

**WEBB FUNDS**  
**ANNUAL INFORMATION FORM**  
**DATED AUGUST 16, 2011**

*Offering Series A, F and I Units of*

**WEBB ENHANCED GROWTH FUND**  
**WEBB ENHANCED INCOME FUND**

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

The funds and the securities of the funds offered under this document are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

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## THE FUNDS

The Webb Enhanced Growth Fund (“**Growth Fund**”) and the Webb Enhanced Income Fund (“**Income Fund**”, collectively, the “Funds” and each a “**Fund**”) are open-ended mutual fund trusts established under the laws of Ontario pursuant to a declaration of trust dated January 11, 2008 (the “**Declaration of Trust**”). Pursuant to the Declaration of Trust, Webb Asset Management Canada, Inc. acts as the manager, promoter and trustee of the Funds (“our”, “we”, in our capacity as manager, the “**Manager**” and in our capacity as trustee, the “**Trustee**”). NBCN Inc. acts as custodian (“**Custodian**”) for the Funds. Prior to October 19, 2009, the Manager acted as portfolio advisor of the Funds. Effective October 19, 2009, JovInvestment Management Inc. (“**JovInvestment**”) was appointed by the Manager to act as the portfolio advisor and administrator of the Funds. The head office and principal place of business of the Funds and the Manager of the Funds are located at:

26 Wellington Street East  
Suite 920  
Toronto, Ontario M5E 1S2

A review of the Manager’s and the Funds’ compliance policies and procedures by the Ontario Securities Commission (the “**OSC**”) was conducted in 2009. Due to the ongoing review, the Funds did not seek a renewal of their simplified prospectus and annual information form, which lapsed on January 30, 2009. The issuance of new units of the Funds was thereafter temporarily suspended and was resumed with the filing of the Funds’ simplified prospectuses and annual information forms. As a result of the OSC’s compliance review and the terms and conditions imposed on the registration of the Manager as a dealer and adviser, the Manager has prepared and implemented a plan to enhance its compliance structure which is described in the “Fund Governance” section.

## INVESTMENT RESTRICTIONS AND PRACTICES

### General

The Funds are managed in accordance with the standard investment restrictions and practices contained in the securities legislation, including National Instrument 81-102 (“**NI 81-102**”) of the Canadian Securities Administrators (the “**CSA**”) other than as noted below. These restrictions and practices have been designed by the CSA to ensure that the investments of mutual funds are diversified and relatively liquid and to ensure the proper administration of mutual funds. NI 81-102 prescribes that unitholder approval must be obtained before any change can be made to the fundamental investment objectives of the Funds.

The Funds are qualified investments for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts under the *Income Tax Act* (Canada) (collectively “**Registered Plans**”). See “Income Tax Considerations for Investors – Taxation of Unitholders – Units of a Fund Held in a Registered Plan” on page 21.

The Funds have received permission from the CSA to engage in short selling. A short sale involves borrowing securities from a lender which are then sold in the open market. At a future date, the securities are repurchased by the Fund and returned to the lender. While the securities are borrowed, the proceeds from the sale are deposited with the lender and the Fund pays interest to the lender. If the value of the securities declines between the time that the Fund borrows the securities and the time it repurchases and returns the securities to the lender, the Fund will make a profit on the difference (less any interest the Fund is required to pay the lender). The Funds will engage in short selling only within certain controls and limitations. Securities will be sold short only for cash and the Funds will receive the cash proceeds within normal trading settlement periods for the market in which the short sale is made. All short sales will be through market facilities through which those securities are normally bought and sold. Securities sold short by the Funds will be liquid securities that are either listed and posted for trading on a stock exchange on which the Manager has pre-arranged to borrow for the purpose of such sale, or is a bond, debenture or other evidence of indebtedness of or guaranteed by the Government of Canada or any province or territory of Canada or the Government of the United States of America. At the time securities of a particular issuer are sold short, the aggregate market value of all securities of that issuer sold short by a Fund will not exceed 5% of the total net assets of the Fund. The aggregate market value of all securities sold short by a Fund will not exceed 20% of the net assets of the Fund on a daily marked-to-market basis and the combined aggregate market value of all securities sold short by the Webb Enhanced Income Fund, directly, and by the Underlying Portfolio (described below) will not exceed 20% of the net assets of the Fund on a daily marked-to-market basis. The Fund will place a “stop-loss” order with a dealer to immediately purchase for the Fund an equal number of the same securities if the trading price of the securities exceeds 120% (or such lesser percentage as the Manager may determine) of the price at which the securities were sold short. The Fund will deposit that Fund’s assets with the borrowing agent (either the Fund’s custodian or a dealer) as security in connection with the short sale transaction. The Funds will keep proper books and records of all short sales and Fund assets deposited with borrowing agents as security. The Funds will hold “cash cover” (as defined in NI 81-102) in an amount, including the Fund assets deposited with borrowing agents as security in connection with short sale transactions, that is at least 150% of the aggregate market value of all securities sold short by a Fund on a daily marked-to-market basis. No proceeds from short sales by a Fund will be used by the Fund to purchase long positions in securities other than cash cover.

The Growth Fund has sought and relied on the approval of the independent review committee to complete an acquisition of all or substantially all of the securities and non-cash portfolio assets contained in the investment portfolio of the Webb Asset Management Canadian Performance Fund in exchange for newly issued Series A, Series F and Series I Units of the Fund on December 30, 2009. This acquisition led to an increase in the net asset value of the Fund. The investment objective, the investment strategies and the risk factors of the Fund did not change as a result of this transaction.

### **Webb Enhanced Income Fund**

In order to achieve its investment objectives, the Income Fund invests primarily in equity securities of Canadian issuers (the “**Canadian Equity Portfolio**”). The Fund will also enter into one or more forward agreements to obtain exposure to an underlying portfolio (the “**Underlying**

**Portfolio**”), which includes dividend-paying common and preferred shares, bonds, debentures, income trusts, equity-related securities and convertible securities issued by issuers anywhere in the world together with the earnings thereon. Under the forward agreements, the counterparties will agree to purchase all or part of the Canadian Equity Portfolio at a purchase price determined by reference to the value of the Underlying Portfolio. The Fund intends to enter into forward agreements in respect of 100% of the Canadian Equity Portfolio, and the Underlying Portfolio may be 100% comprised of securities of non-Canadian issuers. The Fund will partially settle the forward agreements from time to time in order to fund monthly distributions as well as redemptions of its units and payment of expenses of the Fund.

Initially, the Fund will achieve exposure to the Underlying Portfolio by entering into a single forward agreement with a Canadian chartered bank (the “**Bank Counterparty**”). The Manager will be retained to manage the Underlying Portfolio. The Manager will manage the Underlying Portfolio in compliance with the investment restrictions and investment practices contained in securities legislation, including NI 81-102 and, to the extent the Underlying Portfolio engages in short selling activity, in compliance with relief granted by the CSA permitting the Funds to engage in short selling. In addition, the Underlying Portfolio will be managed to ensure that the Bank Counterparty is not in violation of any investment restrictions contained in the *Bank Act* (Canada).

