund writes:
 - (i) a covered clearing corporation option;
 - (ii) an option on futures; or
 - (iii) an over-the-counter option,
 then the premium received by the Fund will be reflected as a deferred credit which will be valued at an amount equal to the current market value of the option that would have the effect of closing the position. Any difference resulting from revaluation will be treated as an unrealized gain or loss on investment. The deferred credit will be deducted in calculating the net asset value of the Fund. Any securities which are the subject of a written clearing corporation option or over-the-counter option will be valued at their current market value.
- (i) The value of a futures contract, or a forward contract, will be the gain or loss that would be realized if the position in the futures contract or the forward contract were to be closed out on the valuation date. However, if “daily limits” are in effect, fair value will be based on the current market value of the underlying interest. Margin paid or deposited in respect of futures contracts and forward contracts will be reflected as an account receivable. Margin consisting of assets other than cash will be noted as held as margin.
- (j) In the case of any security or other property of the Fund which does not fall under the methods for determining value which are described above, or where the value of any such security or other property of the Fund determined as described above would not, in the opinion of the Manager, reflect the fair value of such security or other property, the value of that security or other property will be a value that the Manager considers to be fair.

In the past year, pursuant to paragraph (j) of the above-listed rules and considerations, the Manager has exercised its discretion to fair value securities in the following instances:

- (1) special warrants and similar securities have been fair valued where the “marked-to-market” discount determined has exceeded the maximum threshold established by the Manager based on the duration of the resale restriction period;

- (2) securities of private companies which are not listed on a stock exchange have been fair valued where the Manager believes that the acquisition cost or current carrying cost of such securities does not represent their fair value; and
- (3) securities whose resale is restricted or limited by law have been valued at the value of the trading price of the equivalent unrestricted security.

Net Asset Value per Unit:

In this section:

Change in non portfolio assets for the Fund on a valuation date means:

- (a) the aggregate of all income accrued by the Fund on that valuation date, including cash dividends and distributions, interest and compensation; plus or minus
- (b) any change in the value of any non portfolio assets or liabilities stated in any foreign currency accrued on that valuation date, including, without limitation, cash, accrued dividends or interest and any receivable or payables; plus or minus
- (c) any gain or loss resulting from transfers of currencies accrued on that valuation date; plus or minus
- (d) any other item accrued on that valuation date determined by the Manager to be relevant in determining a change in non portfolio assets.

Class means a class of Units of the Fund.

Class expenses means those expenses of the Fund that are attributable to a particular Class of Units of that Fund.

Class net asset value means, in respect of any particular Class of Units of the Fund on a valuation date, the portion of the Net Asset Value of the Fund attributed to the Units of such Class on that valuation date.

Net portfolio transactions for the Fund on any valuation date means the affect of portfolio transactions and the adjustments to the assets as a result of a stock dividend, stock split or other corporate action of an issuer of securities held by the Fund recorded on that valuation date.

Valuation date means any day on which The Toronto Stock Exchange is open for trading.

The following rules and considerations apply to the determination of the Class net asset value and net asset value per Unit of a Class of the Fund.

The Class net asset value of a Class of Units of the Fund at the time of valuation on a valuation date is calculated as follows:

- (a) the Class net asset value last calculated for that Class; plus
- (b) the increase in the assets attributable to that Class as a result of the issue of Units of that Class since the last calculation; minus

- (c) the decrease in the assets attributable to that Class as a result of the redemption of Units of that Class since the last calculation; plus or minus
- (d) the proportionate share of the change in non portfolio assets attributable to that Class since the last calculation; plus or minus
- (e) the proportionate share of the net portfolio transactions attributable to that Class since the last calculation; plus or minus
- (f) the proportionate share of market appreciation or depreciation of the portfolio assets attributable to that Class since the last calculation; minus
- (g) any amounts to be paid by way of distributions to holders of Units of that Class since the last calculation; minus
- (h) any Class expenses attributable to that Class since the last calculation; minus
- (i) the portion of other expenses that are allocated to that Class of the Fund on a fair and equitable basis.

In performing the calculations, the following rules apply:

- (a) A Unit of a Class of the Fund being issued is deemed to become outstanding as of the next calculation of the applicable Class net asset value following the time at which the applicable Class net asset value per Unit that is the issue price of such Unit is determined and the issue price received or receivable for the issuance of the Unit shall then be deemed to be an asset of the Fund attributable to the applicable Class.
- (b) A Unit of a Class of the Fund being redeemed is deemed to remain outstanding until immediately before the next calculation of the applicable Class net asset value following the receipt by or on behalf of the Manager, as manager of the Fund, of a redemption request. Thereafter, until paid, the redemption price of such Unit is deemed to be a liability of the Fund attributable to the applicable Class.
- (c) On any valuation date that a distribution is paid to holders of a Class of Units, a second Class net asset value is calculated for that Class, which is equal to the first Class net asset value calculated on that valuation date minus the amount of the distribution.
- (d) The Class net asset value of each Unit of a Class of Units of the Fund as at any particular time is the quotient obtained by dividing the applicable Class net asset value as at such time by the total number of Units of that Class outstanding at such time. This calculation is made without taking into account any issuance or redemption of Units of that Class to be processed by the Fund immediately after the time of such calculation on that valuation date. The Class net asset value per Unit for each Class of Units of the Fund for the purpose of the issue or redemption of Units is calculated on each valuation date by or under the authority of the Manager, as manager of the Fund, as at such time on every valuation date as is fixed from time to time by the Manager, as manager of the Fund, and the Class net asset value per Unit so determined for each Class shall remain in effect until the time as of which the Class net asset value per Unit for that Class is next determined.
- (e) Each transaction of purchase or sale of portfolio securities effected by the Fund is reflected in the next calculation of the Net Asset Value of the Fund made after the date on which such transaction becomes binding.

Suspension of the determination of Unit Price and the right to redeem Units

Suspension of the determination of the asset value of the Fund will result in suspension of determination of the Unit Price of the Fund. The Manager, as manager of the Fund: (a) must suspend the determination of asset value of the Fund when required to do so under applicable securities law or under any exemptive relief granted by securities authorities having jurisdiction under applicable securities law; and (b) may suspend the determination of asset value of the Fund at such other time as it deems appropriate, provided that such suspension is permitted under applicable securities law.

During any period of suspension of determination of asset value of the Fund, the Fund is not permitted to issue or redeem any Units and the payment of any redemption proceeds will be postponed. Upon the reinstatement of determination of asset value, the issue and redemption of Units and the right of holders of Units to receive redemption payments shall resume.

