

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities.*

**AMENDMENT NO. 2 DATED JANUARY 16, 2018 TO THE PROSPECTUS  
DATED APRIL 4, 2017, AS AMENDED BY AMENDMENT NO. 1 DATED NOVEMBER 10, 2017**

**SPHERE FTSE CANADA SUSTAINABLE YIELD INDEX ETF (“SHC”)  
SPHERE FTSE EUROPE SUSTAINABLE YIELD INDEX ETF (“SHE”)  
SPHERE FTSE EMERGING MARKETS SUSTAINABLE YIELD INDEX ETF (“SHZ”)**

**(collectively, the “ETFs”)**

The prospectus of the ETFs dated April 4, 2017 (the “**Prospectus**”), as amended by amendment no. 1 dated November 10, 2017, is hereby amended and is to be read subject to the additional information set forth below. Corresponding changes reflecting this amendment are hereby made to any applicable disclosure throughout the Prospectus. In all other respects, the disclosure in the Prospectus is not revised. All capitalized terms not defined in this Amendment No. 2 have the respective meanings set out in the Prospectus.

**Summary:**

On December 11, 2017, unitholders of SHC, SHE and SHZ approved a proposal to change the investment fund manager and trustee of the ETFs from Sphere Investment Management Inc. to Evolve Funds Group Inc. (“**Evolve**”) and unitholders of Sphere FTSE US Sustainable Yield Index ETF (“**SHU**”) and Sphere FTSE Asia Sustainable Yield Index (“**SHA**”) approved the merger of each of SHU and SHA into SHC, which mergers were completed on January 11, 2018.

In connection with these changes, Evolve reduced the management fee of SHC to 0.45% of net asset value (from 0.54%) and SHE to 0.50% of net asset value (from 0.54%). The management fee of SHZ remained the same. Evolve also introduced a fixed administration fee that resulted in a cap on certain operating expenses of 0.15% of net asset value in respect of SHC and SHE and 0.25% of net asset value in respect of SHZ. In addition, the trustee and portfolio manager of each ETF changed to Evolve and the custodian changed from State Street Trust Company Canada to CIBC Mellon Trust Company. The fundamental investment objectives of SHC, SHE and SHZ remained substantially the same.

**Amendments:**

Effective January 15, 2018, the Prospectus is hereby amended as follows:

- (a) Each reference to “SHU” is hereby deleted.
- (b) Each reference to “SHA” is hereby deleted.
- (c) Each reference to Sphere FTSE US Sustainable Yield Index ETF is hereby deleted.
- (d) Each reference to Sphere FTSE Asia Sustainable Yield Index ETF is hereby deleted.
- (e) Each reference to “Sphere Investment Management Inc.” is hereby deleted and replaced with a reference to “Evolve Funds Group Inc.”.
- (f) Each reference to “Sphere Investments” is hereby deleted and replaced with a reference to “Evolve Funds”.

- (g) Each reference to [www.sphereetfs.com](http://www.sphereetfs.com) is hereby deleted and replaced with a reference to [www.evolveetfs.com](http://www.evolveetfs.com).

- (h) The definitions of “Custodian”, “Fund Administrator” and “Registrar and Transfer Agent” under the heading “Glossary” are hereby deleted and replaced with the following definitions, respectively:

*Custodian* – means CIBC Mellon Trust Company or its successor.

*Fund Administrator* – means CIBC Mellon Global Securities Services Company or its successor.

*Registrar and Transfer Agent* – means TSX Trust Company or its successor.

- (i) The definition of “Sphere Investments” under the heading “Glossary” is hereby deleted.

- (j) The following definition is added in alphabetical order under the heading “Glossary”:

*Evolve Funds* – means Evolve Funds Group Inc., the Manager, Trustee and portfolio manager of the Sphere ETFs.

- (k) The rows for “SHU” and “SHA” under the subheading “Prospectus Summary - Investment Objectives” are hereby deleted.

- (l) The columns for “SHU” and “SHA” in the charts under the subheadings “Prospectus Summary - Risk Factors” and “Risk Factors – Additional Risks Relating to an Investment in each Sphere ETF” are hereby deleted.

