INFORMATION STATEMENT DATED MAY 17, 2002

This Information Statement has been prepared solely for assisting prospective purchasers in making an investment decision with respect to the Notes. This Information Statement is confidential and should not be reproduced or disseminated in whole or in part without the permission of the Business Development Bank of Canada. This Information Statement constitutes a public offering of these Notes only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell the Notes. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representations to the contrary is an offence. The Notes offered under this Information Statement have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities law and may not be offered or sold in the United States or to U.S. persons or other non-residents of Canada

BDC

MONTRUSCO BOLTON

Business Development Bank of Canada

BDC Montrusco Bolton Focus Principal Protected Notes

Series 1 Due 2010

The BDC Montrusco Bolton Focus Principal Protected Notes, Series 1 (the "Notes") issued by the Business Development Bank of Canada (the "Bank" or "BDC") will mature on May 28, 2010 ("Maturity"). This offering consists of a minimum of $10,000,000 Principal Amount Notes at a price equal to 100% of the Principal Amount per Note which will be payable on the closing of this offering. The value of the Notes will be linked to the economic performance of the Class A Shares (the "Shares") of the Montrusco Bolton Focus Global Protected Fund Limited (the "Fund"). The Fund is an open-ended investment company, the assets of which are invested in a portfolio of conservatively managed hedge funds (the "Sub-Funds") diversified both by strategies and geographical region. Montrusco Bolton Investments Inc. (the "Portfolio Advisor" or "Montrusco Bolton"), as portfolio advisor of the Fund, is responsible for monitoring the activities of the Fund and the implementation of its investment objectives in accordance with the Fund's investment guidelines. Focus Investment Management Ltd. (the "Sub-Advisor" or "Focus") has been appointed as sub-advisor. Through diversification among various alternative investment strategies, the Fund seeks to achieve capital appreciation with low volatility and low correlation to equity and bond markets. At Maturity, each holder of Notes (a "Holder") will receive in respect of each Note held by such Holder the Redemption Price, being the greater of (a) 100% of the Principal Amount (as hereinafter defined) and (b) the amount determined by the Redemption Formula (as hereinafter defined), such amount being linked to the performance of the Shares of the Fund. No interest will be paid on the Notes, except at Maturity if and to the extent that the Redemption Price exceeds the Principal Amount.

Prospective purchasers should take into account various risk factors associated with this offering. See "Risk Factors".

In this Information Statement, "$" refers to Canadian dollars, unless otherwise expressly specified.

PRICE: 100%

Minimum subscription: $1,000

The Notes will constitute direct unconditional obligations of the Bank and as such will constitute direct unconditional obligations of Her Majesty in right of Canada. The Notes will be issued on an unsubordinated basis and will rank *pari passu*, as among themselves, and with all other outstanding direct, unsecured and unsubordinated, present and future obligations (except as otherwise prescribed by law) of the Bank, and will be payable rateably without any preference or priority. The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime. See "Description of the Notes – Rank".

Under an agreement (the "Agency Agreement") between the Bank and National Bank Financial Inc. (the "Agent"), the Agent has agreed to offer the Notes for sale if, as and when issued by the Bank, in accordance with the terms and conditions contained in the Agency Agreement.

The closing of this offering is scheduled to occur on or about May 28, 2002 (the "Settlement Date"). Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Upon acceptance of a subscription, the Agent will send out or cause to be sent out a confirmation of acceptance by prepaid mail or other means of delivery to the subscriber. See "Plan of Distribution".

A global Note for the full amount of the issue will be issued in registered form to The Canadian Depositary for Securities Limited ("CDS") and will be deposited with CDS on the Settlement Date. Subject to a limited exception, certificates evidencing the Notes will not be available to Holders under any circumstances and registration of interests in the Notes will be made only through CDS's book-based system. See "Description of Notes –Book-Based System".

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ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Bank and to the Agent, the Notes offered hereby will be, at the date of issue, eligible investments, without resort to the so-called "basket provisions", or their purchase will not be prohibited, in each case subject to general investment provisions, and in certain cases subject to prudent investment requirements and to additional requirements relating to investment or lending policies or goals, under or by the following statutes:

(i) *Insurance Companies Act* (Canada);
(ii) *Trust and Loan Companies Act* (Canada);
(iii) *Pension Benefits Standards Act, 1985* (Canada);
(iv) *An Act respecting insurance* (Québec) (in respect of insurers, as defined therein, other than guarantee corporations);
(v) *An Act respecting trust companies and savings companies* (Québec) (in respect of trust companies, as defined therein, investing their own funds and funds received as deposits, and in respect of savings companies, as defined therein, investing their own funds); and
(vi) *Supplemental Pension Plans Act* (Québec).

In the opinion of such counsel, the Notes offered hereby will, at the date of issue, also be qualified investments under the Federal Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans (other than a deferred profit sharing plan under which the Bank or a person with which the Bank does not deal at arm's length within the meaning of the Federal Act, is an employer) (collectively, "Registered Plans") and may be held in such plans subject to the terms of the plans.

Furthermore, in the opinion of such counsel based on the provisions of the Federal Act, the Notes do not constitute foreign property under the Federal Act for trusts governed by Registered Plans or for certain other persons to whom Part XI of the Federal Act is applicable.

SUMMARY OF THE OFFERING

The following is a summary of more detailed information appearing elsewhere in this Information Statement. Capitalized terms not defined in this summary are defined elsewhere in this Information Statement. (See "Definitions"). In this Information Statement, "$" refers to Canadian dollars, unless otherwise specified.

Issue:	BDC Montrusco Bolton Focus Principal Protected Notes, Series 1 Due 2010 (the "Notes").
Issuer:	Business Development Bank of Canada.
Issue Size:	Minimum $10,000,000.
Issue Price:	100% of the Principal Amount.
Minimum Subscription:	$1,000 per Holder.
Denominations/Principal Amount:	The Notes will be denominated in principal amounts of $1,000, with increments of $100 thereof.
Settlement Date:	On or about May 28, 2002.
Maturity Date:	May 28, 2010.
The Fund:	The Fund is an open-ended investment company, the assets of which are invested in a portfolio of conservatively managed hedge funds (the "Sub-Funds") diversified both by strategies and geographical region. The Fund seeks to achieve capital appreciation with low volatility and low correlation to equity and bond markets. The assets of the Fund will be allocated primarily among Sub-Funds which specialize in one of the following four investments strategies: (i) convertible arbitrage, (ii) event driven, (iii) merger arbitrage and (iv) long/short equity. The Portfolio Advisor is responsible for monitoring the activities of the Fund and the implementation of the Fund's investment objectives in accordance with the Fund's investment guidelines. These guidelines include (i) investment restrictions (ii) concentration rules (iii) diversification by investment strategies (iv) leverage (v) liquidity (vi) risk management and (vii) currency hedging. (See "The Fund – Investment Guidelines").
Portfolio Advisor:	Montrusco Bolton Investments Inc.
Sub-Advisor:	Focus Investment Management Ltd.
Custodian and Administrator:	BNP Paribas Securities Services, Luxembourg Branch.
Payment at Maturity:	At Maturity, a Holder will receive in respect of each Note held by such Holder, the Redemption Price as determined by the Calculation Agent which will be equal to the greater of: i) 100% of the Principal Amount; and ii) the amount determined by the Redemption Formula.