In the event of a suspension of the determination of asset value of the Fund: (i) a holder of Units of the Fund who has delivered a redemption request for which the Unit Price has not yet been calculated may either withdraw such holder's redemption request prior to the end of the suspension period or receive payment based on the asset value and the Unit Price of the Fund next calculated after the termination of the suspension; and (ii) an investor who has submitted a purchase order for Units of the Fund for which the Unit Price has not yet been calculated may either withdraw such purchase order prior to the end of such suspension period or receive Units based the net asset value and the Unit Price of the Fund next calculated after the termination of the suspension.

PURCHASES, SWITCHES AND REDEMPTIONS

Purchase of Units

Units of the Fund are offered for sale on a continuous basis, subject to the following rules and considerations:

Purchase Orders

You may purchase Units of the Fund by submitting a "purchase order". Orders which are received from you or your dealer after 4:00 p.m. Toronto local time on any day will be deemed to have been received on the following business day. Your dealer must forward your order to us within 24 hours of receiving it.

The Manager and its representatives reserve the right to accept or reject your order for Units within one (1) day of receiving it. If your order is rejected, any money you have paid in connection with the order will be refunded immediately.

Price of Units

Units of the Fund are issued to purchasers at a price equal to their "Unit Price" next determined after receipt by the Manager of the purchase order. No estimate of that price can be made. Please see "Valuation and Pricing", above, for details of the method by which Unit Price are determined.

You must pay the purchase price of Units by cash, certified cheque, bank draft, wire transfer or other form of immediately available funds. Subject to sales charges as described below, the Unit Price received for each Unit

is paid directly to the Fund and will be invested in securities in accordance with the investment objectives of the Fund.

Payment of Purchase Price

Our policy is to complete settlements on a three business days basis for the Fund. This means that you must pay the purchase price for any Units purchased (together with any applicable sales charges) to the Manager within three business days of the trade date (the date as of which the purchase price of the Units is determined). This date is referred to below as the “last settlement date”.

If payment has not been received by the Manager on behalf of the Fund within the time period specified above, then:

- (a) The Fund will be deemed to have received and accepted, on the first business day following the last settlement date, an order for the redemption of the Units and the amount of the redemption proceeds is to be applied to reduce the amount owing to the Fund in respect of the purchase of the Units.
- (b) If the amount of the redemption proceeds exceeds the purchase price of the Units, the excess shall belong to the Fund.
- (c) If the amount of the redemption proceeds is less than the purchase price of the Units, the Manager is required to pay the amount of the deficiency to the Fund as soon as possible. The Manager will be entitled to collect this amount together with its costs, charges and expenses in doing so, plus interest, from the dealer (or, if no other dealer is involved, from you directly). Your dealer may make provision in arrangements that it has with you that will require you to compensate the dealer for any losses suffered by the dealer in connection with any failure by you to satisfy the requirements of the Fund or securities legislation for a redemption of Units of the Fund.

No certificates representing Units of the Fund will be issued.

Sales Charge Options

You have the option of purchasing Class A Units of the Fund under the “Sales Charge Option”, the “Deferred Sales Charge Option” or the “Low Load Deferred Sales Charge Option” and, if your dealer offers it and if you are eligible to purchase them, Class F Units of the Fund under the “No Load Option”, all as described below. The option chosen affects the fees you pay, the amount of compensation paid to your dealer, and by whom it is paid.

Purchases of Class A Units under the Sales Charge Option:

Under this option, a sales charge (referred to as a “Sales Charge”) is deducted from the total amount of your purchase order and paid to your dealer. The net amount remaining is applied to the purchase of Class A Units of the Fund at the applicable Unit Price on the trade date.

Sales Charges are negotiated between you and the dealer. The maximum Sales Charge for the Fund is 5% of the total amount of the purchase order.

Class A Units purchased on a reinvestment of distributions or dividends are not subject to a Sales Charge.

Purchases under the Deferred Sales Charge Option and the Low Load Deferred Sales Charge Option:

The Deferred Sales Charge Option is available only for purchases of Class A Units of the Fund. The Low Load Deferred Sales Charge Option is available for purchases of Class A Units of the Fund. Under these options, the total amount of your purchase order is applied to the purchase of Units of the Fund at the applicable Unit Price on the trade date.

A redemption fee calculated based on the cost of Class A Units will apply:

- (i) to Class A Units purchased under the Deferred Sales Charge Option if they are redeemed within seven years from the date of issue, and
- (ii) to Class A Units purchased under the Low Load Deferred Sales Charge Option if they are redeemed within three years from the date of issue,

unless the redemption qualifies for the “10% Free Redemption Amount” (as described in the Simplified Prospectus).

The Manager will pay or cause to be paid to the dealer a selling commission, currently 5% of the total amount of the purchase order for Deferred Sales Charge Option purchases and 3% of the total amount of the purchase order for Low Load Deferred Sales Charge Option purchases. The Manager reserves the right to change the rate of such commission from time to time.

The Manager reserves the right to suspend, discontinue or modify the Deferred Sales Charge Option and the Low Load Deferred Sales Charge Option at any time. Suspension, discontinuance or modification of the options will not affect the obligation to pay deferred sales charges upon redemption of previously issued Units acquired on the Deferred Sales Charge or Low Load Deferred Sales Charge basis.

Purchases of Class F Units under the No Load Option:

Your dealer may offer the No Load Option to purchase Class F Units of the Fund if your dealer offers a managed investment account service under which the only fees and compensation the dealer receives are to be paid directly by you to the dealer, or debited from your account by the dealer, under arrangements made by you with your dealer. The Manager pays no servicing or other commissions to dealers in respect of purchases of Class F Units.

Redemption of Units

You may redeem Units of the Fund subject to the following rules and conditions:

Redemption Price

Units of the Fund will be redeemed at their Unit Price next calculated following receipt by the Manager at its head office of a written request for redemption of a specified number (or dollar value) of Units. Redemptions made pursuant to a Systematic Withdrawal Plan will be made without charge. Otherwise, redemptions are subject to deduction of a Deferred Sales Charge or Low Load Deferred Sales Charge for Units purchased under the

Deferred Sales Charge Option or the Low Load Deferred Sales Charge Option, and deduction of a Short-Term Trading Fee if the redemption occurs within 30 days after the acquisition of the Units being redeemed, as described under “Fees and Expenses” in the Simplified Prospectus.

Redemption requests received by the Manager after 4:00 p.m. Toronto local time on any day will be deemed to have been received on the next business day.

If you deliver a request for redemption to a registered dealer, applicable policies of Canadian securities regulatory authorities require that your request be transmitted to the Manager on the same day it is received by the dealer unless it is received after normal business hours, in which case it shall be transmitted not later than the next business day.

Documentation required

Your signature on the redemption request must be guaranteed by a Canadian chartered bank or trust company, or by an investment dealer or other guarantor acceptable to the Manager.