## **DESCRIPTION OF UNITS**

### **General**

Each Fund is permitted to issue an unlimited number of series of units and may issue an unlimited number of units in each series. The Funds currently have three series of units:

- Series A units: available to all investors through a financial advisor.
- Series F units: generally available only to investors who participate in fee-based programs through their dealer and whose dealer has signed a Series F agreement with us. However, we may also permit investments in Series F units by investors for whom we do not incur distribution costs, or individual investors approved by us.
- Series I units: generally available only to certain investors who make large investments in a Fund, at the discretion of the Manager.

Although the money you pay to purchase units of any series is tracked on a series by series basis in the Funds’ administrative records, the assets of all series of each Fund are combined into a single pool to create one portfolio for investment purposes. Please refer to the Funds’ simplified prospectus for further information pertaining to Series A, F and I units of each Fund.

Units of a series of a Fund represent your ownership in the Fund. You receive distributions of a Fund’s net income and net capital gains attributable to your units based on their relative net asset value per unit for each series in the Fund. Upon the wind-up or termination of a Fund, unitholders of the Fund will be entitled to participate pro rata in the Fund’s net assets allocated to

the applicable series. If you hold units in a Fund, you will be entitled to vote at the unitholder meetings of the Fund as a whole as well as any unitholder meetings for the particular series of units that you own. Units are issued as fully paid and non assessable and are redeemable at their net asset value per unit. There are no pre-emptive rights attached to the units. The Funds may issue an unlimited number of units. Each unit regardless of the series will entitle the holder to one vote at all meetings of unitholders. The Funds may issue fractional units, which shall entitle the holder to similar proportionate participation in a Fund but will not entitle the holder to receive notice of, or vote at, meetings of unitholders of the Fund.

### **Meetings of unitholders**

Unitholders will be entitled to vote to approve all matters that require unitholder approval under NI 81-102. These matters include:

- a change in the manager of a Fund, unless the new manager is an affiliate of the Manager;
- any change in the fundamental investment objective of a Fund;
- any decrease in the frequency of calculating the net asset value of a Fund;
- certain material reorganizations of a Fund;
- a change in the basis of calculation of the fees or of other expenses that are charged to the Fund or such series of units of the Fund or directly to unitholders of a Fund that could result in an increase in charges to the Fund, such series or unitholders of the Fund, except where:
  - (i) the Fund is at arm's length with the person or company charging the fee; and
  - (ii) the unitholders have received at least 60 days' notice before the effective date of the change;
- the introduction of a fee or expense, to be charged to the Fund or directly to its unitholders by the Fund or the Manager in connection with the holding of units of the Fund that could result in an increase in charges to the Fund or its unitholders except where:
  - (i) the Fund is at arm's length with the person or company charging the fee; and
  - (ii) the unitholders have received at least 60 days' notice before the effective date of the change; and
- any other matter which requires the approval of unitholders pursuant to the Declaration of Trust or applicable laws.

### **VALUATION OF PORTFOLIO SECURITIES**

In determining the net asset value per unit for each series of units of each Fund, the following

rules apply:

- (a) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received (or to be received and declared to shareholders of record on a date before the date as of which the net asset value of the Fund is being determined), and interest accrued and not yet received, shall be deemed to be the full amount thereof unless the Trustee shall have determined that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend received or interest is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Trustee shall determine to be the reasonable value thereof;
- (b) the value of any security which is listed or dealt in upon a stock exchange shall be determined by (1) in the case of a security which was traded on the day as of which the net asset value of the Fund is being determined, the closing sale price; (2) in the case of a security which was not traded on the day as of which the net asset value of the Fund is being determined, a price which is the average of the closing recorded bid and ask prices; or (3) if no bid or ask quotation is available, the price last determined for such security for the purpose of calculating the net asset value of the Fund. The value of inter-listed securities shall be computed in accordance with directions laid down from time to time by the Trustee; and provided however that if, in the opinion of the Trustee, stock exchange or over-the-counter quotations do not properly reflect the prices which would be received by the Fund upon the disposal of shares or securities necessary to effect any redemptions of units, the Trustee may place such value upon such shares or securities as appears to the Trustee to most closely reflect the fair value of such shares or securities;
- (c) the value of any security, the resale of which is restricted or limited by reason of a representation, undertaking, or agreement by the Fund shall be restricted to the lesser of: (1) the value based on reported quotations of that restricted security in common use; and (2) that percentage of the market value of securities of the same class, or series of a class of which the restricted security forms part that are not restricted securities, equal to the percentage that the Fund's acquisition cost was of the market value of the securities at the time of acquisition, but taking into account, if appropriate, the amount of time remaining until the restricted securities will cease to be restricted securities;
- (d) a long position in an option or a debt-like security shall be valued at the current market value of the position;
- (e) for options written by the Fund: (1) the premium received by the Fund for those options shall be reflected as a deferred credit and the option shall be valued at an amount equal to the current market value of the option that would have the effect of closing the position; (2) any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; (3) the deferred credit shall be deducted in calculating the net asset value per security of the mutual fund; and (4) any securities that are the subject of a written option shall be valued at their current market value;

- (f) the value of a forward contract or swap shall be the gain or loss on the contract that would be realized if, on the date that valuation is made, the position in the forward contract or swap were to be closed out;
- (g) the value of any security or other property for which no price quotations are available or in the opinion of the Trustee, to which the above valuation principles cannot or should not be applied, shall be the fair value thereof determined from time to time in such manner as the Trustee shall from time to time provide;
- (h) the value of all assets and liabilities of the Fund valued in terms of a currency other than the currency used to calculate the Fund's net asset value shall be converted to the currency used to calculate the Fund's net asset value by applying the rate of exchange obtained from the best available sources to the Trustee;
- (i) the value of standardized futures shall be: (1) if daily limits imposed by the futures exchange through which the standardized future was issued are not in effect, the gain or loss on the standardized future that would be realized if, on the date that valuation is made, the position in the standardized future were to be closed out; or (2) if daily limits imposed by the futures exchange through which the standardized future was issued are in effect, based on the current market value of the underlying interest of the standardized future; and
- (j) margin paid or deposited on standardized futures or forward contracts shall be reflected as an account receivable, and if not in the form of cash, shall be noted as held for margin.

The liabilities of each Fund shall be deemed to include:

- (a) all bills and accounts payable;
- (b) all administrative expenses payable and/or accrued;
- (c) all obligations for the payment of money or property, including the amount of any declared but unpaid distributions;
- (d) all allowances authorized or approved by the Trustee for taxes or contingencies; and
- (e) all other liabilities of the Fund of whatever kind and nature, except liabilities represented by outstanding units.