Redemption Formula:	$$\text{Principal Amount X} \left[\frac{\mathit{Final\ NAV}\ x\ (1 - \mathit{Fee})^{n}}{\mathit{Initial\ NAV}} \right]$$ Where: **Final NAV** means the arithmetic average of the NAV per Share of the Fund on each of the last Business Days of February 2010, March 2010 and April 2010 (the "Redemption Valuation Dates"); **Initial NAV** means $1,000; **n** equals 8 (being the number of years between the Settlement Date and the Maturity Date); and **Fee** means a guarantee and structuring fee equal to 3%. If an Extraordinary Event occurs, a Holder will receive at Maturity an amount determined by the Calculation Agent as set forth below under "Description of the Notes – Extraordinary Event".
Rank:	The Notes will constitute direct unconditional obligations of the Bank and as such will constitute direct unconditional obligations of Her Majesty in right of Canada. The Notes will be issued on an unsubordinated basis and will rank *pari passu*, as among themselves and with all other outstanding direct, unsecured and unsubordinated, present and future obligations (except as otherwise prescribed by law) of the Bank, and will be payable rateably without any preference or priority. The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime. See "Description of the Notes – Rank".
Credit Rating:	The Notes have not been rated by either Dominion Bond Rating Service Limited ("DBRS") or Standard & Poor's or any other agency. As of the date hereof, the obligations of the Bank with a term to maturity in excess of one year in Canadian currency are rated AAA by DBRS and Standard & Poor's. There can be no assurances that, if the Notes were specifically rated by DBRS or Standard & Poor's, they would have the same rating as long-term obligations of the Bank in Canadian currency. A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.
Book-Based System:	The Notes will be evidenced by a single nominative global certificate held by CDS, or on its behalf, as registered holder of the Notes. Registration of the interests in and transfers of the Notes will be made only through the book-based system of CDS. Subject to a limited exception, no Holder will be entitled to any certificate or other instrument from the Bank or CDS evidencing the ownership thereof and no Holder will be shown on the records maintained by CDS except through an agent who is a CDS Participant.

Eligibility:	The Notes will be qualified investments under the Federal Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans (other than a deferred profit sharing plan under which the Bank or a person with which the Bank does not deal at arm's length within the meaning of the Federal Act, is an employer) (collectively, "Registered Plans") subject to the terms of the plans. The Notes do not constitute foreign property for the purpose of the Federal Act. See "Eligibility for Investment".
Income Tax Considerations:	The excess, if any, of the Redemption Price over the Principal Amount of a Note will ordinarily be included in the Holder's income, as interest, in the taxation year in which the Redemption Price is determined or paid. Generally, an amount received by a Holder on a disposition of a Note, other than a disposition resulting from a repayment by the Bank at Maturity Date, will give rise to a capital gain (or a capital loss) to the extent such amount exceeds (or is less than) such Holder's adjusted cost base. Holders who dispose of a Note within a short period of time prior to the Maturity Date should consult their tax advisors with respect to their particular circumstances. In the case of Notes held by trusts governed by Registered Plans, such trusts are generally exempt from tax such that the tax consequences described above will not apply to such trusts. See "Income Tax Considerations".
Risk Factors:	Prospective purchasers should take into account various risk factors associated with the ownership of the Notes offered hereunder. See "Risk Factors".
Fees and Expenses of the Fund:	The Fund will pay (i) to the Portfolio Advisor and the Sub-Advisor, an aggregate advisory fee equal to 1.1% per annum of the Global NAV, calculated monthly and payable quarterly in arrears, (ii) to the Custodian and Administrator, an administrative fee equal to up to 0.25% per annum of the Global NAV, calculated monthly and payable quarterly in arrears. The Fund is responsible for other fees and expenses incurred in its operations, which fees and expenses are not expected to exceed US$15,000 per year. The Fund's NAV will also be indirectly reduced by customary advisory fees, incentive fees and other expenses payable by the Sub-Funds. All such fees and expenses will affect the Redemption Price of the Notes by directly or indirectly reducing the Final NAV of the Fund.
Secondary Market:	The Agent has agreed to maintain after November 2002, under normal market conditions, a monthly secondary market for the Notes in which the maximum bid-offer spread will be 1% of the Principal Amount of the Notes (excluding commissions).

DEFINITIONS

In this Information Statement, unless the context otherwise requires:

"**Agency Agreement**" means the agreement between the Bank and the Agent relating to the offering of the Notes.

"**Agent**" means National Bank Financial Inc.

"**Bank**" or "**BDC**" means Business Development Bank of Canada.

"**BBS**" means the "book-based system" of securities issuance and registration in which electronic records replace physical certificates; this system was established by CDS pursuant to rules and procedures therefor under agreements and rules establishing and governing the procedures for, among other things, the settlement of securities transactions under such system.

"**Book-Entry System**" means the record entry securities transfer and pledge system established and governed by one or more agreements between CDS and CDS Participants pursuant to which the operating rules and procedures for such system are established and administered by CDS.

"**Business Day**" means any day, other than a Saturday or a Sunday or a day on which commercial banks in New York, Montreal and Luxembourg are required or authorized by law to remain closed.

"**Calculation Agency Agreement**" means the agreement between the Calculation Agent and Bank to be executed on or prior to the Settlement Date.

"**Calculation Agent**" means BNP Paribas or any of its successors.

"**CDS**" means The Canadian Depository for Securities Limited or its nominee.

"**CDS Participant**" means a broker, dealer, bank or other financial institution or other person for whom CDS effects book-entry transfers and pledges of Notes under the Book-Entry System.

"**Custodian and Administrator**" means BNP Paribas Securities Services, Luxembourg Branch.

"**Extraordinary Event**" means, as determined by the Calculation Agent, (i) the winding-up, dissolution, liquidation or cessation of trading of the Fund (for purposes hereof, a "Wind-Up"), if the Wind-Up is required by applicable law or an applicable regulatory authority for reasons outside the reasonable control of the Fund and the Portfolio Advisor, (ii) the material breach by the Portfolio Advisor or the Sub-Advisor of a material investment guideline of the Fund (set forth herein) and in the Investment Advisory Agreement, subject to any cure period therein, (iii) the impossibility, for a reasonable period of time, of calculating the NAV of the Fund, and (iv) the occurrence of any event or changes affecting the Fund or its shareholders beyond the reasonable control of the Fund or its shareholders which is likely to have a material adverse effect on the hedging arrangements related to the Notes and the Fund entered into by BDC and its swap provider.

"**Federal Act**" means the *Income Tax Act* (Canada).

"**Final NAV**" means the arithmetic average of the NAV on each of the Redemption Valuation Dates.

"**Fund**" means the Montrusco Bolton Focus Global Protected Fund Limited, an exempted open-ended company with limited liability established under the laws of the Cayman Islands.

"**Global NAV**" means the net asset value of the Fund attributable to the Shares, in Canadian dollars, being the value of the assets attributable to the Shares less the related liabilities.

"**Holder**" means a beneficial owner of a Note.

"**Initial NAV**" means $1,000.

"**Investment Advisory Agreement**" means the agreement between the Portfolio Advisor and the Fund to be executed on or prior to the Settlement Date.

"**Investment Sub-Advisory Agreement**" means the agreement between the Portfolio Advisor and the Sub-Advisor to be executed on or prior to the Settlement Date.

"**Maturity**" or "**Maturity Date**" means May 28, 2010.

"**NAV**" means the Global NAV divided by the number of Shares outstanding, as calculated from time to time by the Administrator.

"**Notes**" means the BDC Montrusco Bolton Focus Principal Protected Notes, Series 1 Due 2010.

"**Portfolio Advisor**" means Montrusco Bolton Investments Inc.

"**Principal Amount**" means the principal amount of a Note, being $1,000 with increments of $100 thereof.

"**Redemption Valuation Dates**" means the last Business Day of each of February 2010, March 2010 and April 2010.

"**Redemption Price**" means the payment to be made at Maturity by the Bank to redeem a Note and equal to the greater of:

(a) 100% of the Principal Amount; and

(b) the amount determined by the Calculation Agent in accordance with the Redemption Formula.