For a holder that is a corporation, partnership, agent, fiduciary, surviving joint owner or other person not an individual acting in such individual’s own right, additional documentation of a customary nature will be required by the Manager in connection with a redemption request.

No redemption will be effected until the request for redemption and any required additional documentation, duly executed, is actually received by the Manager at its head office.

Payment for Units Redeemed

Payment for Units redeemed will be made in cash by the Fund within three business days of the date of the determination of the Unit Price upon which the redemption is based.

If the determination of the redemption price is postponed by reason of a declaration by the Manager suspending determination of the Unit Price your right to have Units redeemed by the Fund is similarly suspended. If you do not withdraw your redemption request, the redemption price payable by the Fund will be the Unit Price determined the next day that such a determination is made.

Failure to Comply with Requirements Regarding Redemption Orders

Under applicable policies of the Canadian Securities Administrators, if all of the Fund’s requirements in respect of a redemption order have not been complied with on or before the tenth business day after the determination of the Unit Price for the purpose of a redemption, the Fund will be deemed to have received and accepted on the next business day an order for the purchase of the equivalent number of Units of the Fund which have been redeemed and will apply the amount of the redemption proceeds to the payment of the issue price of such Units.

If the amount of the issue price of such Units is less than the redemption proceeds, the excess shall belong to the Fund.

If the amount of the issue price of such Units exceeds the redemption proceeds, the Manager will be required to pay forthwith to the Fund the amount of the deficiency and is entitled to collect such amount together with its

costs, charges and expenses in so doing and interest thereon from the dealer (or if no other dealer is involved, from you). Your dealer may make provision in arrangements that it has with you that will require you to compensate the dealer for any losses suffered by the dealer in connection with any failure by you to satisfy the requirements of the Fund or securities legislation for a redemption of Units of the Fund.

Suspension of Redemption Rights

The Manager may declare a suspension of the right to redeem Units of the Fund in certain circumstances. Please refer to “Net Asset Value - Suspension of the determination of Unit Price and the right to redeem Units”, above.

Redemption by the Manager

If the value of your Units in the Fund falls below \$250 due to redemptions, we may redeem your Units. Before doing so, we will give you at least 30 days’ notice.

Tax Consequences

Please see “Income Tax Considerations” below for information on the tax consequences of a redemption.

RESPONSIBILITY FOR FUND OPERATIONS

General

The overall responsibility for the Fund rests with the Manager in its capacity as trustee. The board of directors of the Fund Corporation oversees management of the Fund Corporation and each Corporate Fund by monitoring and assessing the Manager’s direction of the business and affairs of the Fund Corporation and each Corporate Fund.

Manager

The manager of the Fund is Lorica Investment Counsel Inc. Lorica, in its capacity as manager, has the power and authority to manage, supervise and administer the Fund. This power and authority has been assumed by the Manager under the terms of the Declaration of Trust.

You may contact us at our head office at 130 Spadina Avenue, Suite 801, Toronto, Ontario M5V 2L4. You can also call us 647-776-8111 or contact us by e-mail at info@loricaic.com.

The Manager’s Responsibilities as Manager

Under the Declaration of Trust, the Manager’s responsibilities as manager include:

- (a) making investment decisions;
- (b) the purchase and sale of investments and brokerage arrangements relating thereto;
- (c) the provision of administrative services and facilities to the Fund, and

- (d) the payment of certain expenses of the Fund. For information about expenses borne by the Fund, see “Fees and Expenses” below.

The Manager, as the manager of the Fund, has no responsibility to the Fund other than to render the services called for honestly, in good faith and in the best interests of the holders of Units, and in connection therewith to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. As long as the Manager, as manager, meets the required standard, the Manager is entitled to indemnifications similar to those available to a director of a corporation under the *Canada Business Corporations Act*.

Officers and Directors of the Manager, Trustee and Portfolio Management Representatives

The names, places of residence, present positions and principal occupations during the preceding five years of the directors and executive officers of Lorica Investment Counsel Inc. and the persons registered with Lorica who are responsible for the management or portfolio management of the Lorica Funds, are as follows.

Name and Municipality of Residence	Present Position with Lorica	Principal Occupation During Past Five Years
Gary M. Morris, BASc, MBA, CFA Toronto, Ontario	President, Director, Ultimate Designated Person	Gary is responsible for the overall direction of the firm and is a portfolio manager of fixed income investments for Lorica’s clients. Gary is the founder of Lorica which was launched in the fall of 2010. He graduated with a Bachelor of Applied Science (EngSci.) from the Faculty of Engineering at the University of Toronto in 1986, and with an MBA from the Schulich School of Business in 1989. He earned the CFA designation in 1992.
Thomas Gomes, BComm, CPA, CFA Richmond Hill, Ontario	Director, Portfolio Manager	Thomas is a portfolio manager of fixed income investments for Lorica’s clients. He specializes in the analysis and management of credit investments including provincial and corporate bonds and asset and mortgage backed securities. Thomas joined Lorica as its inception in 2010, after which he became a shareholder. He graduated from the University of Toronto in 2000 with a BComm (double major in finance and accounting), received his CFA designation in 2003, and US CPA designation in 2007.
Karen E. Laredo, BA Toronto, Ontario	Director, Chief Compliance Officer	Karen is responsible for the management, implementation and supervision of Lorica’s compliance policies, process and framework. Karen joined Lorica in 2019. She has over 15 years compliance experience having worked in compliance at a variety of environments within various firms, having developed a keen understanding of compliance, risk management and operations. She

Name and Municipality of Residence	Present Position with Lorica	Principal Occupation During Past Five Years
		graduated in 1996 from York University with a BA and has completed various industry courses.

The Fund has not paid, and are not obligated to pay, any remuneration to the directors or officers of the Manager or to persons registered with the Manager who are responsible for the management or portfolio management of the Lorica Funds.

Pursuant to the Declaration of Trust, the Manager is the trustee of the Fund. The Fund has no other trustees, officers or directors.

Portfolio Advisor

The Manager is the portfolio advisor for the Fund. Gary Morris and Thomas Gomes, both registered with the Manager, are the portfolio managers responsible for the Fund. Please refer to the table under “Officers and Directors of the Manager” for information about their prior experience.

Brokerage Arrangements

The Manager has in place a process for selecting brokers and allocating trades to selected brokers which is designed to be in the best interests of the Fund. In selecting a broker, the Manager will not consider a broker’s sale of Fund shares as a factor. The Manager may consider, in addition to the ability to trade at the best price, speed/timeliness, confidentiality, market depth, broker’s expertise, capital commitment and knowledge of the other side of a trade. As permitted under securities legislation, the Manager receives, on behalf of the Fund, both order execution goods and services and research goods and services. The research goods and services are customary and relate to the kinds of investments within the Fund’s portfolios, including general and specific reports on markets, pricing and credit ratings. The Manager makes a determination that the Fund receive reasonable benefit from order execution goods and services and research goods and services by considering both the use of the goods and services and the amount of brokerage commissions paid. The name of any other broker that provides order execution goods and services or research goods and services will be provided upon request by contacting the Fund 647-776-8111 or at info@loricaic.com.