For the purposes of determining the value of gold and other precious metals, the Trustee relies solely on weights provided to the Trustee by the Manager or another third party. The Trustee is not required to make any investigation or inquiry as to the accuracy or validity of the weights.

Portfolio transactions (investment purchases and sales) will be reflected in the first computation of the net asset value per unit made after the date on which the transaction becomes binding.

The Manager may declare a suspension of the calculation of the net asset value per unit for each series of a Fund in the circumstances described under the heading "Redemption of Units" on



page 8. There will be no calculation of net asset value per unit for each series during any suspension period and a Fund will not be permitted to issue further units or redeem any units during such period.

## **CALCULATION OF UNIT PRICE**

We calculate a separate unit price (often referred to as “**net asset value per unit**” or “**unit value**”) for each series of units of a Fund by taking the series’ proportionate share of the value (as determined by the rules described under the heading “**Valuation of Portfolio Securities**”) of each Fund’s common assets less common liabilities and deducting from this amount all liabilities that relate solely to a specific series. The unit price per series unit is derived by dividing the net asset value of the series by the total number of outstanding units in that series. Unit price is determined on each day that the Toronto Stock Exchange is open for trading (each, a “**Valuation Day**”) after the close of trading. The unit price will fluctuate with the value of the Fund’s investments.

The price used for purchases, switches, conversions and redemptions of units will be the net asset value per unit next determined after we receive the purchase, switch, conversion or redemption order. If the CIBC Mellon Global Securities Services Company, the Funds’ registrar, receives your order prior to 4:00 p.m. (Toronto time) on any Valuation Day, we will process your order based on the net asset value per unit for that Valuation Day. Otherwise, we will process your order at the net asset value per unit on the next Valuation Day.

Currently, each of the Funds is valued and may be bought in Canadian dollars only.

## **PURCHASE OF UNITS**

The Funds offer Series A, F and I units. Units of the Funds may be purchased in each province and territory of Canada. You may purchase or redeem units of the Funds directly through your registered dealer. The procedures to be followed by investors who desire to purchase units of the Funds are described in the Funds’ simplified prospectus.

For Series A and Series F units, your initial investment in a Fund must be at least \$2,000. Any subsequent purchase (other than under a pre authorized payment plan, as described below) must be of at least \$1,000. These amounts may be changed by Webb without giving any prior notice. For Series I units, your initial investment is negotiated directly with you, your dealer and us.

The issue price of units is based on the net asset value of a unit of that series, next determined after the receipt by the Funds of the purchase order.

Payment for units must be received within three business days of your order or we will redeem your units on the next Valuation Day. In addition, if your cheque is returned, we will redeem your units on the next Valuation Day. In either such case, if the proceeds of redemption are greater than the payment you owe, the Fund is required by securities regulation to keep the difference. If the proceeds are less than the payment you owe, your dealer must pay the difference (and your dealer may seek to collect this amount plus expenses from you).

We may accept or reject your order to buy within one business day of receiving it. If we accept your order, we will send you a confirmation within seven days, which is your proof of the transaction. If you sign up for a pre-authorized payment plan (as described below under “**Optional Services**”), you will only receive confirmation of the first transaction made under the plan. If we reject your order, we will return any money we have received immediately, without interest.

We do not issue a certificate when you purchase units of a Fund, but you will receive a confirmation of the transaction. A record of the number of units you own and their value appears on your account statement.

## **REDEMPTION OF UNITS**

Redemption orders in respect of a Fund will be implemented based on the unit value for that Fund determined as of the close of business on the day on which an order is deemed received. Payment for any units redeemed (including by reason of a mandatory redemption as described below or upon termination of a Fund), less all taxes required to be withheld and any applicable short-term trading fees (2% where units are redeemed within 90 days of purchase) will be made within three business days of the determination of the redemption price. Unless you request otherwise, the cheque representing the redemption proceeds will be mailed to your address on the register of the Fund. If you request, we will EFT (electronic funds transfer) the redemption proceeds to a designated bank account. You may redeem your units in a Fund on demand by providing written notice to your financial advisor. Your dealer is required to forward your redemption order to our offices on the same day the dealer receives it from you. Your written redemption order must have your signature guaranteed by a bank, trust company or dealer for your protection. The redemption price of the units is based on the net asset value of a security of that series of units, next determined after the receipt by the Fund of the redemption order.

If we do not receive all of the documentation we need from you to complete your redemption order within ten business days, we must repurchase your units. If the sale proceeds are greater than the repurchase amount, the applicable Fund is required by securities regulation to keep the difference. If the sale proceeds are less than the repurchase amount, your dealer will be required to pay the Fund the difference (and your dealer may seek to collect this amount plus expenses from you).

If the aggregate unit price of the units of a Fund in your account declines below \$2,000, we may cause the redemption of all units of the Fund you hold after 15 days’ written notice, provided that you may, within the notice period, increase your investment in units of the Fund to a level which meets the minimum requirement.

### ***Suspension of Redemptions***

Under exceptional circumstances, we may be unable to process your redemption orders. This would most likely occur if trading were suspended on stock or futures exchanges to which a Fund has significant exposure. Payment of the redemption price of units of the Fund that are subject to a redemption order may be postponed.

A Fund may suspend the calculation of unit value and the redemption of its units in the following cases: (a) for any period when normal trading is suspended on any stock exchange, options exchange or futures exchange on which securities are listed and traded, or on which permitted derivatives are traded, which represent more than 50% in value or underlying market exposure of the total assets of the Fund, without allowance for liabilities (provided that such securities or derivatives are not traded on any other exchange that represents a reasonably practical alternative for the Fund); or (b) if the OSC authorizes such suspension. If the right of redemption is suspended, a unitholder may either withdraw his or her redemption request or receive payment based on the unit value next determined after the end of the suspension. A Fund will not be permitted to issue units during any period when the right to redeem units is suspended.

We do not charge you to switch or redeem units of a Fund. However, frequent trading in and out of a Fund can harm Fund performance since the affected Fund must keep a higher level of cash equivalents in its portfolio in order to fund more redemptions than would otherwise be required and transaction costs may be incurred by the Fund. As a result, we may charge you a short-term trading fee of 2% if you redeem units of a Fund within 90 days of your purchase. This amount will be retained by the Fund you are redeeming and not by the Manager or your dealer.

### ***Switches***

You can redeem units of one Fund to buy units of the same series of the other Fund as long as you meet the minimum initial investment and minimum account balance requirements. This is called a switch. Your dealer may charge you a switching fee. We may charge you a short-term trading fee of 2% if your units are switched within 90 days of your original purchase (this amount will be retained by the original Fund, and not by the Manager or your dealer). When we receive your order to switch, we will sell your units in the original Fund and use the proceeds to buy units of the same series of the new Fund. Switching will generally result in a capital gain or loss for tax purposes for a unitholder other than in a Registered Plan.