"**Redemption Formula**" means:

$$\text{Principal Amount X} \left[\frac{Final\ NAV\ x\ (1 - Fee)^{n}}{Initial\ NAV} \right]$$

Where:

Final NAV means the arithmetic average of the NAV on each of the Redemption Valuation Dates;

Initial NAV means $1,000;

n equals 8 (being the number of years between the Settlement Date and the Maturity Date); and

Fee means a guarantee and structuring fee equal to 3%.

"**Settlement Date**" means on or about May 28, 2002, or such later date as may be agreed by the Bank and the Agent on which the Notes will be issued.

"**Share**" means a Class A Share in the Fund.

"**Sub-Advisor**" means Focus Investment Management Ltd.

"**Sub-Fund**" means a hedge fund in which the Fund will invest from time to time.

"**$**" means Canadian dollar, unless otherwise specified.

BUSINESS DEVELOPMENT BANK OF CANADA

The Bank (formerly the Federal Business Development Bank) was established by the *Federal Business Development Bank Act* and was continued as a body corporate under the name "Business Development Bank of Canada" pursuant to the *Business Development Bank of Canada Act*. The Bank's head office is located at 5, Place Ville-Marie, Suite 400, Montreal, Québec, H3B 5E7. The objectives of the Bank are to promote and assist in the establishment and development of business enterprises in Canada, especially small and medium-sized businesses, by providing a wide range of financial and consulting services complementary to those of commercial financial institutions. To finance these objectives, the Bank issues debt instruments, which constitute direct unconditional obligations of the Bank and as such constitute direct unconditional obligations of Her Majesty in right of Canada. The Bank is for all purposes an agent of the Crown.

DESCRIPTION OF THE NOTES

The following describes the attributes and characteristics of the Notes offered hereby.

Offering

A global note for the full amount of the issue will be issued in registered form to CDS on the Settlement Date. Subject to a limited exception, certificates evidencing the Notes will not be available to Holders under any circumstances and registration of ownership of the Notes will be made only through the BBS of CDS.

This offering consists of a minimum of $10,000,000 Principal Amount Notes at a price equal to 100% of the Principal Amount per Note which will be payable on the Settlement Date. The Notes are denominated in principal amounts of $1,000 with increments of $100 thereof.

Payment at Maturity

The Notes will mature on May 28, 2010.

At Maturity, the Holder of a Note will be entitled to receive in respect of each Note held by such Holder the Redemption Price, as determined by the Calculation Agent, being the greater of (A) 100% of the Principal Amount, and (B) the amount determined by the Redemption Formula. The Redemption Formula is:

$$\text{Principal Amount X} \left[\frac{\mathit{Final\ NAV}\ x\ (1 - \mathit{Fee})^{n}}{\mathit{Initial\ NAV}} \right]$$

Where:

Final NAV means the arithmetic average of the NAV on each of the Redemption Valuation Dates;

Initial NAV means $1,000;

n equals 8 (being the number of years between the Settlement Date and the Maturity Date); and

Fee means a guarantee and structuring fee equal to 3%.

If an Extraordinary Event occurs, a Holder will receive at Maturity an amount determined by the Calculation Agent as set forth below under "Description of the Notes – Extraordinary Event".

No interest will be paid on the Notes, except at Maturity if and to the extent that the Redemption Price exceeds the Principal Amount.

The Fund

The Fund is an open-ended investment company, the assets of which will be invested in a portfolio of conservatively managed hedge funds diversified both by strategies and geographical region. Through diversification, the Fund seeks to achieve capital appreciation with low volatility and low correlation to equity and bond markets.

Montrusco Bolton, as portfolio advisor of the Fund, is responsible for monitoring the activities of the Fund and the implementation of its investment objectives in accordance with the Fund's investment guidelines. Focus has been appointed as Sub-Advisor.

The value of the Notes will be linked to the economic performance of the Shares of the Fund. Holders of Notes will have no direct interest in the Fund. (See under "The Fund" below).

Rank

The Notes will constitute direct unconditional obligations of the Bank and as such will constitute direct unconditional obligations of Her Majesty in right of Canada. The Notes will be issued on an unsubordinated basis and will rank *pari passu*, as among themselves, and with all other outstanding direct, unsecured and unsubordinated, present and future obligations (except as otherwise prescribed by law) of the Bank, and will be payable rateably without any preference or priority. The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime.

Credit Rating

The Notes have not been rated by either DBRS or Standard & Poor's or any other agency. As of the date hereof, the obligations of the Bank with a term to maturity in excess of one year in Canadian currency are rated AAA by DBRS and Standard & Poor's. There can be no assurances that, if the Notes were specifically rated by DBRS or Standard & Poor's, they would have the same rating as long-term obligations of the Bank in Canadian currency. A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.

Settlement

The Bank will be required to make available to the Holders, no later than 10:00 a.m. (Eastern time) on the Maturity Date, funds in an amount sufficient to pay the Redemption Price, through CDS or its nominee, or otherwise by cheque or (with the agreement of the Holder) by wire transfer.

Deferred Payment

Federal laws of Canada preclude payments of interest or other amounts for the advancing of credit at effective rates in excess of 60% per annum. When any payment is to be made by the Bank to a Holder on account of the Redemption Price of a Note, payment of a portion of such payment may be deferred to ensure compliance with such laws.

Calculation Agent

The Bank has appointed BNP Paribas as Calculation Agent with regard to the Notes. In accordance with the terms of the Calculation Agency Agreement, the Calculation Agent will be solely responsible for (i) the determination and calculation of the Redemption Price and the amount payable to a Holder upon the occurrence of an Extraordinary Event as set forth under "Extraordinary Event", and (ii) the determination as to the occurrence of an Extraordinary Event. All determinations and calculations made by the Calculation

Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding on the Bank and the Holders. The Calculation Agent, as swap provider to BDC, may have economic interests that differ from those of the Holders. Under the Calculation Agency Agreement, BNP Paribas is, however, obligated to carry out its duties and functions as calculation agent in good faith and using its reasonable judgement.

Extraordinary Event

Upon the occurrence of an Extraordinary Event, the Calculation Agent will determine, as soon as reasonably practicable thereafter (the "Call Option Price Calculation Date"), the price of a call option on the aggregate Principal Amount of the Notes ("Call Option Price") on such date, having a strike price based on the Redemption Formula applied as at such date and expiring on the Maturity Date. The Call Option Price will be estimated based on several factors, including the NAV at which the Calculation Agent would consider that a swap provider hedging exposure to the Notes would unwind its hedging position, the expected volatility of the Fund as at the Call Option Price Calculation Date and prevailing interest rates. The Call Option Price will be deemed to accrue interest from the Call Option Price Calculation Date to the Maturity Date at the prevailing interest rate of Canadian banks as at the Call Option Price Calculation Date (the Call Option Price plus the said accrued interest being referred to as the "Call Option Amount"). On the Maturity Date, Holders will receive in respect of each Note held, the greater of : (i) 100% of the Principal Amount of the Note, and (ii) the sum of 100% of the Principal Amount of the Note and the prorata portion of the Call Option Amount attributable to such Principal Amount.

Book-Based System

The Notes must be purchased, transferred and repurchased through a CDS Participant. On the Settlement Date, the Bank will cause all Notes in the form of a single global note to be delivered to, and registered in the name of CDS. Registration of interests in and transfers of the Notes will be made only through the BBS of CDS. Subject to the exception mentioned hereinafter, no Holder will be entitled to any certificate or other instrument from the Bank or CDS evidencing the ownership thereof, and no Holder will be shown on the records maintained by CDS, except through a CDS Participant. Upon purchase of any Notes, the Holder will receive only the customary confirmation that will be sent to such Holder by the Agent or by other registered dealers from whom or through whom such Notes are purchased.