Distributor

The Manager has responsibility for distribution of the Units of the Fund. It facilitates the offering and sale of the Units through third party dealers who are duly licensed or registered to trade in securities or otherwise lawfully entitled to act in connection with trades in Units in jurisdictions where the Units may be lawfully offered and sold. There is no principal distributor (as defined in National Instrument 81-102 – *Investment Funds*) of the Fund. The Manager’s dealings with any dealer may be by way of formal appointment or on an ad hoc basis. The Manager is not entitled to any fee or other compensation payable by the Fund for its services as distributor. The Manager also maintains the Fund’s Unitholder and Shareholder records.

Custodian

National Bank Financial Inc., through its National Bank Independent Network division (NBIN) is the custodian of the cash and securities of the Fund pursuant to a Custodian Agreement with respect to the Fund. All securities, other than foreign securities, are held at NBIN's office in Toronto. Foreign securities, if any, will be held by a sub-custodian appointed in the country where the principal trading market is located. NBIN and any sub-custodian may use a domestic or foreign depository authorized to operate a book-based system.

Auditor

RSM Canada LLP of Toronto, Canada is the auditor of the Fund.

Registrar and Transfer Agent

SGGG Fund Service Inc. ("SGGG") is the register and transfer agent of the Fund. The registrar and transfer agent maintains a record of investors in the Fund and processes orders. SGGG is independent of the Manager.

Independent Review Committee

In accordance with National Instrument 81-107 - *Independent Review Committee for Investment Funds*, the Independent Review Committee is responsible for reviewing, and in some cases approving, conflict of interest matters related to the Fund that we refer to it. The compensation payable to, and the expenses of, the Independent Review Committee are paid by the Fund. For further information, please see "Fund Governance - Independent Review Committee", below.

CONFLICTS OF INTEREST

The Fund may be subject to various conflicts of interest because the Manager is engaged in a range of management, advisory and other business activities. The investment restrictions applicable to the Fund referred to above in "Investment Restrictions" have been adopted in part to protect the interests of the Fund and the holders from such conflicts. Further, the Manager will make investment decisions for the Fund independently of those made for other clients of the Manager and independently of the Manager's own investments.

However, on occasion, the Manager may make the same investment for the Fund and one or more of its other clients. Where the Fund and one or more of the other clients of the Manager are engaged in the purchase or sale of the same security, the same transaction will be effected on an equitable basis.

Principal Holders of Securities***Principal Holders of Units of the Fund***

As of June 30, 2019, no persons known by the Trustee owned of record or beneficially, directly or indirectly, 10% or more of the Units of the Fund.

As of the date of this Annual Information Form, the directors, senior officers, trustees and members of the IRC do not own beneficially, directly or indirectly, in the aggregate, more than 10% of the outstanding units of any

class of the Fund, or more than 1% of the Manager or any person or company that provides material services to the Fund.

As of the date of this Annual Information Form, the directors and officers of Lorica, in aggregate, beneficially own, directly or indirectly, 100% of the outstanding shares of Lorica Investment Counsel Inc. To protect the privacy of individual investors, we have omitted the name of the beneficial owners. This information is available on request by contacting us at the telephone number on the back cover of this Annual Information Form.

FUND GOVERNANCE

The Fund

As both trustee and manager of the Fund, the Manager is ultimately responsible for the Fund. The officers and directors of the Manager listed under the heading “Officers and Directors of the Manager” (above) are responsible for the management of the Manager. The board of directors of the Manager approve the financial statements for the Funds on a semi-annual basis.

Policies and Procedures

The Manager has written policies and procedures including a Disclosure Policy and a Code of Ethics that apply to all of its employees, officers and directors. The purpose of such policies and procedures is to ensure, among other things, that The Manager’s employees put the interests of the Fund and Unit and Shareholders ahead of their own. These policies and procedures deal with matters such as privacy and confidentiality, conflicts of interest, personal trading activities and disclosure of material information.

Use of Derivatives

Derivatives may be used by the Fund to affect its investment objectives and strategies as disclosed in the Simplified Prospectus. Derivatives will only be used by the Fund in compliance with the requirements established by Canadian securities authorities and by discretionary exemptions given to them. The Fund cannot use derivatives for speculative trading. If the Fund uses derivatives, it will hold enough assets or cash to cover its commitments under those derivatives. This limits the amount of losses that could result from the use of derivatives. Derivative exposure is monitored as part of an overall compliance monitoring program and periodic reports are provided to the board of directors of the Manager. When required, margins required for derivative transactions are held by independent third parties with whom the Manager has appropriate arrangements.

Policies Regarding Securities Lending Transactions

The Fund is permitted to enter into securities lending transactions. For details about how the Fund engages in these transactions, please see “Securities lending transactions” under “Specific information about each of the mutual funds described in this document” in the Simplified Prospectus of the Fund. The Fund may enter into securities lending transactions only as permitted under applicable securities laws.

The custodian of the Fund will act as the agent for the Fund in administering the securities lending transactions of the Fund. The Manager will manage the risks associated with these transactions by requiring the agent to:

- (a) maintain internal controls, procedures and records including a list of approved borrowers based on generally accepted creditworthiness standards, transaction and credit limits for each borrower, and collateral diversification standards;
- (b) establish daily the market value of both the securities loaned by the Fund and the cash or collateral held by the Fund. If on any day the market value of the cash or collateral is less than 102% of the market value of the loaned securities, the borrower will be required to provide additional cash or collateral to the Fund to make up the shortfall; and
- (c) ensure that the Fund does not lend more than 50% of the total value of its assets through securities lending transactions (excluding the collateral for loaned securities).

The agent will be required to provide the Manager with regular reports summarizing the securities lending transactions to facilitate monitoring of these transactions by the Manager. Any agreements, policies and procedures that are applicable to the Fund relating to securities lending will be reviewed by senior management of the Manager. The Manager and the agent will review at least annually the policies and procedures described above to ensure that the risks associated with securities lending transactions are being properly managed.

Policies on Proxy Voting

The Manager has established policies and procedures for the Fund to follow to determine whether, and how, to vote on any matter for which the Fund receives, in its capacity as securityholder, proxy materials for a meeting of securityholders of an issuer. These policies prescribe that voting rights should be exercised with a view to the best interests of the Fund and its securityholders. The policies and procedures include: (a) a standing policy for dealing with routine matters on which the Fund may vote; (b) the circumstances under which the Fund will deviate from the standing policy for routine matters; (c) the policies under which, and the procedures by which, the Fund will determine how to vote or refrain from voting on non-routine matters; and (d) procedures to ensure that portfolio securities held by the Fund are voted in accordance with the policies and procedures. The Fund's portfolio adviser, and any third parties that may be consulted in determining how to vote proxies relating to portfolio securities of the Fund, are required to acknowledge and undertake to observe these policies and procedures. Where the Fund invests in an underlying mutual fund or exchange-traded fund that is not managed by the Manager, the Manager will vote in the same proportion as all other securityholders of such underlying fund.