- (m) The rows for “SHU” and “SHA” in the charts under the subheading “Prospectus Summary - Distributions” and the heading “Distribution Policy” are hereby deleted.

- (n) The second last sentence under the subheading “Prospectus Summary – Documents Incorporated by Reference” is hereby deleted and replaced with the following:

These documents are publicly available on the Manager’s website at [www.evolveetfs.com](http://www.evolveetfs.com) and may be obtained upon request, at no cost, by calling (416) 214-4884 or toll-free at 1 (844) 370-4884, by sending an email request to [info@evolveetfs.com](mailto:info@evolveetfs.com) or by contacting a registered dealer.

- (o) The second paragraph in the row entitled “The Manager, Trustee and Portfolio Manager” under the subheading “Prospectus Summary – Organization and Management of the Sphere ETFs”, and the second paragraph under the heading “Overview of the Legal Structure of the Sphere ETFs”, are hereby deleted and replaced with the following:

The principal office of the Sphere ETFs and Evolve Funds is located at 161 Bay Street, Suite 2700, Toronto, Ontario M5J 2S1.

- (p) The row entitled “Promoter” under the subheading “Prospectus Summary – Organization and Management of the Sphere ETFs” is hereby deleted.

- (q) The rows entitled “Custodian”, “Fund Administrator”, “Registrar and Transfer Agent” and “Securities Lending Agents” under the subheading “Prospectus Summary – Organization and Management of the Sphere ETFs” are hereby deleted and replaced with the following:

**Custodian:** CIBC Mellon Trust Company, at its principal offices in Toronto, Ontario, is the custodian of the assets of the Sphere ETFs and holds those assets in safekeeping. The Custodian is entitled to receive fees from the Manager as described under “Fees and Expenses” and to be reimbursed for all expenses

and liabilities that are properly incurred by the Custodian in connection with the activities of the Sphere ETFs.

See “Organization and Management Details of the Sphere ETFs – Custodian”.

**Fund Administrator:** CIBC Mellon Global Securities Services Company, at its principal offices in Toronto, Ontario, is the fund administrator for the Sphere ETFs. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the Sphere ETFs, including NAV calculations, accounting for net income and net realized capital gains of the Sphere ETFs and maintaining the books and records of the Sphere ETFs.

See “Organization and Management Details of the Sphere ETFs – Fund Administrator”.

**Registrar and Transfer Agent:** TSX Trust Company, at its principal office in Toronto, Ontario, is the registrar and transfer agent for the Units of the Sphere ETFs and maintains the register of registered Unitholders. The register of the Sphere ETFs is kept in Toronto. The Registrar and Transfer Agent is also responsible for certain aspects of the day-to-day administration of the Sphere ETFs, including the processing of purchases, redemptions and exchanges of Units.

See “Organization and Management Details of the Sphere ETFs – Registrar and Transfer Agent”.

**Securities Lending Agents:** The Bank of New York Mellon may act as the securities lending agent for the Sphere ETFs pursuant to a securities lending authorization agreement.  
See “Organization and Management Details of the Sphere ETFs – Securities Lending Agents”.

- (r) The table in the row entitled “Management Fee” under the subheading “Prospectus Summary – Summary of Fees and Expenses - Fees and Expenses Payable by the Sphere ETFs”, and under the subheading “Fees and Expenses - Fees and Expenses Payable by the Sphere ETFs – Management Fees”, is hereby deleted and replaced with the following:

<b>Sphere ETFs</b>	<b>Management Fee (annual rate)</b>
SHC	0.45% of NAV
SHE	0.50% of NAV
SHZ	0.54% of NAV

- (s) The disclosure in the row entitled “Certain Operating Expenses” under the subheading “Prospectus Summary – Summary of Fees and Expenses - Fees and Expenses Payable by the Sphere ETFs”, and under the subheading “Fees and Expenses - Fees and Expenses Payable by the Sphere ETFs – Certain Operating Expenses”, is hereby deleted and replaced with the following:

Other than ETF Costs (as defined below), in consideration for the payment by the Sphere ETFs of a fixed administration fee (the “**Administration Fee**”) to the Manager with respect to each class, and subject to compliance with NI 81-102, the Manager pays for certain operating expenses of each Sphere ETF (“**Operating Expenses**”), including but not limited to: mailing and printing expenses for periodic reports to Unitholders; fees payable to the Index Provider, Registrar and Transfer Agent and Custodian; any reasonable out of pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Sphere ETFs; IRC committee member fees and expenses in connection with the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to voting of proxies by a third party; insurance coverage for the members of the IRC; fees payable to the auditors and legal advisors of the Sphere ETFs;

regulatory filing, stock exchange and licensing fees and CDS fees; banking and interest with respect to any borrowing (if applicable); website maintenance costs; costs and expenses of complying with all applicable laws, regulations and policies, including expenses and costs incurred in connection with the continuous public filing requirements such as permitted prospectus preparation and filing expenses; and legal, accounting and audit fees and fees and expenses of the Trustee, Custodian and Manager which are incurred in respect of matters not in the normal course of the Sphere ETFs' activities. The Administration Fee paid to the Manager by a Sphere ETF in respect of a class may, in any particular period, be less than or exceed the Operating Expenses that the Manager incurs for that class. The Manager is not obligated to pay any other expense, cost or fee, including those arising from new government or regulatory requirements relating to the foregoing expenses, costs and fees.

The Administration Fee is equal to a specified percentage of the net asset value of a Sphere ETF, calculated and paid in the same manner as the Management Fees for the Sphere ETF, plus applicable taxes. The rate of the annual Administration Fee for each class of a Sphere ETF is set out below.

<b>Sphere ETFs</b>	<b>Administration Fee</b>
SHC	0.15% of NAV
SHE	0.15% of NAV
SHZ	0.25% of NAV

- (t) The following disclosure is added in new rows under the subheading “Prospectus Summary – Fees and Expenses Payable by the Sphere ETFs”, and in new paragraphs immediately prior to the subheading “Fees and Expenses - Fees and Expenses Payable Directly by the Unitholders”:

#### **ETF Costs**

Subject to compliance with NI 81-102, the fund costs (“**ETF Costs**”) which are payable by the Sphere ETFs include any taxes payable by the Sphere ETFs to which the Sphere ETFs may be subject, including income taxes, sales taxes (including GST/HST) and/or withholding taxes; expenditures incurred upon termination of the Sphere ETFs; extraordinary expenses that the Sphere ETFs may incur and all amounts paid on account of any indebtedness (if applicable); any expenses of insurance and costs of all suits or legal proceedings in connection with the Sphere ETFs or the assets of the Sphere ETFs or to protect the Unitholders, the Trustee, the Manager, and the directors, officers, employees or agents of any of them; any expenses of indemnification of the Trustee, the Unitholders, the Manager and the directors, officers, employees or agents of any of them to the extent permitted under the Declaration of Trust; and expenses relating to the preparation, printing and mailing of information to Unitholders in connection with meetings of Unitholders. The Sphere ETFs are also responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of the Sphere ETFs which may be incurred from time to time.

Each class of a Sphere ETF is responsible for its proportionate share of common ETF Costs of a Sphere ETF, in addition to the expenses it incurs alone

#### **Investments in Other Investment Funds**

In the event a Sphere ETF invests in one or more other investment funds listed on a stock exchange in Canada or the United States, there shall be no management fees or incentive fees that are payable by the Sphere ETF that, to a reasonable person, would duplicate a fee payable by the underlying investment fund for the same service.

- (u) The rows for “SHU” and “SHA” under the subheading “Prospectus Summary – Annual Returns and Management Expense Ratio”, and under the heading “Annual Returns and Management Expense Ratio”, are hereby deleted.