Definitive certificates in relation to the Notes will be issued to CDS Participants if the Bank advises the Holders that CDS is no longer willing or able to properly discharge its responsibilities as depositary with respect to Notes and the Holders and the Bank are unable to locate a qualified successor depositary system.

Upon the surrender by CDS of the global note representing the Notes and instructions from CDS for registration, the Bank will issue definitive certificates to CDS Participants appearing on the records maintained by CDS at the time of or as soon as practicable prior to such delivery, which definitive certificates will thereafter evidence Notes previously evidenced by the global note.

The Redemption Price under the global note will be paid to applicable CDS Participants to those Participants' CDS accounts in amounts proportionate to their respective beneficial interests in the Principal Amount as shown on the records of CDS or its nominee. It is expected that payments by CDS Participants to owners of beneficial interests on the global note held through such CDS Participants will be governed by standing instructions and customary practices, as in the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such CDS Participants. The responsibility and liability of the Bank in respect of the Notes represented by the global note is limited to making payment of any amount due on the global note to CDS or its nominee.

Notices to Holders

All notices to the Holders regarding the Notes will be validly given if (i) given through CDS to CDS Participants, or (ii) published once in an important French language Canadian newspaper and in the national edition of an important English language Canadian newspaper. The Bank will give notice as aforesaid to the Holders of any material change or material fact relating to the Notes. While any Note remains outstanding, the Bank will ensure that material information relating to the Notes is regularly available through the Internet on the following web sites: "www.hedgefunds.ca" and "www.bdc.ca".

Amendments to the Notes

The global note may be amended without the consent of the Holders by agreement between the Bank and the Agent if, in the reasonable opinion of the Bank and the Agent, the amendment would not materially and adversely affect the interests of the Holders. In other cases, the global note may be amended if the amendment is approved by a resolution passed by the favourable votes of the Holders representing not less than $66^2/_3$% of the Principal Amounts of the Notes at a meeting convened for the purpose of considering the resolution**,** or by written resolution signed by Holders representing not less than $66^2/_3$% of the Principal Amounts of the Notes. The Notes do not carry the right to vote in any other circumstances.

THE FUND

The Fund

The Fund was incorporated as an exempted open-ended company with limited liability on May 3, 2002 under the Cayman Islands Companies Law (2001 Second Revision).

The Fund will have a Board of Directors which will have the ultimate responsibility for the management of the Fund; however, day to day administration of the Fund will be delegated to the Administrator, and management of the Fund's assets will be delegated to the Portfolio Advisor. The present directors of the Fund, all of whom are officers and/or employees of companies in the BNP Paribas group of companies, are: Darren P. Riley, who is a Director and General Manager of BNP Paribas Private Bank & Trust Cayman Limited; Rémi Frank, who has been global head of structured products on equity derivatives for BNP Paribas since 1992; and Stéphane Liot, who has been global head of fund derivatives for BNP Paribas since 1996.

The BNP Paribas group of companies (the "Group") is France's largest listed banking group in terms of market capitalisation. As a result of the combination of BNP and Paribas and the Group's restructuring efforts, the Group has reinforced its position as one of the top global players in financial services, conducting retail, corporate and investment banking, private banking, asset management, insurance and specialised and other financial activities throughout the world. According to the rankings published in July 2001 by The Banker (based on 2000 figures):

- Based on total assets, the BNP Paribas Group was the largest banking group in France, the fourth largest in Europe, and the ninth largest in the world, and

- Based on Tier 1 capital, the BNP Paribas Group was the second, sixth and fourteenth largest banking group in France, Europe and the world, respectively.

The merger of BNP and Paribas has created a leading European provider of corporate and investment banking and asset management products and services, and a leading provider of private banking products and services throughout the world. In the French retail banking segment, the Group has significant market shares in consumer lending and in corporate lending and savings management. It is a leading provider of retail banking and financial services in Europe, with over 14 million individual customers in Europe. Management believes that the Group is a leader in France in consumer loans, lease financing and vehicle fleet management, and among the top three in Europe as a provider of consumer loans and fleet management.

The Group has offices in 87 countries. At 31 December 2000, the Group had consolidated assets in excess of €694 billion, consolidated gross total customer items in excess of €240 billion, consolidated customer deposits (including retail and negotiable certificates of deposit) of €233 billion and stockholders' equity (BNP Paribas Group share after appropriation of income) of €20.6 billion. Net income (before taxes, non-recurring items and amortisation of goodwill) for the year ended 31 December 2000 was over €6.7 billion, which represents an increase of 20.9% (from €5.5 billion) from the pro forma combined BNP and Paribas net income (before taxes, non-recurring items and amortisation of goodwill) for the corresponding period in 1999.

BNP Paribas currently has long-term senior debt ratings of "Aa3" with positive outlook from Moody's "AA" with stable outlook from Standard & Poor's and "AA" with stable outlook from Fitch. Moody's has also assigned BNP Paribas a Bank Financial Strength rating of "B" and Fitch has assigned BNP Paribas an individual rating of "B".

The Group has three core businesses: Retail Banking; Corporate and Investment Banking; and Private Banking, Asset Management, Securities Services and Insurance. Each is in turn operationally organised into principal activities.

Administrator and Custodian

The Fund will engage BNP Paribas Securities Services, Luxembourg branch (the "Administrator") as administrator and custodian. The Administrator will be responsible for keeping the Fund's books and records (except for the statutory records of the Fund which, pursuant to the law of the Cayman Islands, must be maintained in the Cayman Islands and will be kept at the registered office of the Fund) and for maintaining its register of members and dealing with transfers of shares. It will be responsible for processing applications for subscriptions or redemption and calculating and publishing the NAV. It will also handle the payment of redemptions, any necessary foreign exchange dealing and foreign exchange hedging and various expenses of the Fund. It will place subscription and redemption orders in target investments according to instructions given by the Portfolio Advisor. The Fund will pay for the administration costs out of its own assets. As custodian, the Administrator will also be responsible for the safekeeping of the Fund's assets.

The Portfolio Advisor – Montrusco Bolton Investments Inc. ("Montrusco Bolton")

Montrusco Bolton is one of Canada's leading money managers for institutional and private clients and, for over 50 years, has successfully met investment goals of its institutional clients, endowments, foundations and private clients. Montrusco Bolton currently has approximately $6 billion in assets under management and employs over 45 professionals.

Montrusco Bolton is the result of the merger of Montrusco Associates Inc. and Bolton Tremblay Inc. in February 1999. Montrusco Associates Inc. was created in 1984 by Montreal Trust to manage assets for institutional and private clients; Bolton Tremblay Inc. was founded in 1946. In 2000, First Asset Management Inc. acquired a majority interest in Montrusco Bolton, and Montrusco Bolton became a private company.

Pursuant to the Investment Advisory Agreement, Montrusco Bolton is the portfolio advisor of the Fund with the responsibility of monitoring the activities of the Fund and the implementation of its investment objectives in accordance with the Fund's investment guidelines.

The Investment Advisory Agreement may be terminated only by the Fund, and only in limited circumstances such as the insolvency of Montrusco Bolton or if Montrusco Bolton defaults in any material respect in the performance of any of its duties or obligations under the Investment Advisory Agreement and such default has not been remedied within the period provided therein.