### ***Conversions***

You can convert from one series of units to another series of units of the same Fund as long as you meet the minimum initial investment and minimum account balance requirements. This is called a conversion. You can convert from one series of units to another series of units of the same Fund through your dealer. Your dealer may charge you a conversion fee. A conversion of units from one series to another series of the same Fund should not be a disposition for tax purposes and consequently should not result in a capital gain or loss to a converting unitholder.

## **RESPONSIBILITY FOR OPERATION OF THE FUNDS**

### **The Trustee and Manager**

Webb Asset Management Canada, Inc. is the trustee and manager of the Funds. The registered office is located at 26 Wellington Street East, Suite 920, Toronto, Ontario M5E 1S2. Further contact information of the Manager and Trustee is as follows:

Tel: 416-601-2449  
 Fax: 416-777-5181  
 E-mail: info@WAMFunds.com  
 Website: www.WAMFunds.com  
 Toll free number: 1-866-611-9590

Under the Declaration of Trust, the Manager is responsible for providing all management and administrative services required by each Fund, which includes the management of the investment portfolio, investment analysis, recommendations and decisions, the implementation of the portfolio purchase and sale transactions and arranging for the distribution of the Funds' units. Pursuant to the Declaration of Trust, the Manager may delegate any or all of its duties and responsibilities to one or more agents to assist it in the performance of such duties and responsibilities. The Trustee or any successor Trustee may resign as Trustee of a Fund by giving 90 days' prior written notice. The Manager may also resign as manager of a Fund on 90 days' prior written notice.

As Trustee the Manager holds title to the securities owned by the Funds on behalf of unitholders. The Manager has exclusive authority over the assets and affairs of the Funds with a fiduciary responsibility to act in the best interests of the unitholders.

The names, places of residence and present positions held by the directors and officers of the Manager are listed below.

<b>Name and Municipality of Residence</b>	<b>Position with the Manager</b>	<b>Principal Occupation during the last five years</b>
Derek Webb San Francisco, California	President, Chief Executive Officer and Director (since October 2009)	President and Chief Executive Officer, Portfolio Sub-Advisor (since 2005)
Sam Droulias (New York, New York)	Chief Financial Officer and Director (since 2011)	Managing Director, Capital Asset Group (December 2007 - May 2010); Senior Vice President Equity Research Sales (October 2002 - September 2007)
Neville Joanes (Toronto, Ontario)	Vice President (since February 2011)	Research Analyst, JovFunds (June 2006 – October 2008); Data Analyst, Deloitte & Touche LLP (February 2010 – May 2010); Analyst, TD Bank (September 2010 – February 2011); Vice President, Webb Asset Management (February 2011 to Present)

<b>Name and Municipality of Residence</b>	<b>Position with the Manager</b>	<b>Principal Occupation during the last five years</b>
Thomas Hastings (Tampa, Florida)	Director (since 2010)	Hastings Environmental (since February 1999)

***Portfolio Advisor***

Pursuant to an investment advisory agreement between the Manager and JovInvestment dated as of October 19, 2009 (the “**Investment Advisory Agreement**”), the Manager appointed JovInvestment to act as the Funds’ portfolio advisor. The Investment Advisory Agreement has an initial term of one year and can be terminated upon 90 days’ notice by either party thereafter. JovInvestment, an affiliate of MGI Securities Inc. (“**MGI**”), is a corporation incorporated under the laws of the Province of Ontario and its head offices are located 26 Wellington Street East, Suite 608, Toronto, Ontario M5E 1S2.

JovInvestment is required to execute its duties and obligations pursuant to the Investment Advisory Agreement honestly, in good faith and in the best interest of the Funds. JovInvestment must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (the “**PA Standard of Care**”) and is responsible for any losses that may arise as a result of its failure to meet the PA Standard of Care. JovInvestment has agreed to indemnify the Manager and the Funds from and against all losses, claims, costs, damages, liabilities that may be caused by or arising directly or indirectly from its failure to meet the PA Standard of Care. In addition, JovInvestment is to be indemnified out of the assets of the applicable Fund against all losses, claims, costs, damages and liabilities reasonably incurred by reason of it being or having been the portfolio manager of such Fund if it has complied with the PA Standard of Care and in respect of any criminal investigation, action or proceeding it has reasonable grounds for believing that its conduct is lawful.

The names, places of residence and present positions held by the directors and officers of JovInvestment that are principally responsible for the portfolio management of the Funds are listed below.

<b>Name and Municipality of Residence</b>	<b>Position with JovInvestment</b>	<b>Principal Occupation</b>
Steven Hawkins Oakville, Ontario	President, Chief Compliance Officer and Chief Operating Officer	Managing Partner and a Director, JovFunds Management Inc. (since 2005); President, Chief Compliance Officer, and Chief Operating Officer, JovInvestment (since 2007); President and Chief Executive Officer, Canadian Medical Discoveries Fund Inc. (since

Name and Municipality of Residence	Position with JovInvestment	Principal Occupation
		2006); previously, Vice President, Compliance, AMG Canada Inc. and Senior Vice President, Compliance and Risk Management and Chief Investment Officer for First Asset Investment Management Inc. (2000 – 2005).
Mark L. Arthur Toronto, Ontario	Chairman, Chief Executive Officer and Director	Director of JovFinancial Solutions Inc. (since 2009); Director of T.E. Investment Counsel Inc. (since 2003); Director, JovFunds Management Inc. (since 2006); President, Jovian Capital Corporation (since 2003); Vice Chairman, MGI (since 2004); Chief Executive Officer and Director, JovInvestment (since 2003); Director, BetaPro Management Inc. (since 2007).

### Portfolio Sub-Advisor

Pursuant to an investment advisory agreement between the Manager and Webb Asset Management, Inc. (the “**Portfolio Sub-Advisor**”) dated as of January 11, 2008 (the “**Original Investment Advisory Agreement**”), the Manager appointed the Portfolio Sub-Advisor to act as the Funds’ portfolio sub-advisor. On October 19, 2009, the Original Investment Advisory Agreement was terminated and replaced by a portfolio sub-advisory agreement entered into among JovInvestment, the Manager and the Portfolio Sub Advisor (the “**Portfolio Sub-Advisory Agreement**”). The Portfolio Sub-Advisory Agreement has an initial term of one year and can be terminated upon 90 days’ notice by any party thereafter. The Portfolio Sub Advisor is required to execute its duties and obligations pursuant to the Portfolio Sub-Advisory Agreement honestly, in good faith and in the best interest of the Funds and in connection therewith to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (the “**SA Standard of Care**”).

Investment decisions for the Funds and, in respect of the Income Fund, the Underlying Portfolio are made completely and solely by the Portfolio Sub Advisor.

The names, places of residence and present positions held by the directors and officers of the Portfolio Sub Advisor are listed below. The directors and officers have worked for the Portfolio Sub Advisor since 2005.