- (v) The subheadings “Investment Objectives - Sphere FTSE US Sustainable Yield Index ETF” and “Investment Objectives - Sphere FTSE Asia Sustainable Yield Index ETF” and the disclosure following such subheadings are hereby deleted.
- (w) The third and fifth rows for SHU and SHA in the table under the heading “The Indexes” are hereby deleted.
- (x) The subheadings “Overview of the Sectors that the Sphere ETFs Invest - Sphere FTSE US Sustainable Yield Index ETF” and “Overview of the Sectors that the Sphere ETFs Invest - Sphere FTSE Asia Sustainable Yield Index ETF” and the disclosure following such subheadings are hereby deleted.
- (y) The title of the section “Overview of the Sectors that the Sphere ETFs Invest” is hereby deleted and replaced with “Overview of the Sectors that the Sphere ETFs Invest In”.
- (z) The following disclosure is added immediately prior to the heading “Distribution Policy”:

#### **Risk Ratings of the Sphere ETFs**

The investment risk level of each Sphere ETF is required to be determined in accordance with a standardized risk classification methodology that is based on its historical volatility, as measured by the 10-year standard deviation of its returns. As each Sphere ETF has less than 10 years of performance history, the Manager calculates its investment risk level by using a reference index that is expected to reasonably approximate the standard deviation of the applicable Sphere ETF. Once a Sphere ETF has 10 years of performance history, the methodology will calculate the standard deviation of the Sphere ETF by using its performance history, rather than that of its reference index. Each Sphere ETF is assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk.

The reference index used for each Sphere ETFs is as follows:

<b>Sphere ETF</b>	<b>Reference Index</b>	<b>Description of Reference Index</b>
Sphere FTSE Canada Sustainable Yield Index ETF	The reference index is FTSE Canada Sustainable Yield 150 10% Capped Index (CAD).	The FTSE Canada Sustainable Yield 150 10% Capped Index (CAD) has been designed to reflect the performance of up to 150 Canadian equity securities exhibiting relatively high and sustainable yields. The Index follows the screening criteria applied to the FTSE Global Sustainable Yield index series, which was designed to measure the performance of an index consisting of securities exhibiting relatively high and sustainable yields. Constituent issuers are capped at 10% on a semi-annual basis to avoid over-concentration. The Index is reviewed and rebalanced semi-annually in March and September of each year.
Sphere FTSE Europe Sustainable Yield Index ETF	The reference index is FTSE Developed Europe Sustainable Yield 150 10% Capped 100% Hedge CAD Index.	The FTSE Developed Europe Sustainable Yield 150 10% Capped 100% Hedge CAD Index has been designed to reflect the performance of up to 150 equity securities of public issuers from countries within the region classified by FTSE as developed Europe, exhibiting relatively high and

		sustainable yields. The Index follows the screening criteria applied to the FTSE Global Sustainable Yield index series, which was designed to measure the performance of an index consisting of securities exhibiting relatively high and sustainable yields. Constituent issuers are capped at 10% on a semi-annual basis to avoid over-concentration. The Index is reviewed and rebalanced semi-annually in March and September of each year.
Sphere FTSE Emerging Markets Sustainable Yield Index ETF	FTSE Emerging Sustainable Yield 150 10% Capped 100% Hedge CAD Index	The FTSE Emerging Sustainable Yield 150 10% Capped 100% Hedge CAD Index has been designed to reflect the performance of up to 150 equity securities of public issuers from countries within the region classified by FTSE as emerging markets, exhibiting relatively high and sustainable yields. The Index follows the screening criteria applied to the FTSE Global Sustainable Yield index series, which was designed to measure the performance of an index consisting of securities exhibiting relatively high and sustainable yields. Constituent issuers are capped at 10% on a semi-annual basis to avoid over-concentration. The Index is reviewed and rebalanced semi-annually in March and September of each year.

Unitholders should know that other types of risks, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, historical volatility may not be indicative of future volatility. The risk rating of each Sphere ETF is reviewed annually and anytime it is no longer reasonable in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk rating is available on request, at no cost, by calling (416) 214-4884 or toll-free at 1 (844) 370-4884 or by emailing info@evolveetfs.com.

- (aa) The subheadings “Prior Sales – Trading Price and Volume - Sphere FTSE US Sustainable Yield Index ETF (initial listing date: April 18, 2016)” and “Prior Sales – Trading Price and Volume - Sphere FTSE Asia Sustainable Yield Index (initial listing date: April 19, 2016)” and the disclosure following such subheadings are hereby deleted.
- (bb) The disclosure under the subheading “Organization and Management Details of the Sphere ETFs – Manager” is hereby deleted and replaced with the following:

Evolve Funds will be the trustee, manager and portfolio manager of the Sphere ETFs and will be responsible for the administration of the Sphere ETFs. The Manager is registered as an investment fund manager and portfolio manager with the applicable Securities Regulatory Authorities in Canada. The registered office of the Sphere ETFs and the Manager is located at 161 Bay Street, Suite 2700, Toronto, ON M5J 2S1.