Sub-Advisor – Focus Investment Management Ltd. ("Focus")

Focus, incorporated under the laws of Bermuda, is part of the Focus group of companies. Focus Group, Ltd., the parent company of the group, was established in 1994 to advise institutional clients seeking the expertise among the world's most talented investment managers. Over the past decade, it has built a multi-functional organization that empowers its clients by effectively outsourcing asset management to these qualified, specialist managers and has become a leader in the management of multi-manager portfolios for clients investing in hedge funds dedicated to achieving positive absolute returns. The Focus group currently has US$ 1 billion in alternative investments under administration and manages 20 distinct fund of funds portfolios for banks, pension funds, insurance companies and individuals.

Pursuant to the terms of the Investment Sub-Advisory Agreement, Focus has been appointed as sub-advisor in respect of the investment management of the Fund. As Sub-Advisor, Focus will select the Sub-Funds and evaluate and monitor them on an ongoing basis. Focus will provide Montrusco Bolton with all relevant information regarding the assets of the Fund in order to allow Montrusco Bolton to, in turn, evaluate and monitor the performance of the Fund. The Investment Sub-Advisory Agreement may be terminated by Montrusco Bolton in certain limited circumstances, including the insolvency of Focus or if Focus defaults in any material respect in the performance of any of its duties or obligations under the Investment Sub-Advisory Agreement.

Investment Objectives

The assets of the Fund will be invested in a portfolio of conservatively managed hedge funds, diversified both by strategies and geographical region. Through diversification, the Fund seeks to achieve capital appreciation with low volatility and low correlation to equity and bond markets.

The alternative investment strategies in which the Fund will primarily allocate assets are briefly described below:

- *Long/Short Equity*: this strategy involves equity-oriented investing on both the long and short sides of the market. The objective is not to be market neutral. Managers have the ability to shift from value to growth, from small to medium to large capitalization stocks, and from a net long position to a net short position. Managers may use futures and options to hedge. The focus may be regional, such as long/short US or European equity, or sector specific, such as long and short mid cap or large cap stocks. Long/short equity funds tend to build and hold portfolios that are substantially more concentrated than those of traditional stock funds.

- *Convertible Arbitrage*: this strategy is identified by hedge investing in the convertible securities of a company. A typical investment is to be long the convertible bond and short the common stock of the same company. Positions are designed to generate profits from the fixed income security as well as the short sale of stock, while protecting principal from market moves.

- *Merger Arbitrage*: this strategy combines long holdings of stock in companies being acquired with short positions in the stock of the acquiring company, generally with respect to announced mergers.

- *Event Driven*: this strategy is defined as "special situations" investing designed to capture price movement generated by a significant pending corporate event such as a merger, corporate restructuring, liquidation, bankruptcy or reorganization. There are various sub-categories in event-driven strategies including risk arbitrage and distressed/high yield securities.

The Fund may also allocate minor portions of its assets to the following two strategies:

- *Equity Market Neutral:* this investment strategy is designed to invest equally in long and short equity portfolios generally in the same sectors of the market. Market risk is greatly reduced by effective stock analysis and stock selection is essential to obtaining meaningful results. Leverage may be used to enhance returns and there is usually low or no correlation to the equity market.

- *Statistical Arbitrage*: managers of such strategies believe that equities behave in a way that is mathematically describable, and perform a low risk, market neutral analytical equity strategy. This approach captures momentary pricing inefficiencies in the stocks being monitored. The strategy's profit objective is to exploit mispricings in as risk-free manner as possible.

Investment Guidelines

The following investment guidelines of the Fund will be monitored by the Portfolio Advisor on an on-going basis to ensure that they are complied with. If any of the limits set forth in the investment guidelines are exceeded, appropriate action will be taken to bring the Fund's portfolio back within the required limits as promptly as practicable.

Investment Restrictions

1. The Fund may not invest more than 15% of the Global NAV in Sub-Funds which have been in existence for less than 12 months unless the manager of such Sub-Fund has a demonstrable track record for a substantially similar strategy at a prior firm that is more than 24 months old.

2. The Fund may not invest in a Sub-Fund which (i) makes material investments in emerging market equities, debt instruments or mortgage backed securities, or (ii) purchases securities on a private placement basis.

Concentration Rules

3. The market value of the investment of the Fund in any single Sub-Fund will not exceed 10% of the Global NAV provided, however, that the Fund may, by exception, invest in one single Sub-Fund beyond such limit if such investment does not represent more than 12.5% of the Global NAV.

4. The market value of the investment of the Fund in any single Sub-Fund may not exceed 10% of the net asset value of such Sub-Fund.

5. The Fund will invest its assets in a minimum of 12 Sub-Funds; for any given investment strategy, no more than 8% of the Global NAV may be invested in any one Sub-Funds.

6. The market value of the investments of the Fund in Sub-Funds managed by the same investment manager will not exceed 12% of the Global NAV.

Diversification by Investment Strategy

The assets of the Fund will be allocated among the four investments strategies indicated below within the following limits:

Investment Strategy	Limit	Sub-Limit
Convertible Arbitrage	25%	
Event Driven/ Merger Arbitrage	25%	
Equity Market Neutral/ Statistical Arbitrage	20%	
Long/Short Equity	50%	
US		20%
Europe		20%
Japan		20%
Long Biased		15%

Leverage

Leverage of the Fund will be limited to 25% of the Global NAV, and only for the purpose of either (i) satisfying liquidity needs or (ii) increasing the Fund's exposure to its portfolio of Sub-Funds, in accordance with the parameters set forth below.

Time elapsed since Settlement Date	Maximum leverage allowed	Minimum annualized return to permit leverage(1)	Annualized return requiring termination of leverage(2)
At any time	For liquidity only	n.a.	n.a.
2 to 3 years	20%	10%	8%
After 3 years	25%	10%	8%

(1) The annualized return since the Settlement Date will be calculated on the last Business Day of each month, based on the NAV. If on any such date which is at least two years after the Settlement Date, such annualized return is at least 10%, the Fund may borrow up to 20% (after year 2) or 25% (after year 3) of the Global NAV, as the case may be.

(2) If the annualized return since the Settlement Date on the last Business Day of any month is less than 8% after the implementation of leverage, the Fund must terminate the leverage and will, therefore, reimburse the related outstanding indebtedness.

The leverage of each Sub-Fund will be monitored on an ongoing basis, and the Fund will not invest in (and will redeem its interest in) Sub-Funds that consistently exceed the following limits of leverage: for Convertible Bond Arbitrage, 500%; for Merger Arbitrage, Event Driven, Long/Short Equity, Equity Market Neutral and Statistical Arbitrage, 200%.

Other than in respect of convertible bond arbitrage, "leverage" is the total of long and short positions divided by invested capital; in the case of convertible bond arbitrage, "leverage" is the long position divided by invested capital.

Liquidity of the Sub-Funds

1. At least 75% of the Fund's assets will be invested in Sub-Funds which offer redemptions on a monthly basis or more frequently; the redemption notice period will be no longer than 35 days.

2. A maximum of 25% of the Fund's assets will be invested in Sub-Funds that offer quarterly redemptions. The redemption notice period will be no longer than 45 days.

3. Approximately 2% of the Fund's assets will be invested in Sub-Funds offering redemptions on a weekly basis or more frequently, or in cash or money market instruments.