Name and Municipality of Residence	Position with the Portfolio Sub-Advisor	Business Experience during the Past 5 Years
Derek Webb San Francisco, California	President, Chief Executive Officer and Director	President and Chief Executive Officer of the Portfolio Sub-Advisor (April 2005 to present); President and Chief Executive Officer of the Manager (October 2009 to present)

JovInvestment is responsible for the advice the Portfolio Sub-Advisor provides to the Funds, and is irrevocably responsible for any losses caused as a result of a breach by the Portfolio Sub-Advisor of the SA Standard of Care. It may be difficult to enforce any legal rights against the Portfolio Sub-Advisor because it is resident outside of Canada and most of its assets are outside of Canada.

### ***Custodian***

Pursuant to the custodian agreement between NBCN Inc. and the Manager dated December 12, 2007 (the “**Custodian Agreement**”), NBCN Inc. was appointed Custodian of the Funds. The principal office of NBCN Inc. is in Toronto, Ontario. The Custodian holds the Funds’ cash and securities on behalf of the Funds and is responsible for ensuring that they are safe and secure. All such securities will be held by the Custodian in the Province of Ontario with the exception of foreign portfolio securities, gold and precious minerals, if any, which may be held by the Custodian at its branch offices, the offices of its subsidiaries or at the offices of sub-custodians under arrangements made to the satisfaction and order of the Custodian and in compliance with applicable regulatory requirements.

The Custodian Agreement may be terminated by any party may at any time upon 90 days notice and may be terminated immediately if any of the other parties (i) ceases to carry on business, become bankrupt or insolvent, resolve to wind up or liquidate or if a receiver of its assets is appointed; (ii) commits a material breach of the Custodian Agreement and does not resolve such breach within 60 days; or (iii) if NBCN ceases to meet the regulatory requirements for acting as Custodian.

### ***Administrator***

Pursuant to an administrative management agreement between the Manager and JovInvestment dated as of October 19, 2009 (the “**Administrative Management Agreement**”), the Manager has appointed JovInvestment to act as the Funds’ administrator (the “**Administrator**”). As the Administrator, JovInvestment is responsible for providing marketing and administrative services to the Manager and the Funds including accounting facilities and clerical staff. The

Administrative Management Agreement has an initial term of one year and can be terminated upon 90 days' notice by either party thereafter.

### ***Registrar***

Pursuant to an agreement dated June 1, 2006, as amended on November 1, 2007 and assigned on October 23, 2009 (the "**Recordkeeper Agreement**"), the Registrar of the Funds is CIBC Mellon Global Securities Services Company of Toronto, Ontario.

The registrar keeps a register of the owners of units of the Funds, processes purchase and redemption orders, issues investor account statements and issues annual tax reporting information. The registrar maintains the register in Toronto, Ontario.

### **Auditors**

The auditors of the Funds are KPMG LLP of Toronto, Ontario.

### **Brokerage Arrangements**

Decisions as to the purchase and sale of portfolio securities and the execution of portfolio transactions, including the selection of the market, broker and associated negotiations, where applicable, of commissions are made by the Portfolio Sub-Advisor. In effecting portfolio transactions, overall service and prompt execution of orders on favourable terms will be the primary considerations. The Portfolio Sub-Advisor has a duty to seek best execution of trades made on behalf of the Funds. In making a determination regarding best execution, the Portfolio Sub-Advisor will take into account certain criteria including, inter alia, the commission rate offered, execution capability, trading expertise, value market depth and available liquidity, timing and size of an order. When the Portfolio Sub-Advisor believes that executions and prices offered by more than one broker are reasonably comparable, the Portfolio Sub-Advisor may, in its discretion, choose to effect portfolio transactions through dealers or brokers in return for the provision of research, statistical and other similar services to the Funds through the Portfolio Sub-Advisor. In all circumstances, overall service and best execution of orders on favourable terms will be the primary considerations.

Portfolio transactions of the Funds may be effected through MGI, a registered investment dealer and an affiliate of JovInvestment with whom the Manager has significant business relationships, but is not "affiliated" provided that pricing, service and other terms are comparable to those offered by other dealers. In such circumstances, MGI will receive commissions from the Funds; however, it will be the responsibility of the Portfolio Sub-Advisor to ensure prompt execution of all transactions on behalf of each Fund at the most favourable and competitive prices available. Provided that pricing, service and other terms are comparable, the Portfolio Sub-Advisor may, from time to time, allocate brokerage transactions conducted on behalf of the Funds to brokerage firms as partial compensation for general investment research, statistical and other similar services which assist in decision-making services to the Funds. Neither JovInvestment nor the Portfolio Sub-Advisor are under any contractual obligation to any party to allocate brokerage transactions to any dealer with respect to the securities transactions of the Funds.



Since the date of the last annual information form, no brokerage transactions have been directed to a dealer in return for the provision of any good or service, by any dealer or third party, other than order execution.

The name of any other dealer not otherwise disclosed will be provided upon request by contacting the Manager at 416-601-2449 or at 26 Wellington Street East, Suite 920, Toronto, Ontario M5E 1S2 or info@wamfunds.com.

### **Dealer Managed Mutual Funds**

JovInvestment is an indirect wholly-owned subsidiary of Jovian Capital Corporation (“**Jovian**”). MGI is a subsidiary of MGI Wealth Inc. which is a wholly-owned subsidiary of Jovian. As a result, MGI is an affiliate of JovInvestment.

Each of the Funds is a “**dealer managed**” fund for the purposes of NI 81-102 because JovInvestment, the Portfolio Manager, is an affiliate of MGI, an investment dealer. Applicable securities laws impose restrictions on investments made by dealer managed mutual funds. If you would like a copy of these restrictions, please contact us by calling our toll-free number at 1-866-611-9590.

Because the Funds are dealer managed funds, each Fund may not knowingly make an investment in a class of securities of an issuer, other than in respect of securities issued or guaranteed by the Government of Canada, the government of a province of Canada or an agency of the foregoing:

- (a) while MGI or any of its associates or affiliates acts as underwriter (except for a small selling group participation) of that class of securities and for a period of 60 days after MGI or any of its associates or affiliates ceased to act as underwriter for that class of unless the independent review comment (the “**IRC**”) has approved the transaction and unless certain other conditions in securities legislation are met; or
- (b) of which any director, officer or employee of JovInvestment or its associates or affiliates is a partner, director, officer or employee, if such person participates in the formulation of, influences, or has access prior to implementation of, investment decisions made on behalf of the Fund.

### **OWNERSHIP**

#### **Principal Holders of Securities**

As at July 31, 2011, Derek Webb was the indirect beneficial owner of 100% of the issued and outstanding voting securities of the Manager.