The proxy voting policies that have been developed by the Manager are general in nature and cannot contemplate all possible proposals or non-routine matters with which the Fund may be presented. Under the standing policy for dealing with routine matters on which the Fund may vote, routine matters are limited to the determination of the number of directors comprising the board of directors of an issuer, the election of directors, the appointment of a chairperson, the appointment of a trustee, the appointment of auditors, and the remuneration of auditors. According to the standing policy, the Manager will vote with management of the issuer on such routine matters. Non-routine matters generally include all matters that are not specified to be routine, and would include unit-based compensation, issuance of rights and warrants, employee and management bonuses, shareholder rights plans, financings and amendments to an issuer's articles of incorporation. In order to discharge its obligations under the proxy voting policies, the Manager will review all relevant available documentation, including research on management performance, corporate governance and all other factors that it considers relevant.

In the unlikely event that a matter on which the Fund may vote presents a conflict between the interests of holders of Units of the Fund and those of the Fund's manager, portfolio adviser, or any affiliate or associate of the Fund, its manager or its portfolio adviser, the policies and procedures require that the matter be referred to an appropriate independent third party, which may be the legal counsel or auditor of the Fund. The Fund will be required to vote in a manner consistent with the recommendation of the independent third party, or refrain from voting on such matter.

A copy of our policies and procedures on proxy voting is available on request and at no cost by phone at 647-776-8111, or by e-mail at info@loricaic.com, or by writing to us at 130 Spadina Avenue, Suite 801, Toronto, Ontario M5V 2L4. The Fund's proxy voting record for the most recent period ended June 30 of each year will be available at no cost to any holder of Units of the Fund upon request at any time after August 31 of that year.

Independent Review Committee

In accordance with National Instrument 81-107 – *Independent Review Committee for Investment Funds*, (“**NI 81-107**”) the mandate of the Independent Review Committee (“**IRC**”) is to review all conflict of interest matters relating to any Fund referred to it by the Manager and to approve or withhold its approval from such matters in accordance with its written charter, NI 81-107 and applicable securities laws. The IRC is responsible for conducting regular assessments of the Manager and the Fund and providing the Manager and shareholders a report at least annually.

The IRC is comprised of the following members: Geoff Salmon (Chairman), David Davidson and Tony Sevsek. Each is independent of the Manager, and its respective affiliates within the meaning of NI 81-107.

Committee Members

Geoff Salmon, Chairman

Geoff is the Managing Director for IRI. He has been with IRI since 2008 and is responsible for providing IRI's secretariat services to over 33 Independent Review Committees which includes advising the Committees and the Managers of the fund groups on conflict of interest matters under NI 81-107. These fund groups range in size from a few funds to larger fund groups like, Sprott, O'Leary and Russell Funds.

He has reviewed and provided advice on a vast array of conflict of interest matters referred to the IRCs over the past 10 years and has developed a comprehensive set of precedents for the IRCs and fund managers since he has been with IRI.

Prior to IRI Geoff Salmon's corporate finance experience spans over 13 years. He spent 6 years at a seed capital fund, Innovation Ontario, investing in early stage businesses and 7 years in corporate finance with several smaller investment banks.

Geoff holds an LLB from Western Law, 1978.

David Davidson, Member

Following completion of his B.Sc. in Psychology from the University of Toronto in 1986, David embarked on building a career in the field of marketing. A product management assignment at Rothmans, Benson and Hedges Inc., was followed by a move in 1989 to the financial services industry, initiating a six-year tenure at American Express. Here he had the opportunity to develop and implement marketing strategies for Corporate, Consumer Card and Merchant Services businesses. In 1992, David completed his MBA at the University of Toronto.

An enthusiasm for pioneering initiatives brought David to Lombard Canada, as Director of Marketing. David applied proven direct marketing disciplines and business management skills to create and launch the industry's first direct sales channel for auto insurance – Zenith Insurance. In 1999, David left Lombard to establish his own marketing and risk management consulting practice. In 2008, David merged his practice with Boire Filler Group (BFG), which was purchased by Environics Analytics in 2016. After the sale of BFG, David started his 2nd career with "Leave It To Me" – a personalized home management and maintenance service for a select group of homeowners in the GTA.

Tony Sevsek, Member

Tony's career includes 17 years as Managing Director at BMO Capital Markets where he played an instrumental role in building BMO Capital's fixed income trading, distribution, and research capabilities across Canada, U.S. and Europe. In 2011 Tony moved on to become Managing Director and Head FICC Sales for Bank of America Merrill Lynch Canada, where he played a leadership role and was part of the firm's operating committee.

An increased interest in alternative investments and entrepreneurship led Tony to Head of Sales for Dundee Global Investment Management and fintech startup Overbond. He also founded his own advisory firm, TRIACS Capital Advisors to provide business development services to asset and investment fund managers; and strategy and financial advisory services to early-stage organizations in fintech, and other disruptive technologies.

Tony holds a MBA in finance from the Rotman School of Management and a Bachelor of Science degree in Chemistry/Physics from the University of Toronto.

Each member of the IRC receives an annual retainer plus a fixed fee and expenses for each meeting of the IRC that the member attends. The costs of the IRC are allocated to the Fund. The composition of the IRC may change from time to time. The Manager has established written policies and procedures to follow in making decisions involving actual or perceived conflicts of interest and refers such matters to the IRC for their review and recommendation or approval.

The IRC has adopted a written charter that sets out the IRC's mandate, responsibilities and functions and the policies it will follow when performing its functions. Generally, the IRC is responsible for considering, and in some cases approving certain actions, policies and procedures in respect of conflicts of interest that we refer to the IRC. The IRC will also provide reports to the Funds and to holders of Units in respect of the IRC's functions. It is expected that members of the IRC will be paid \$14,000 in 2019.

Policies and Procedures on Short-Term Trading

We have policies and procedures to detect and deter short-term or excessive trading of securities of the Fund. We monitor trades and if, in our sole discretion, we determine that you are engaging in short-term trading, in addition to taking other available remedies, we may reject your purchase or may charge a short-term trading fee to be paid directly to the Fund out of the redemption proceeds, reducing the amount otherwise payable to you on the redemption. We have the option to waive this fee at any time. If further short-term trading occurs, any further transactions, other than redemptions, may be refused.