Risk Management

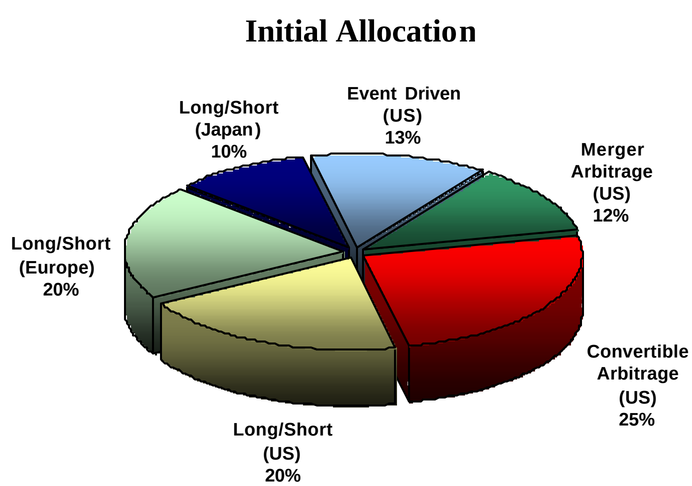
The Fund will use its best efforts to keep the volatility (as measured by the annualised standard deviation of monthly returns) of the NAV below 8%. If the volatility rises above the 8% threshold, the Portfolio Advisor will use its best efforts to reduce the volatility of the Sub-Fund and bring it back to the target range by issuing redemption notices to certain Sub-Funds.

Currency Hedging

Since it is expected that most of the Sub-Funds will be denominated in US dollars, Yen and Euro, the Fund will hedge its currency exposure to the fluctuation of the US dollar, Euro or Yen compared to the Canadian dollar by using over the counter foreign exchange forward contracts. The Directors will instruct the Administrator to conduct the currency hedging transactions and will ensure that those transactions will be effected at prevailing market price.

Initial Allocation

The Fund's assets will initially (subject to changes in allocation as described below) be allocated among the following investment strategies and geographical region, in the following percentages:



Initial Sub-Funds

The following identifies the initial Sub-Funds, indicates the initial percentage of assets to be allocated to them, and briefly describes their respective investment strategies, geographical region and differentiating styles.

Arbitex *(Conv. Arbitrage)* - 8%

The strategy of Arbitex is volatility based convertible arbitrage. The fund trades convertible securities, options, and equities primarily in the US and Japan and to a lesser extend in Europe. Its portfolio focuses on higher rated, lower premium convertibles bonds. The strategy aims to generate the majority of the profits from trading and re-balancing of the portfolio.

Argent *(Conv. Arbitrage)* - 9%

Argent process is generally focused on cash flow, however, they attempt to capitalize on the broader elements of the convertible arbitrage strategy as well. They invest in the US and Europe (though to a lesser degree) and are always fully hedged. Via utilizing less leverage than the typical convertible arbitrage manager (at somewhere on the order of 2:1), the sub-fund is designed to produce low volatility returns.

Akela *(Conv. Arbitrage)* - 8%

Akela's sole focus is on the U.S. market. Manager previously directed sell-side operations of one of the largest convertible desks in the world and adds a view from the corporate side besides standard investor angle. This manager is less prone to being locked into a particular approach to investing in the convertible marketplace (volatility, cash flow or credit focus), but rather positions the portfolio into the best opportunities present in the current market environment. As with the other convertible arbitrage managers in the portfolio, this sub-fund is always operating on a fully-hedged basis.

Candlewood *(US Long/Short Equity)* - 8%

Candlewood follows a three pronged approach towards achieving low volatility returns. A portion of this fund will be invested in traditional growth, contrarian value and hedged trades.

Pennant *(US Long/Short Equity)* - 6%

Pennant core longs in undervalued securities that it believes have minimal downside risk and 50% to 100% upside over a six to 18 month period. Shorts have a fundamental catalyst to precipitate a decline in the near term with a focus on balance sheet dynamics.

Beacon *(US Long/Short Equity)* - 6%

Beacon's long/short approach is limited entirely to event driven situations. Positions are taken in companies with specific catalysts for stock price revaluation. These may include mergers, spin-offs, restructurings, bankruptcies and regulatory changes.

Para (*US Event Driven)* - 7%

Para consists of two complementary sub-strategies: firstly short term, including merger arbitrage, and secondly long term, including event driven and distressed securities.

York (*US Event Driven)* - 6%

York generates investment ideas from significant corporate announcements, aided by contacts in industry, law and banking; it investigates each potential transaction using a fundamental approach.

Lansdowne *(Eur. Long/Short Equity)* - 8%

Lansdowne takes contrarian approach, emphasizing evaluation of a company's intrinsic value. Its portfolio includes traditional growth companies with the ability to generate cash and reinvest it at attractive returns for many years because of strong competitive position.

Incremental *(Eur. Long/Short Equity)* - 6%

Incremental has a value investment style, with absolute approach and particular emphasis on capital preservation. It combines top down and bottom up approaches with both a quantitative and qualitative analysis in stock selection.

Theorema *(Eur. Long/Short Equity)* - 6%

Theorema combines the use of traditional Graham and Dodd valuation methodology with "value plus catalyst" investing. Its catalysts tend to be short term in nature (i.e. an event that will cause a revaluation of the stock price in 3-9 months).

Oberon *(Japan Long/Short)* - 5%

Oberon is a disciplined long short stock fund investing in Japan. Its aim is to take advantage of the polarization in share prices reflecting structural changes in the Japanese economy.

Rosehill *(Japan Long/Short)* - 5%

Rosehill combines top-down analysis to guide portfolio exposures and positioning by sector, with bottom-up fundamental work to uncover fundamentally mispriced equities; it heavily emphasizes in overall allocation of fundamentally attractive sectors.

Paulson *(US Merger Arbitrage)* - 6%

Paulson attempts to add value by setting up collar deals to benefit from a decline in the acquirers stock and by shorting deals with small spreads where the fund can benefit from adverse developments.

HBV *(US Merger Arbitrage)* - 6%

HBV ranks deals based upon fundamental risk reward versus probability of deal completion. The fund is weighted towards deals determined to have the highest probability of closing.

Adjustments may be made from time to time to the allocation of assets among the Sub-Funds, and one or more Sub-Funds may be removed, or be replaced or additional Sub-Funds added. Such adjustments may result from, for example, a significant change in any Sub-Fund's organization, ownership or management, departure of key personnel, unsatisfactory performance or significant changes in any investment policy. In such event, the amount of assets allocated to the relevant Sub-Fund may be reduced, withdrawn, and reallocated either to other existing Sub-Funds or to a new Sub-Fund.

The NAV

The Administrator will calculate the NAV on the last Business Day of each month during which the Notes are outstanding.

Determination of the NAV

For purposes of calculation of the NAV (including the Final NAV for purposes of the Redemption Formula), the value of the Fund's assets will be determined as follows:

1. the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash distributions or dividends declared to holders of record on a date or before the day on which the NAV is calculated but not yet received, and interest accrued and not yet received, will be deemed to be the full amount thereof, unless the directors of the Fund (the "Directors") have determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof, in which event the value thereof will be such value as the Directors determine to be the fair value thereof;

2. the value of any security listed or dealt in on a stock exchange will be determined by taking the last sale price (or, lacking any sales, a price not higher than the closing asked price and not lower than the closing bid price therefor as the Directors may from time to time determine) on the latest available quotation;

3. in the case of any security which is listed or dealt in on more than one stock exchange, the Directors will determine the stock exchange whose quotations shall be used in the determination of the value of such security;

4. in the case of any security for which no price quotations are available as above provided, the value thereof will be determined from time to time in such manner as the Directors shall from time to time determine;

5. short-term investments having a maturity of 60 days or less are valued at cost plus accrued interest and plus or minus any amortized discount or premium;

6. in the event securities which are not readily marketable due to restrictions on sale are held by the Fund such securities will be valued at their market price determined as above less the same rate of discount that was applied when the securities were purchased, provided that the rate of such discount may be reduced proportionately where such restriction is to be lifted on a specific date;

7. the value of any security interest in any Sub-Fund, investment trust, collective investment scheme or other similar fund will be such price as is provided to or generally made available to the Directors by any such fund by the administrator or operator of any such entities;

8. in cases where the valuations in respect of any asset is determined not to represent a fair valuation the value will be calculated in such manner as the Directors may determine.