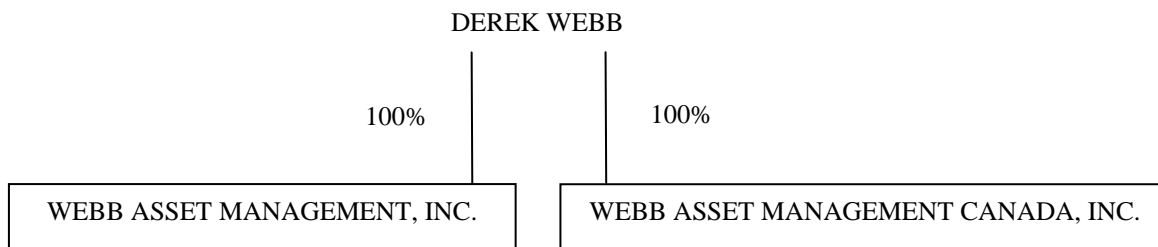
As of July 31, 2011, there were no unitholders who owned more than 10% of a series of the issued and outstanding units of the Funds.

As at July 31, 2011, the members of the IRC did not own, directly or indirectly, any outstanding units of the Funds or securities of the Manager, JovInvestment or the Portfolio Sub-Advisor or any outstanding securities of any class of voting or equity securities issued by any other person

or company that provides services to the Funds, the Manager, JovInvestment or the Portfolio Sub Advisor.

### **Affiliated Entities**

Mr. Derek Webb is the beneficial owner of 77.5% of the issued and outstanding voting securities of the Manager and 100% of the issued and outstanding voting securities of the Portfolio Sub Advisor. Accordingly, the Manager and the Portfolio Sub-Advisor are affiliates.



Mr. Derek Webb is a director and officer of both the Manager and the Portfolio Sub-Advisor.

The disclosure of the amount of fees received from the Funds by each affiliated entity that provides services to the Funds or to the Manager in relation to the Funds is contained in the audited financial statements of the Funds.

### **FUND GOVERNANCE**

#### **Generally**

The Manager has established appropriate policies, procedures and guidelines to ensure the proper management of the Funds. The systems implemented monitor and manage the business and sales practices, risks and internal conflicts of interest relating to the Funds while ensuring compliance with regulatory and corporate requirements.

In 2009, the Manager developed and implemented a plan to enhance its compliance structure (the “**Compliance Plan**”). The Compliance Plan included an expansion of the Funds’ compliance policies and procedures, enhanced oversight over services provided by the Portfolio Sub-Advisor and other third-party service providers, including fund accounting, recordkeeping and transfer agency services, as well as the appointment of a Chief Financial Officer.

The Compliance Plan mandates that the Manager oversee the trading of the Portfolio Sub-Advisor to ensure compliance with NI 81-102. Systems applications have been installed by the Manager that support the Manager’s ability to monitor trading and portfolio management by the Portfolio Sub-Advisor. Oversight of the Portfolio Sub-Advisor and other service providers is continuous and recorded on a regular basis.

## **Independent Review Committee**

Pursuant to National Instrument 81-107 *Independent Review Committee for Investment Funds*, the Manager has appointed an IRC. The Manager must refer all conflict of interest matters in respect of the Funds for review or approval to the IRC, review conflict of interest matters referred to it by the Manager and make recommendations to the Manager regarding whether the Manager's proposed actions in connection with the conflict of interest matter achieves a fair and reasonable result for a Fund.

Among other things, the IRC will annually review and assess the adequacy and effectiveness of the Manager's policies and procedures relating to conflict of interest matters in respect of the Funds, any standing instructions it has provided to the Manager pertaining to conflict of interest matters in respect of the Funds, the Manager's and the Funds' compliance with any conditions imposed by the IRC in a recommendation or approval and prepare a report of its activities for unitholders of the Funds. The IRC's annual report will be available on our website at [www.WAMFunds.com](http://www.WAMFunds.com) or upon request by any unitholder, at no cost, by calling 1-866-611-9590 or emailing to [info@WAMfunds.com](mailto:info@WAMfunds.com).

The IRC comprises three members, each of whom is independent of the Manager and its affiliates. Set out below are the name, municipality of residence and principal occupation of each member of the IRC:

<b>Name</b>	<b>Municipality of Residence</b>	<b>Current Principal Occupation</b>
William Woods	Toronto, Ontario	President, Independent Review Inc.
Warren Law	Toronto, Ontario	Retired
Eamonn McConnell	Singapore	Partner, EM Partners

## **Derivatives and Securities Lending**

The Funds may use derivatives and securities lending as discussed under the heading "Investment Strategies" in the Funds' simplified prospectus.

The Manager considers the use of derivatives and securities lending in conjunction with the provisions of NI 81-102 and with any relief orders granted to the Funds by the securities regulators. The Manager is responsible for ensuring that all trading limits or other controls are complied with. The Custodian will act as agent for the Funds in administering any securities lending transactions and monitoring the collateral provided to ensure its value remains within the prescribed limits. There are no written policies and procedures regarding derivatives and securities lending.

## **Short Selling**

The Funds may engage in short selling as described under "Investment Restrictions and Practices" on page 1. Written policies and procedures regarding objectives and risk management procedures will be adopted by the Manager prior to the commencement of any short selling

activities. Such policies and procedures will be developed, implemented and monitored by senior management of the Manager and will be formally reviewed at least annually by the Manager. The authorization of short selling transactions will be the responsibility of senior portfolio managers of the Manager with post-trade review conducted by the Manager's compliance department. No risk measurement procedures or simulations are used to test the portfolio under stress conditions.

### **Proxy Voting Guidelines**

The Manager is responsible for establishing, monitoring and amending (if necessary) the policies and procedures relating to the voting of proxies received in connection with the Funds' portfolio securities.

#### *Proxy Voting Policies and Procedures*

The Manager believes responsible corporations are distinguished by sound corporate governance and overall social responsibility. A well governed company meets a high standard of corporate ethics and operates in the best interests of securityholders. The socially responsible company meets high standards of corporate ethics and operates in the best interests of other stakeholders (employees, customers, communities and the environment). In our view, companies that combine good governance and corporate social responsibility are better positioned for long-term success. The Manager follows guidelines and procedures to determine whether and how to vote on any matter for which the Funds receive proxy materials. The Manager will generally cause the Funds to vote their proxies in a manner consistent with good corporate governance and corporate social responsibility. The attributes of well governed, socially responsible companies that these proxy voting guidelines seek to promote are long term value, accountability and business sustainability.

As a standing policy for dealing with routine matters, the Funds will vote with management. Routine matters include electing and fixing number of directors, appointing auditors, ratifying director actions, authorizing directors to fix remuneration of auditors and approving special resolutions to change the authorized capital of an issuer to an unlimited number of common shares without par value.

The Funds will deviate from the standing policy for routine matters if such matters are, in our view, not to be in the best interest of unitholders and the Funds.

The Funds will endeavour to vote on all non-routine matters and in the best interest of the Funds and their unitholders, but in certain cases, proxy votes may not be cast when the Manager determines that it is not in the best interests of unitholders of the Funds to vote such proxies.

In the event a proxy raises a potential material conflict of interest between the interests of a Fund and the Manager, JovInvestment, Portfolio Sub-Advisor, affiliate or associate thereof, the conflict will be resolved in co-operation with the Fund's IRC and in the best interests of the unitholders and the Fund.