The restrictions imposed on short-term trading, including the short-term trading fees, will generally not apply in connection with redemptions (i) initiated by us, (ii) under special circumstances, as determined by us in our sole discretion, or (iii) made under the Systematic Withdrawal Program or the 10% free redemption program.

Despite these restrictions and our procedures to detect and deter short-term trading, we cannot ensure that such trading will be completely eliminated.

FEES AND EXPENSES

The Manager provides all facilities necessary to conduct the Fund's business and except as indicated below, pays all expenses associated with the management and administration of the Fund. In return for providing these services, the Fund pays the Manager a management fee, which is calculated and accrued daily, and paid on a regular periodic basis, not less frequently than monthly, based on an annual percentage of the average net assets per Class of the Fund, excluding the value of any assets which are Units of any other Fund managed by the Manager. The percentages vary depending on the Fund and are set out in the Simplified Prospectus of the Fund. The Manager may voluntarily waive, absorb or pay a portion of fees and expenses attributable to the Fund, at its discretion. Such fees and expenses may also be abated from time to time, at the Manager's discretion.

Expenses of the Fund

Unless otherwise specified in the Fund's Simplified Prospectus, the Fund also pays all of its operating expenses, such as:

- (a) the costs of legal, audit, custodial and banking fees and expenses, costs of portfolio valuation, Unitholder registration and accounting services, reporting and making distributions and paying dividends to Unitholders and communications with Unitholders that are mandatory requirements of law or of the Canadian securities regulatory authorities, including fees and expenses related to the Prospectus of the Fund as well as GST or HST and any provincial sales taxes on such costs;
- (b) brokerage fees and commissions and other expenses of portfolio transactions;
- (c) any other taxes directly attributable to the Fund;
- (d) interest charges should the Fund be required to borrow temporarily to provide funds for payment of redemptions; and
- (e) fees and expenses payable in connection with the IRC, including compensation paid to members of the IRC, insurance premiums for coverage required by the IRC, travel costs of IRC members in attending meetings of the IRC, and costs of outside advisers retained by the IRC (if any).

In the event the Fund invests in or redeems Units of another Fund, there is no fee or other charge to either Fund in connection with the investment or redemption transaction, nor will the Manager charge a management fee to the investing Fund with respect to assets invested by the investing Fund in another Fund. No such investment will be made if the effective rate of management fees charged by the Manager to the investing Fund, including the portion of the fees charged by the Manager to the other Fund relating to the assets invested by the investing Fund in the other Fund, would exceed the maximum management fee rate applicable to the investing Fund when calculated taking into account its average net assets.

The Fund is generally required to pay GST or HST of up to 15%, depending on the residence of the Fund's securityholders, on management fees and administration fees charged to the Fund. Generally, GST or HST paid or payable by the Fund will not be recoverable and will accordingly increase its operating expenses.

Management Fee Rebates

We may reduce the management fee rate that we charge with respect to any particular securityholder's Fund securities (a "management fee rebate").

How we will implement the management fee rebate depends on the nature of the Fund:

- We will make a payment equal to the amount of the rebate to the Fund. The Fund will then make a special distribution to the investor, by issuing Fund securities, from the series in respect of which we authorized the rebate, equal in value to the amount of the rebate payment. The special distributions paid by the Fund will be paid first out of the Fund's income and capital gains and then, if necessary, out of capital.

- All fee rebates are calculated and paid quarterly on the last valuation day of each quarter.
- All securities issued under a fee rebate program will be subject to the same Redemption Fee schedule as the original securities.

The level of reduction is typically negotiable between the securityholder and the Manager and usually will be based on the size of the securityholder's account and the extent of Fund services required by the securityholder. Reductions will not necessarily be based upon purchases over a specified period of time or on the value of a securityholder's account at a particular point in time.

You should discuss management fee rebates with your tax advisor so that you are fully aware of the tax implications for your particular situation. Fee rebates are paid at our discretion and our fee rebate program may be revised or cancelled at any time.

INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations applicable to an investor who is an individual (other than a trust) and who, for the purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"), is resident in Canada, holds Units of the Fund as capital property, deals with the Fund at arm's length and is not affiliated with the Fund (a "**Unitholder**"). Generally, Units will be capital property unless the investor is considered to be trading or dealing in securities or has acquired the Units in a transaction considered to be an adventure or concern in the nature of trade. This summary does not apply to a Unitholder that has entered into a "derivative forward agreement" (as defined in the Tax Act) in respect of Units.

This summary is based on the current provisions of the Tax Act, the regulations thereunder, all specific proposals to amend the Tax Act or such regulations that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and an understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"). No assurance can be given that the Tax Proposals will be enacted or otherwise implemented in their current form, if at all. If the Tax Proposals are not enacted or otherwise implemented as presently proposed, the Canadian federal income tax consequences may not be as described below in all cases. Modification or amendment of the Tax Act or the regulations thereunder or of the Tax Proposals could significantly alter the tax status of the Fund or the income tax consequences of investing in Units. This summary does not consider the laws of any province or territory of Canada or any foreign jurisdiction and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Accordingly, investors are advised to consult their own tax advisors about their particular tax situations.

Reference is made below to trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), deferred profit-sharing plans ("**DPSPs**"), registered disability savings plans ("**RDSPs**"), registered education savings plans ("**RESPs**") and tax-free savings accounts ("**TFSAs**") (collectively, "**Registered Plans**").

Status of the Fund

Based on information provided by the Manager this summary is based on the assumption that: (i) the Fund currently qualifies, and will at all material times continue to qualify, as a “unit trust” as such term is defined in the Tax Act, and (ii) the Fund is registered, and will at all material times continue to be registered, as a “registered investment” as defined in the Tax Act. This summary is also based on the assumption that: (i) the Fund will not qualify as a “mutual fund trust” as such term is defined in the Tax Act, and (ii) the Fund will at no time be a “SIFT trust” as such term is defined in the Tax Act.

Taxation of the Fund

The Fund will not be liable under Part I of the Tax Act in respect of its income and net realized capital gains for a taxation year to the extent that it distributes such income and net realized capital gains to its Unitholders. Under the Declaration of Trust governing the Fund, the Fund is required to distribute a sufficient amount of its net income for tax purposes, including net realized capital gains of the Fund, to its Unitholders in respect of each taxation year to the extent necessary to reduce its income tax liability under Part I of the Tax Act to nil. This summary is based on the assumption that the Fund will make distributions in a sufficient amount so as to comply with this requirement. If the aggregate amount of all distributions in respect of the year exceeds the net income and net realized capital gains of the Fund, the excess will be considered to have been paid out of the capital of the Fund.