In determining the NAV, the value of the Fund's assets attributable to the Shares shall be reduced by related liabilities, including related fees and expenses payable by the Fund. See below under "Fees and Expenses".

Auditors

The Fund has engaged Pricewaterhouse Coopers LLP as its Auditors.

Fees and Expenses

The Fund will pay (i) to the Portfolio Advisor and the Sub-Advisor, an aggregate advisory fee equal to 1.1% per annum of the Global NAV, calculated monthly and payable quarterly in arrears**,** (ii) to the Custodian and Administrator, an administrative fee equal to up to 0.25% per annum of the Global NAV, calculated monthly and payable quarterly in arrears. The Fund is responsible for other fees and expenses incurred in its operations, which fees and expenses are not expected to exceed US$15,000 per year. The Fund's NAV will also be indirectly reduced by customary advisory fees, incentive fees and other expenses payable by the Sub-Funds. All such fees and expenses will affect the Redemption Price of the Notes by directly or indirectly reducing the Final NAV.

PLAN OF DISTRIBUTION

The Notes are being offered by the Bank through the Agent, which has agreed to use its best efforts to solicit purchases of the Notes for the period up to the Settlement Date, subject to a minimum issue size of $10,000,000. The Agent may form a selling group to offer and sell the Notes. The Bank has agreed to pay the Agent a commission of 6% of the aggregate amount of the issue of the Notes.

The Notes are new securities for which there is concurrently no established trading market. The Bank does not intend to apply for listing of the Notes on any securities exchange. Pursuant to the Agency Agreement, the Agent has agreed to maintain after November 2002, under normal market conditions, a monthly secondary market for the Notes in which the maximum bid-offer spread will be 1% of the Principal Amount of the Notes (excluding commissions).

The Bank reserves the right to issue additional notes of a series previously issued, and other debt securities which may have terms substantially similar to the terms of the Notes offered hereby, which may be offered by the Bank concurrently with the offering of the Notes subject to the terms and conditions of the Agency Agreement.

USE OF PROCEEDS

The net proceeds of the offering (after payment of the expenses related to this offering and the Agent's commission), will be used by the Bank for general banking purposes.

RISK FACTORS

Investment in the Notes is subject to certain risk factors. Prospective investors should carefully consider the risks associated with acquiring and holding Notes, including the following factors:

Suitability of Notes for Investment

An investor should reach a decision to invest in the Notes after carefully considering, in conjunction with his or her advisors, the suitability of the Notes in light of his, her or its investment objectives and the other information set out in this Information Statement. For instance, an investment in a Note is not suitable for a person seeking a guaranteed interest yield. The Bank makes no recommendation as to the suitability of the Notes for investment.

Comparison to Other Debt Securities

The Notes are not conventional notes or debt securities in that they do not provide investors with a return or income stream prior to Maturity, or a return at Maturity calc ulated by reference to a fixed or floating rate of interest that is determinable prior Maturity. Investors in Notes will not have an opportunity to reinvest any income generated by their investment prior to Maturity, or will they be able, prior to Maturity, to determine the amount of the return, if any, that they will receive on their Notes at Maturity.

The terms of the Notes differ from those of ordinary debt securities, in that interest is payable on the Notes only if and to the extent that the Redemption Price exceeds the Principal Amount. The Redemption Price will exceed the Principal Amount only if, at Maturity, there has been a sufficient increase in the Final NAV of the Fund from the Initial NAV to cover the guarantee and structuring fee. Such an increase is contingent on events that are inherently difficult to predict and beyond the Bank's control. Accordingly, there can be no assurance that any such increase will occur or, therefore, that more than the Principal Amount will ever be payable with respect to each Note. Moreover, the value of an investment in the Notes may diminish over time owing to inflation and other factors that adversely affect the present value of a future payment. Accordingly, an investment in the Notes may result in a lower return when compared to other investments.

Secondary Market for the Notes / Possible Illiquidity

The Notes will be new securities for which currently there is no trading market. The Bank does not intend to apply for listing of the Notes on any securities exchange.

Despite the fact that the Agent has agreed to maintain after November 2002, under normal market conditions, a monthly secondary market for the Notes in which the maximum bid-offer spread will 1% of the Principal Amount of the Notes (excluding commissions), it is not possible to predict at what price the Notes will trade in the secondary market or whether such market will be liquid or illiquid. Holders choosing to sell their Notes prior to the Maturity Date will receive a market price which is not necessarily equal to 100% of the Principal Amount and which does not necessarily reflect any increase in the NAV up to the date of such sale;

this difference between the market price received by a Holder on the sale of Notes in the secondary market and the Principal Amount is not protected or guaranteed by the Bank.

The Principal Amount is guaranteed by the Bank at Maturity. However, the Bank does not guarantee the payment at Maturity of any premium that may have been paid by a noteholder having purchased Notes in the secondary market over such Principal Amount. In addition, the trading price of a Note at any time will be dependent on, among other things, (i) how much the NAV has risen or fallen since the Settlement Date, (ii) the fact that the amount of protected principal at Maturity is limited to the Principal Amount and that any premium paid for the Notes on the secondary market is not protected by the Bank, and (iii) a number of other interrelated factors, including, without limitation, the volatility of the NAV, prevailing interest rates, the time remaining to Maturity Date, correlation of returns between the different investment strategies and market demand for the Notes. The relationship among these factors is complex and may also be influenced by various political, economic and other factors that can affect the trading price of a Note. In particular, the value of the Notes may differ from the value of the Fund. The Holder may wish to consult his, her or its investment advisor on whether it would be more appropriate in the circumstances at any time to sell or to hold the Note until Maturity.

Extraordinary Event

If an Extraordinary Event occurs, Holders will receive at Maturity an amount determined as set forth above under "Description of the Notes-Extraordinary Event"; in such event, Holders will no longer benefit from potential returns from investment strategies that would otherwise have been utilized from that date to Maturity.

The Leverage Policy

In certain circumstances, the Fund may borrow in order to create leverage. In such circumstances, a negative overall performance of the Sub-Funds, as well as borrowing costs, will accentuate any decrease in the NAV and therefore the potential return on the Notes.

Past Performance is not Necessarily Indicative of Future Results

The mere fact that any Sub-Funds have been successful in the past does not insure profitable trading in the future. Speculative alternative investment strategies involve substantial risks, and the outcome is uncertain. The Sub-Funds selected may not trade profitably and may incur substantial losses for the Fund. Past performance is not necessarily indicative of future results.

Reliance on Advisors

The Fund is relying on the ability of the Portfolio Advisor and the Sub-Advisor (collectively the "Advisors") to manage the assets of the Fund. No assurance can be given that the investment approaches utilized by, and investment decisions made by, the Advisors will prove successful.

Managers of Sub-Funds

Potential purchasers of Notes should be aware that the performance of the Fund will depend to a considerable extent on the performance of the Sub-Funds. The Bank, the Portfolio Advisor, the Sub-Advisor and the Agent cannot protect against the risk of fraud or misrepresentation on the part of any Sub-Fund. Furthermore, the performance of the Sub-Funds may depend to a certain extent on certain key employees. If such individuals cease to be employed for any reason, the performance of the Sub-Fund might be significantly affected.

The allocation of assets among Sub-Funds may vary from their initial allocation. In addition, under certain circumstances, the Sub-Funds may be removed or replaced. The overall performance of the Fund may suffer for a period as a result of such actions.

The Sub-Funds will trade independently of one another and may at times hold economically offsetting positions, in which case the Fund as a whole may not achieve any gain despite the otherwise profitable trading positions of certain Sub-Funds. Furthermore, if various Sub-Funds hold correlated trading positions at the same time, the Fund will sustain significant losses in the event that such trading positions become unprofitable.