The Manager retains the discretion to depart from these policies on any particular proxy vote depending upon the facts and circumstances. The Manager may assign the proxy voting duty to

the Funds' Portfolio Sub-Advisor. In such case, the Manager will ensure proxies are voted in keeping with the Manager's proxy voting policies and procedures.

The proxy voting policies and procedures that the Funds follow when voting proxies relating to portfolio securities are available on request, free of charge, by contacting the Manager toll free at 1-866-611-9590 or by email at [info@wamfunds.com](mailto:info@wamfunds.com).

The Manager will maintain and prepare an annual proxy voting record for each Fund. The mutual funds' proxy voting records for the most recent period ended June 30 of each year are available free of charge to any unitholder of the mutual fund upon request or at [www.WAMfunds.com](http://www.WAMfunds.com) at any time after August 31 of that year.

### **Short-Term Trading and Frequent Trading**

The Fund has adopted policies and procedures regarding short-term trading and frequent trading in Units of the Fund in a manner that negatively impacts the Fund. The Manager may charge a 2% short term trading fee where a unitholder redeems or switches units within 90 days of purchase. This amount will be payable to the applicable Fund and not to us or any dealer. The Manager may waive this fee in circumstances that, in its view, do not negatively impact the Fund or create a disadvantage to other unitholders. Any waiver of a short-term trading fee will be reported to the IRC in due course.

### **FEES AND EXPENSES**

To encourage large purchases in the Funds and to achieve effective management fees that are competitive for these investments, the Manager may reduce the management and/or incentive fee payable by the Funds with respect to the units held by a particular investor, based on a number of factors including the type of investor and the number and value of units held by an investor. At a minimum, an investor must hold \$2,000,000 of investments in a Fund in order to be eligible for a management fee reduction. The minimum amount may be waived or reduced in the absolute discretion of the Manager.

Investors who receive the benefit of a lower management and/or incentive fee with the Manager may receive a proportionately larger distribution from a Fund so that those investors will receive the benefit of the lower fee. See "Fees and Expenses" in the simplified prospectus for more information.

### **INCOME TAX CONSIDERATIONS FOR INVESTORS**

The following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposing of units of a Fund by a unitholder who acquires units pursuant to this prospectus. This summary is applicable to a unitholder who is an individual (other than a trust) resident in Canada, deals at arm's length with the particular Fund and holds units as capital property. Units will generally be considered capital property to a unitholder unless the unitholder holds the units in the course of carrying on a business or has acquired the units in a transaction or transactions considered to be an adventure in the nature of trade.

This summary is based on the current provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder, our understanding of the current published administrative positions and assessing practices of the Canada Revenue Agency (the “**CRA**”) and all specific proposals to amend the Tax Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (such proposals referred to hereafter as the “**Tax Proposals**”). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire units. Moreover, the income and other tax consequences of acquiring, holding or disposing of units will vary depending on an investor’s particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in units, based on their particular circumstances.**

### **Status of the Fund**

This summary is based on the assumption that the Funds will qualify at all times as “mutual fund trusts” within the meaning of the Tax Act and that the Funds have not been established and will not be maintained primarily for the benefit of non-residents of Canada.

This summary is also based on the assumption that the Funds will not at any time be “SIFT trusts” (“**SIFTs**”) as defined in the Tax Act. As long as the units and all other securities or debt instruments issued by the Funds are not listed at any time on a stock exchange or other public market, the Funds should not be SIFTs.

If a Fund is a SIFT at any time or were not to qualify as a mutual fund trust at all times, the income tax considerations as described below and under “Eligibility for Investment” would in some respects be materially different.

### **Taxation of the Funds**

In each year, income of each Fund, including the taxable portion of capital gains, if any, that is not paid or made payable to unitholders in that year will be taxed in the particular Fund under Part I of the Tax Act. Provided the particular Fund distributes all of its net taxable income and net taxable capital gains to the unitholders on an annual basis, it will not be liable for any income tax under Part I of the Tax Act. Income of a Fund which is derived from foreign sources may be subject to foreign taxes which may, within certain limits, be either deducted from taxable income in the Fund or allocated to unitholders to potentially offset taxes payable on foreign source income.

Each Fund is required to include in income for each taxation year all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

Provided that a Fund has elected in accordance with the Tax Act to have each of its securities that constitute a “Canadian security” treated as capital property, gains and losses realized by such Fund on the disposition of Canadian securities should be taxed as capital gains or capital losses. Upon the actual or deemed disposition of a security held by a Fund as capital property, such Fund will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base of such property and any reasonable costs of disposition.

The Income Fund will not realize any income, gain or loss upon entering into a forward agreement described in the simplified prospectus under *Webb Enhanced Income Fund – Investment Strategies*. Provided that the Income Fund has elected in accordance with the Tax Act to have each of its Canadian securities treated as capital property, gains or losses realized by the Income Fund on the sale of Canadian securities will be taxed as capital gains or capital losses. If the obligations of the Income Fund and the counterparty under a forward agreement are settled by making cash payments, a payment made or received by the Income Fund may be treated as an income outlay or receipt, as applicable. If the Income Fund delivers Canadian securities in the Canadian Equity Portfolio to the counterparty in satisfaction of its obligations under a forward agreement and receives a payment from the counterparty equal to the price stipulated in the forward agreement, the Income Fund will realize capital gains (losses) equal to the amount by which such purchase price (less reasonable costs of disposition) exceeds (is less than) the aggregate adjusted cost base of such securities.

Generally, gains and losses realized by a Fund from the trading of futures and forward contracts will be treated as being on income account, rather than as capital gains and capital losses.

The Funds are required to compute all relevant amounts, including interest, the cost of property and proceeds of disposition, in Canadian dollars for purposes of the Tax Act. As a consequence, the amount of income, expenses and capital gains or capital losses for the Funds may be affected by changes in the value of a foreign currency relative to the Canadian dollar.

## **Taxation of the Unitholders**

### *Units of a Fund Held in a Registered Plan*

A unitholder would generally pay no tax on earnings distributed by a Fund if the investment is held by the unitholder in a registered plan such as an RRSP, RRIF, DPSP, RDSP, RESP or TFSA (“**Registered Plans**”), nor on any capital gains realized by a Registered Plan from redeeming units (including as a result of switching between Funds), as long as the proceeds remain in the plan.

Notwithstanding the foregoing, if the units of a Fund are “prohibited investments” for the purpose of a RRSP, RRIF or TFSA, a unitholder will be subject to a penalty tax as set out in the Tax Act. A “prohibited investment” includes a unit of a trust which does not deal at arm’s length

with the annuitant or holder, or in which the annuitant or holder has a significant interest, which, in general terms, means the ownership of 10% or more of the value of the Fund's outstanding units by the holder, either alone or together with persons or partnerships with whom the holder does not deal at arm's length. Unitholders are advised to consult their own tax advisors in this regard.