The Fund will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units. Such issue expenses will be deductible by the Fund rateably over a five-year period subject to reduction in any taxation year which is less than 365 days. The Fund will generally be entitled to deduct reasonable administrative expenses and interest payable by them on money borrowed to purchase securities.

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

If allowable capital losses of the Fund exceed taxable capital gains in any taxation year (see “*Taxation of Capital Gains/Losses*”, below), the excess may not be allocated to Unitholders but may be deducted by the Fund from taxable capital gains in future taxation years. If the Fund has a non-capital loss in any taxation year, the loss may not be allocated to Unitholders but may be deducted by the Fund from income and taxable capital gains in up to twenty future taxation years. In certain circumstances, a capital loss realized by the Fund may be suspended under the “suspended loss” rules in the Tax Act and may not be available to reduce the amount of net realized capital gains of the Fund payable to Unitholders.

If the Fund derives income or gains from investments in countries other than Canada, it may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the

Fund in computing its income for the purposes of the Tax Act. To the extent such foreign tax paid does not exceed 15% of such amount and has not been deducted in computing the Fund's income, the Fund may designate a portion of its foreign source income in respect of Unitholders so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Unitholders for the purposes of the foreign tax credit provisions of the Tax Act.

The Fund may in certain circumstances be subject to alternative minimum tax under Part I of the Tax Act for that year. To compute income subject to alternative minimum tax, various adjustments are made to the Fund's income, including adjustments with respect to the realized capital gains and dividends from taxable Canadian corporations.

If more than 50% of the fair market value of the Fund's Units are held by one or more financial institutions, the Fund will be a financial institution for the purposes of the mark-to-market rules in the Tax Act. In such circumstances, the computation of the Fund's income for a particular taxation year will differ in some respects from what has been described above.

By virtue of being registered as a "registered investment" under the Tax Act the Fund may, in some circumstances, be subject to tax under Part X.2 of the Tax Act if it makes an investment in property that is not a qualified investment for Registered Plans. Based on information provided by the Manager, the Fund does not intend to make any investment which would result in it becoming subject to tax under Part X.2 of the Tax Act.

The Fund may in certain circumstances be liable to pay a special tax under Part XII.2 of the Tax Act which, in general terms, is equal to 40% of the Fund's "designated income" for a particular taxation year unless the Fund did not have at any time during that taxation year, a "designated beneficiary". In general terms, "designated income" is defined in the Tax Act to mean certain types of income earned by the trust including taxable capital gains realized on a disposition of taxable Canadian property and income from businesses carried on in Canada. A "designated beneficiary" is defined in the Tax Act to include a non-resident person, a tax-exempt person which acquired its interest in the trust from another beneficiary of the trust (subject to certain exceptions) and certain trusts and partnerships. In any event, Unitholders who are not designated beneficiaries of a Fund will be eligible for a tax credit in respect of their proportionate amount of any such tax, and the Fund may be entitled to deduct such tax in calculating its income under Part I of the Tax Act.

Taxation of Unitholders

A Unitholder generally will be required to include in computing income for a taxation year the amount of the Fund's net income for the taxation year, including net taxable capital gains, that is paid or payable to a Unitholder in the taxation year (whether or not these amounts are reinvested in Units of the Fund). Provided that appropriate designations are made by the Fund, such portion of the net taxable capital gains of the Fund paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act.

The non-taxable portion of the Fund's net realized capital gains that is paid or payable to a Unitholder will not be included in the Unitholder's income and will not reduce the adjusted cost base of the Unitholder's Units. Any other amounts distributed to Unitholders that exceed the net income and net capital gains of the Fund for tax purposes for that year will generally be treated as a return of capital and will not be included in the income of the Unitholders, but rather will reduce the adjusted cost base of the Units held by the Unitholder. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to

be a capital gain realized by the Unitholder in the year, and the adjusted cost base of such Unit will be increased by the amount of such deemed capital gain.

To the extent amounts distributed to Unitholders may reasonably be considered to consist of dividends (including eligible dividends) received by the Fund on shares of taxable Canadian corporations and are designated as such by the Fund, such designated amounts will retain their character in the hands of Unitholders as taxable dividends from taxable Canadian corporations (including eligible dividends). Such taxable dividends received by Unitholders who are individuals will generally be subject to the gross-up and dividend tax credit provisions of the Tax Act that apply to dividends received by individuals from taxable Canadian corporations. An enhanced dividend gross-up and tax credit is available for eligible dividends. Unitholders will be informed each year of the amounts distributed to them as eligible dividends.

Under the Declaration of Trust, the Fund is required to make the appropriate designations in its tax return so that distributions of taxable capital gains, dividends from taxable Canadian corporations and foreign source income will generally retain their character and be taxed in the hands of Unitholders as such.

Redemption of Units

Upon a redemption of Units by a Unitholder, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition exceed (or are exceeded by) the aggregate of the adjusted cost base to the Unitholder of the Units and any costs of disposition.

Reclassification of Units

In general, the reclassification of Units of a class of the Fund into Units of another class of the Fund will not be considered a disposition for income tax purposes and, as a result, a Unitholder will generally not realize a capital gain or capital loss as a result of the reclassification of his or her Units.

Adjusted Cost Base of Units

In general, the adjusted cost base of a Unit of the Fund at a particular time is determined by dividing: (A) the total of: (i) the amount the Unitholder paid for the Units; *plus* (ii) any reinvested distributions (including those in respect of management fee rebates); *minus* (iii) any distributions that were a return of capital; and *minus* (iv) the adjusted cost base of redeemed Units, by (B) the number of Units of the Fund owned by the Unitholder at the particular time. The cost to a Unitholder of the Units received on the reinvestment of distributions will generally be equal to the amount reinvested. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed gain.

Tax Implications of the Fund's Distribution Policy

The net asset value at which Units of the Fund may have been acquired by a Unitholder will reflect any accrued but unrealized gains in respect of the assets of the Fund, realized but undistributed capital gains, and any income that has been earned by the Fund but not yet realized or distributed at the time the Units were acquired. When gains and income are distributed to the Unitholder, these amounts will be included in the computation of the Unitholder's income as described above even though the Fund earned those amounts before the Units were

acquired by the Unitholder. Because distributions generally will be made at the end of each year, this may have a greater effect on investors who purchase Units later in any year. If these distributions are reinvested in additional Units of the Fund, the amount of such distributions will be added to the Unitholder's adjusted cost base of the Units.

Taxation of Capital Gains/Losses

One-half of any capital gain will be a taxable capital gain which is included in computing income. One-half of any capital loss will be an allowable capital loss which may normally be deducted against taxable capital gains realized in that year. To the extent a Unitholder has any allowable capital losses which cannot be deducted from taxable capital gains realized in the year, the excess constitutes a net capital loss which may generally be deducted in computing taxable income for the three preceding or all future years from taxable capital gains in those years to the extent and in the circumstances prescribed in the Tax Act.