Foreign Exchange Hedge

It is expected that most of the Sub-Funds will be denominated in US dollars, Euro or Yen. The Notes will be valued and redeemed in Canadian dollars. Therefore, the Fund will, on an on-going basis, hedge its exposure to the fluctuation of the US dollar, Euro or Yen compared to the Canadian dollars by entering into currency forwards and foreign exchange spot transactions. The performance of the Fund may be impacted by the cost of foreign exchange hedges, and will not benefit from the appreciation of those currencies compared to the Canadian dollar.

Use of Derivative Instruments/Volatility

The Fund, as well as the Sub-Funds, may use derivative instruments to leverage their trading. Such instruments may also be used for short sales or option writing, and may result in losses much bigger than the initial deposits or premiums received. Furthermore, derivative instruments are inherently volatile, and the leverage strategies used may further increase such volatility.

Fees and Transaction Costs

The Fund may have to support significant transaction costs. In addition, as a result of diversification, some of the Sub-Funds may pay management and incentive fees, even though the Fund as a whole may not have realized any gains.

Furthermore, in order for the Redemption Price to exceed the Principal Amount at Maturity, the return generated by the Fund from the Settlement Date to the Maturity Date will have to exceed the aggregate fees and expenses paid by the Fund during such period as well as the effect of the guarantee and structuring fee as calculated pursuant to the Redemption Formula.

Illiquid Instruments

The Fund may invest in instruments which, due to their particular characteristics, may not enjoy a high level of liquidity. As a consequence, the Fund may encounter significant delays when attempting to realize such assets during which the price of such assets may move adversely.

Counterparty Risk

The Fund may enter into swap, repurchase, lending or other transactions which may subject it to the performance and credit risk of the counterparty.

Bankruptcy or Default

In the event of the bankruptcy of a counterparty used to execute trades by the Fund or a Sub-Fund, the Fund or the Sub-Fund, as the case may be, may be unable to recover its funds held on behalf of the Fund, so that investors may realize a loss should they dispose of their investment in the Notes, despite the Fund having been otherwise highly profitable.

Not Registered Securities

The Notes are not registered or qualified for sale under the *Securities Act* (Quebec) or under any Canadian or other securities laws. No Canadian or other regulatory authority has recommended or approved the Notes, nor has any such regulatory authority reviewed or passed upon the accuracy or adequacy of this Information Statement.

Regulatory Changes

Regulatory changes in applicable jurisdictions could limit the ability of the Fund to carry out its business as described herein, and its ability to repatriate its investment in any Sub-Fund.

INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Bank and the Agent, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a Holder who acquires Notes pursuant to this Information Statement and who, for purposes of the Federal Act and at all relevant times, is or is deemed to be a resident of Canada, holds such Notes as capital property and deals at arm's length with the Bank. Notes will generally constitute capital property to a Holder thereof unless the Holder holds such Notes in the course of carrying on a business or has acquired such Notes in a transaction or transactions considered to be an adventure in the nature of trade.

This summary is based upon the current provisions of the Federal Act, the regulations thereunder, and counsel's understanding of the current published administrative practices and policies of the Canada Customs and Revenue Agency ("CCRA"), all in effect as of the date hereof. This summary also takes into account all specific proposals to amend the Federal Act and regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof ("Tax Proposals") and assumes all Tax Proposals will be enacted substantially as proposed. However, no assurance can be given that the Tax Proposals will be enacted as proposed, or at all.

The Act contains provisions relating to securities held by certain financial institutions (the "Market-to-market Rules"). This summary does not take into account the Market-to-market Rules. Holders of Notes that are "financial institutions" for purposes of the Market-to-market Rules should consult their own tax advisors.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law either by legislative, governmental or judicial decisions or action, or any changes in the administrative practices of the CCRA. This summary does not take into account tax legislation of any province, territory or foreign jurisdiction. Provisions of provincial income tax legislation vary from province to province in Canada and may differ from federal income tax legislation. **This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder of Notes. Accordingly, Holders should consult their own tax advisors for advice with respect to the income tax consequences to them of acquiring, holding and disposing of Notes having regard to their particular circumstances**.

The excess of the Redemption Price over the Principal Amount of a Note cannot be ascertained prior to the date on which the Final NAV is determined, and the right to such excess arises only at Maturity. The amount of such excess, if any, will ordinarily be included in the Holder's income, as interest, in the taxation year in which such excess is determined or paid (depending on the method regularly followed by the Holder in computing income for tax purposes).

On a disposition of a Note resulting from the repayment by the Bank at Maturity, a Holder will realize a capital gain (or a capital loss) to the extent that the proceeds received at such time, less reasonable costs of disposition and the amount, if any, required to be included in the Holder's income as interest in the year of such a disposition exceed (or are less than) the Holder's adjusted cost base of the Note.

It is unclear whether amounts received or deemed to be received by a Holder on a disposition or deemed disposition of a Note, other than a disposition resulting from a repayment by the Bank at the Maturity Date, will be considered as giving rise to a capital gain or a capital loss, or to income or an ordinary loss. CCRA has not expressed any opinion on this issue. Generally, an amount received or deemed to be received by a Holder on such disposition or deemed disposition of a Note will give rise to a capital gain (or a capital loss) to the Holder to the extent such amount less reasonable costs of disposition exceeds (or is less than) the Holder's adjusted cost base of the Note. **However, Holders who dispose of a Note within a short period of time prior to the Maturity Date should seek the advice of their own tax advisor as to the tax consequences resulting therefrom.**

Generally, one-half of any capital gain constitutes a taxable capital gain which must be included in the Holder's income and one-half of any capital loss constitutes an allowable capital loss, which is deductible against taxable capital gains, subject to and in accordance with the provisions of the Federal Act. A Holder that is a Canadian-controlled private corporation may be subject to a refundable tax of 6 2/3% on investment income, including taxable capital gains.

Capital gains realized by an individual or trust, other than certain trusts, may give rise to alternative minimum tax under the Federal Act.

Extraordinary Event

If an Extraordinary Event occurs, some of the tax considerations described above may not apply. In particular, Holders may be required to include in income on an accrual basis imputed interest in respect of a Note for taxation years that end after the date on which the amount payable by the Bank at Maturity is determined. On a disposition of a Note resulting from the repayment by the Bank at Maturity, a capital gain (or a capital loss) realized by the Holder will be computed as the amount by which the proceeds received at such time, less reasonable costs of disposition and the amount, if any, required to be included in the Holder's income as interest in the year of such a disposition or in a previous year exceed (or are less than) the Holder's adjusted cost base of the Note.

Where a Holder assigns or otherwise transfers a Note, the amount of interest accrued on the Note to that time but unpaid, if any, will be excluded from the proceeds of disposition of the Note for purposes of computing a gain or loss and will be required to be included as interest in computing the Holder’s income for the taxation year in which the disposition occurs, except to the extent it has been otherwise included in income for that year or a preceding year. In general, the Holder may deduct in computing income for the year of disposition the amount, if any, by which the aggregate amount of interest included in the Holder’s income exceeds the total interest actually received.

If an Extraordinary Event occurs, Holders should consult their own tax advisor with as to the tax consequences resulting therefrom.

Notes held by Registered Plans

In the case of Notes held by trusts governed by Registered Plans, such trusts are generally exempt from tax such that the tax consequences described above will not apply to such trusts. However, the annuitant or beneficiary under a trust governed by a Registered Plan will generally be required to include in income all amounts received from the trust in the year of receipt.

LEGAL MATTERS

Opinions will be delivered on certain matters pertaining to the Notes offered by this Information Statement on the Settlement Date on behalf of the Agent and the Bank by McCarthy Tétrault LLP.