#### *Units of a Fund Not Held in a Registered Plan*

If a unitholder holds units of a Fund outside a Registered Plan, a unitholder will generally be required to include in computing income for a taxation year such part of the net income of the Fund, including the taxable portion of capital gains, if any, paid or payable to the unitholder in the taxation year. This is the case even though such distributions may be automatically reinvested in additional units and there may therefore be insufficient cash received by a unitholder to pay the tax payable in respect of such distributions of income. Any distributions in excess of income of a Fund in a year will not be taxable in the hands of a unitholder but, except for the non-taxable portion of capital gains, will reduce the adjusted cost base of the units. If the adjusted cost base of a unitholder's unit is reduced to less than zero, the unitholder will be deemed to have realized a capital gain equal to the negative amount and then the adjusted cost base of the units will be reset to nil. The non-taxable portion of capital gains distributed to a unitholder will not be taxable in the hands of the unitholders and will not, provided the appropriate designations are made by the Fund, reduce the adjusted cost base of the units.

Provided that appropriate designations are made by a Fund, such portion of: (a) the net realized taxable capital gains of the Fund; (b) the foreign source income of the Fund and foreign taxes eligible for the foreign tax credit; and (c) the taxable dividends (including eligible dividends) received by the Fund on shares of taxable Canadian corporations as are paid or become payable to a unitholder will effectively retain their character and be treated as such in the hands of the unitholder. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules applicable to such dividends (including eligible dividends) will apply.

The net asset value per unit may reflect income and gains of the Funds that have accrued at the time units are acquired. Accordingly, a unitholder who acquires units may become taxable on the unitholder's share of income and gains of the Funds that accrued before the units were acquired.

The Manager will furnish to each unitholder information to assist the unitholder in preparing tax returns.

Upon the redemption or other actual or deemed disposition of a unit (including a redemption to effect a switch to another Fund), a unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the unitholder's adjusted cost base of the unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base of units to a unitholder, when units are acquired, including on the reinvestment of distributions, the cost of the newly acquired units will be averaged with the adjusted cost base of all units owned by the unitholder as capital property immediately before that time.



One-half of any capital gain realized on the disposition of units will generally be included in the unitholder's income and one-half of any capital loss realized may be deducted from taxable capital gains realized in a particular year, the three immediately preceding years or in subsequent years, subject to the rules in the Tax Act.

In general terms, net income of a Fund paid or payable to a unitholder that is designated as dividends received on shares of taxable Canadian corporations, net realized taxable capital gains or taxable capital gains realized on the disposition of units may increase the unitholder's liability for alternative minimum tax.

#### *Eligibility for Investment*

Units offered hereby are qualified investments under the Tax Act for Registered Plans. See "Income Tax Considerations for Investors – Taxation of Unitholders – Units of a Fund Held in a Registered Plan" in the simplified prospectus.

#### **REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEES**

No payment or reimbursement has been made to the directors and officers of the Manager by the Funds.

For the year ended December 31, 2010, an aggregate amount of \$47,960 was paid.

<b>Name</b>	<b>Compensation</b>
Eammon McConnell	\$7,000
W. William Woods	\$7,000
Warren Law (IRC Chair)	\$10,000

The Funds did not reimburse any of the IRC's members for expenses during the year of 2010.

#### **OTHER MATERIAL INFORMATION**

On December 30, 2009, the Growth Fund acquired all or substantially all of the securities and non cash portfolio assets contained in the investment portfolio of the Webb Asset Management Canadian Performance Fund in exchange for newly issued Series A, Series F and Series I Units of the Fund, which led to a substantial increase in the net asset value of the Fund. The investment objective, the investment strategies and the risk factors of the Fund did not change as a result of this transaction.

## **MATERIAL CONTRACTS**

Copies of the material contracts, listed below, are available for inspection during normal business hours at the offices of the Manager at 26 Wellington Street East, Suite 920, Toronto, Ontario:

1. Declaration of Trust, dated January 11, 2008, see page 1;
2. Custodian Agreement dated December 12, 2007, see page 13;
3. Investment Advisory Agreement dated October 19, 2009, see page 11; and
4. Portfolio Sub-Advisory Agreement dated as of October 19, 2009, see page 11.

## **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

There are currently no ongoing legal or administrative proceedings involving the Manager, which may be material to the Funds nor are there any such proceedings known to be contemplated as of the date of this Annual Information Form.

## AUDITORS' CONSENT

Webb Enhanced Growth Fund  
Webb Enhanced Income Fund  
(collectively, the "Funds")

We have read the simplified prospectus and annual information form of the Funds dated August 16, 2011 relating to the offering of Series A, F and I Units of the Funds (the "Prospectus and AIF"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the Prospectus and AIF of our report to the unitholders of the Funds on the statements of net assets as at December 31, 2010 and 2009, the statements of operations and changes in net assets for the years then ended, and the statements of investment portfolio as at December 31, 2010. Our report is dated March 25, 2011.

*(signed) "KPMG LLP"*  
Chartered Accountants, Licensed Public Accountants  
Toronto, Canada

August 16, 2011

**WEBB ENHANCED GROWTH FUND  
WEBB ENHANCED INCOME FUND  
(THE “FUNDS”)**

**CERTIFICATE ON BEHALF OF THE 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 British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Northwest Territories, Yukon and Nunavut and do not contain any misrepresentation.

*(signed) “Derek Webb”*

\_\_\_\_\_  
Derek Webb  
Chief Executive Officer  
Webb Asset Management Canada, Inc.

*(signed) “Sam Droulias”*

\_\_\_\_\_  
Sam Droulias  
Chief Financial Officer  
Webb Asset Management Canada, Inc.

**ON BEHALF OF THE BOARD OF DIRECTORS OF  
WEBB ASSET MANAGEMENT CANADA, INC. AS TRUSTEE,  
MANAGER AND PROMOTER OF THE FUNDS**

*(signed) “Thomas Hastings”*

\_\_\_\_\_  
Thomas Hastings  
Director

DATED: August 16, 2011.

**WEBB ENHANCED GROWTH FUND  
WEBB ENHANCED INCOME FUND**

**Manager**

**Webb Asset Management Canada, Inc.  
26 Wellington Street East  
Suite 920  
Toronto, Ontario  
M5E 1S2**

**Tel: (416) 646-0975  
Fax: (416) 777-5181**

Additional information about the Funds is available in the Funds' Management Reports of Fund Performance, Fund Facts and Financial Statements. You may obtain a copy of these documents, at no cost by calling toll free: 1-866-611-9590, from your dealer, or by e-mail at: [info@WAMFunds.com](mailto:info@WAMFunds.com). These documents and other information about the Funds, such as information circulars and material contracts are also available on the Webb Asset Management Canada, Inc. internet site at: [www.WAMFunds.com](http://www.WAMFunds.com) or at [www.sedar.com](http://www.sedar.com).