The Manager will perform or arrange for the performance of management services for the Sphere ETFs, will be responsible for the administration of the Sphere ETFs and will provide investment advisory and portfolio management services to the Sphere ETFs with respect to their respective portfolios, including retaining the services of a sub-advisor, as applicable. The Manager is entitled to fees for its services as manager under the Declaration of Trust as described under “Fees and

Expenses” and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Sphere ETFs.

***Duties and Services to be Provided by the Manager***

Pursuant to the Declaration of Trust, the Manager has full authority and responsibility to manage and direct the business and affairs of the Sphere ETFs, to make all decisions regarding the business of the Sphere ETFs and to bind the Sphere ETFs. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Sphere ETFs to do so.

The Manager is responsible for providing, or causing to be provided, management, administrative and portfolio advisory and investment management services to the Sphere ETFs. The Manager’s duties include, without limitation:

- (i) negotiating contracts with certain third-party service providers, including, but not limited to, investment managers, sub-advisors, custodians, registrars, transfer agents, auditors and printers;
- (ii) authorizing the payment of operating expenses incurred on behalf of the Sphere ETFs;
- (iii) maintaining accounting records;
- (iv) preparing the reports to Unitholders and to the applicable Securities Regulatory Authorities;
- (v) calculating the amount and determining the frequency of distributions by the Sphere ETFs;
- (vi) preparing financial statements, income tax returns and financial and accounting information as required;
- (vii) ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law;
- (viii) ensuring that the Sphere ETFs comply with all other regulatory requirements including continuous disclosure obligations under applicable securities laws;
- (ix) administering purchases, redemptions and other transactions in Units;
- (x) arranging for any payments required upon termination of the Sphere ETFs;
- (xi) dealing and communicating with Unitholders;
- (xii) providing office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the Sphere ETFs; and
- (xiii) monitoring the investment strategy of each Sphere ETF to ensure that each Sphere ETF complies with its investment objective, investment strategies and investment restrictions and practices.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Unitholders of the Sphere ETFs, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Manager will not be liable to a Sphere ETF or to any Unitholder or any other person for any loss or damage relating to any matter regarding that Sphere ETF, including any loss or diminution of value of the assets of the Sphere ETF if it has satisfied its standard of care set forth above.

The administration and management services of the Manager under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Sphere ETFs) or from engaging in other activities.

The Manager and each of its directors, officers, employees and agents may be indemnified out of the assets of a Sphere ETF from and against all claims whatsoever, including costs, charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done or omitted in or in relation to the execution of its duties to the Sphere ETF as long as the person acted honestly and in good faith with a view to the best interests of the Sphere ETF.

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice period as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Manager is deemed to have resigned if the Manager ceases to (i) be resident in Canada for the purposes of the Tax Act; or (ii) carry out its functions of managing the Sphere ETFs in Canada. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation.

- (cc) The disclosure under the subheading "Organization and Management Details of the Sphere ETFs – Officers and Directors of the Manager" is hereby deleted and replaced with the following:

The name and municipality of residence of each of the directors and executive officers of the Manager and their principal occupations are as follows:

***Name and  
Municipality of  
Residence***

***Position with the Manager and Principal Occupation***

RAJ LALA  
Toronto, Ontario

**President, Chief Executive Officer and Director,  
Evolve Funds**

Prior to founding Evolve Funds, Raj Lala served as Head of WisdomTree Canada – a division of WisdomTree Investments Inc., one of the world's largest ETF issuers. Prior to this, Mr. Lala was Executive Vice President and Head of Retail Markets for Fiera Capital Corporation, a prominent Canadian investment management firm with over \$100 billion in assets under management. Mr. Lala co-founded and served as President and CEO of Propel Capital Corporation (which was acquired by Fiera Capital Corporation in September 2014). Propel raised approximately \$1 Billion in structured products in its five years of operation. Prior to Propel, Mr. Lala worked with Jovian Capital. Mr. Lala held several roles at Jovian including President of JovFunds Inc., an asset management division of Jovian Capital. Mr. Lala holds a Bachelor's degree in Economics from the University of Toronto (1994).