In certain situations, where a Unitholder disposes of Units and would otherwise realize a capital loss, the loss will be denied. This may occur if the Unitholder or a person affiliated with the Unitholder (including the Unitholder's spouse or common-law partner or a corporation controlled by the Unitholder) has acquired Units of the Fund within 30 days before or after the original Unitholder disposed of the Units, which are considered to be "substituted property". In these circumstances, the capital loss may be deemed to be a "superficial loss" and denied. The amount of the denied capital loss will be added to the adjusted cost base to the owner of the Units which are substituted property.

Alternative Minimum Tax

Individuals and certain trusts and estates may be subject to alternative minimum tax under the Tax Act. In general, distributions designated as taxable dividends and net realized capital gains paid or payable to the Unitholder by the Fund or realized on a disposition of Units may increase the Unitholder's liability for such tax.

Tax Information

Each year, the Manager will provide each Unitholder with the necessary information, including the amount and type of income distributed, the amount of capital that is being returned, if any, and the amount of any dividend tax credit available to such Unitholder, to enable him or her to complete his or her income tax return in respect of the previous year.

Taxation of Registered Plans

Provided that the Fund continues to be registered as a "registered investment" for the purposes of the Tax Act, Units of the Fund will be qualified investments for Registered Plans. Notwithstanding that Units of the Fund are qualified investments for Registered Plans, a Unitholder will be subject to a penalty tax if the Units held in a TFSA, RRSP, RRIF, RDSP or RESP, are a "prohibited investment" under the Tax Act. A Unit of the Funds will generally not be a "prohibited investment" provided that the holder of the TFSA or RDSP, or the annuitant of the RRSP or RRIF, or the subscriber of the RESP, as the case may be, (i) deals at arm's-length with the Fund, and (ii) does not have a "significant interest" (within the meaning of the Tax Act) in the Fund. In addition, a Unit of the Fund will generally not be a "prohibited investment" if Units are "excluded property", as defined in subsection 207.01(1) of the Tax Act, for a trust governed by a TFSA, RRSP, RRIF, RDSP or RESP. Investors

should consult their own tax advisors with respect to whether a Unit of the Fund would be a prohibited investment in their particular circumstances.

Investors are responsible for determining the income tax consequences to them of acquiring Units of a Fund through a Registered Plan and neither the Fund nor the Manager assumes any liability to such persons as a result of making the Units of the Fund available for investment.

If an investor chooses to purchase Units of the Fund through a Registered Plan, the investor should consult his or her own professional advisor regarding the tax treatment of contributions to, withdrawals from and acquisitions of property by such Registered Plan.

Exchange of Tax Information

There are due diligence and reporting obligations in the Tax Act which were enacted to implement the *Canada-United States Enhanced Tax Information Exchange Agreement* (the “IGA”). By reference to the IGA, as long as Units of the Fund are registered in the name of a dealer, the Unit should not be a United States “reportable account” and, as a result, the Fund itself would not be subject to these rules. Instead, the dealer through which such holder holds his or her Units would be required to report certain information with respect to the financial accounts that it maintains for its clients. Alternatively, however, if Units are not registered in the name of a dealer, it would be the Fund itself that would generally be subject to these rules, requiring it to identify United States persons holding Units as well as “controlling persons” of a Unitholder who are United States persons. If you are a United States person (including, for example, a United States citizen or green card holder who is resident in Canada), or, if you do not provide requested information to your dealer and/or to the Fund, as applicable, Part XVIII of the Tax Act will generally require information about your investment in the Fund, including certain personal identifying details as specified in the IGA, to be reported to the CRA, unless the investment is held in a Registered Plan (as defined in “*Income Tax Considerations For Investors*”). The CRA will automatically provide this information to the United States Internal Revenue Service.

In addition, Canada has signed the Organization for Economic Co-operation and Development (the “OECD”) Multilateral Competent Authority Agreement and Common Reporting Standard (“CRS”). The CRS is a global model for the automatic exchange of information on certain financial account information applicable to residents of jurisdictions other than Canada or the United States. Under Canadian tax legislation, either the Fund (if Units are not registered in the name of a dealer) or the dealer through which such a holder holds its Units (if Units are registered in the name of a dealer) is required, under Part XIX of the Tax Act, to have procedures in place to identify Units held by residents of foreign countries (other than the United States) and/or by certain entities the “controlling persons” of which are resident in such foreign countries and to report certain financial information (eg. account balances) to the CRA. Such information is exchanged on a reciprocal bilateral basis with the foreign jurisdictions in which the holders of the Units, or such controlling persons, as the case may be, are resident, unless the investment is held in a Registered Plan (as defined in “*Income Tax Considerations For Investors*”).

MATERIAL CONTRACTS

The material contracts entered into by or on behalf of the Fund are: (a) the Declarations of Trust, referred to above in “Name, Formation and History of the Lorica Funds”, as amended; and (b) the Custodial Agreement made with the custodian of the Fund’s assets referred to above in “Responsibility for Fund Operations – Custodian”. These contracts may be inspected during normal business hours at the office of the Manager in Toronto at 130 Spadina Avenue, Suite 801, Toronto, Ontario M5V 2L4.

**CERTIFICATE OF THE FUND
AND OF LORICA INVESTMENT COUNSEL INC. AS MANAGER, TRUSTEE AND
PROMOTER OF**

Lorica Canadian Fixed Income Fund

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

DATED July 16, 2019

“Gary Morris” (Signed)

Gary M. Morris
President and acting in the capacity of Chief
Executive Officer
Lorica Investment Counsel Inc.

“Thomas Gomes” (Signed)

Thomas Gomes
Portfolio Manager and acting in the capacity
of Chief Financial Officer
Lorica Investment Counsel Inc.

On behalf of the Board of Directors
of LORICA INVESTMENT COUNSEL INC.
as Trustee, Manager and Promoter of the Fund

“Gary Morris” (Signed)

Gary M. Morris
Director

“Thomas Gomes” (Signed)

Thomas Gomes
Director

“ *Karen E. Laredo*” (Signed)

Karen E. Laredo
Director



Lorica Funds

Lorica Canadian Fixed Income Fund

LORICA INVESTMENT COUNSEL INC.

130 Spadina Avenue, Suite 801

Toronto Ontario

M5V 2L4

Tel: 647-776-8111

Website: www.loricaic.com Email: info@loricaic.com

Additional information about the Fund is available in the Fund's management reports of fund performance and financial statements. You can get a copy of these documents at your request, and at no cost, by calling 647-776-8110, or by e-mail at info@loricaic.com, or from your dealer.

These documents and other information about the Fund, such as information circulars and material contracts, are also available on our website at www.loricaic.com or at www.sedar.com. Some of this information is available in English only.