MICHAEL  
SIMONETTA  
Toronto, Ontario

**Chairman, Chief Financial Officer and Director, Evolve Funds**

Mr. Simonetta has a broad background in management, investment and capital markets. Mr. Simonetta was one of the founding partners of First Asset Management Inc. ("FAMI"), and served as President and CEO of FAMI from 1997 to 2006. At the time FAMI was sold in 2005, FAMI managed in excess of \$30 billion in assets and was one of Canada's top ten largest companies in the pension and high net worth asset management business. FAMI's affiliates have included: Beutel, Goodman & Company Ltd.; Foyston Gordon & Payne, Inc.; Deans Knight Capital Management Ltd., Montrusco Bolton Investments Inc.; Covington Capital Corporation; First Asset Funds Inc. (formerly Triax Capital



***Name and  
Municipality of  
Residence***

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***Position with the Manager and Principal Occupation***

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Corporation); and Northwest Mutual Funds Inc. FAMI was sold in 2005 to Affiliated Managers Group, Inc. (NYSE: AMG), a publicly listed investment management company based in Boston. Mr. Simonetta is a member of the Institute of Chartered Accountants of Ontario, obtaining his C.A. designation in 1984 while achieving Top 20 Honour Roll standing, and holds a Bachelor of Arts from the University of Waterloo (1983 – Gold Medal).

KIRK COOPER  
Toronto, Ontario

**Chief Investment Officer, Chief Compliance Officer and Corporate Secretary, Evolve Funds**

Mr. Cooper is Chief Investment Officer, Chief Compliance Officer and Corporate Secretary of Evolve Funds. Prior to joining Evolve Funds, Mr. Cooper was Senior Portfolio Manager at Fiera Quantum as one of two lead portfolio managers for the Fiera Capital Defensive US Equity and Defensive Global Equity Funds. Prior to Fiera, Mr. Cooper was a Director and Vice President of Deutsche Bank AG in Toronto, in the Canadian equity proprietary trading operation where he co-managed \$1.2 billion in assets. Prior to joining Deutsche Bank, Mr. Cooper was a Vice President and Co-Head of Citibank Canada's Canadian equity derivatives business. Mr. Cooper was Co-Founder & General Partner of Cooper Panko & Partners Investment Management, an equity-based investment fund. Mr. Cooper has over 25 years of investment management experience. Mr. Cooper holds a Bachelor of Mathematics from the University of Waterloo and a Masters from the Institute of Transpersonal Psychology. He is a member of the Toronto CFA society and has been a CFA charter holder since 1996.

ELLIOT JOHNSON  
Toronto, Ontario

**Chief Operating Officer and Director, Evolve Funds**

Prior to joining Evolve Funds, Mr. Johnson was Senior Vice President, Retail Markets at Fiera Capital Corporation, a prominent Canadian investment management firm. Prior to this role, Mr. Johnson served as Chief Operating Officer of Fiera Quantum Limited Partnership, an alternative investment manager. From 2010 to 2012, Mr. Johnson led technology management for a number of business lines at National Bank of Canada. Prior to 2012 he spent 13 years at GMP Capital Corp. in a variety of management roles across institutional brokerage, wealth management and asset management businesses. Mr. Johnson holds the Canadian Investment Manager (CIM) designation, the Derivatives Markets Specialist (DMS) designation and is a Fellow of the Canadian Securities Institute (FCFI). Mr. Johnson serves as a trustee on the boards of the Upper Canada College Foundation, and Trinity College at the University of Toronto where he is Chair of the Committee on Investments.

KEITH CRONE  
Toronto, Ontario

**Executive Vice President, Head of Marketing and Director, Evolve Funds**

Prior to joining Evolve Funds, Mr. Crone served as Vice President,

***Name and  
Municipality of  
Residence***

***Position with the Manager and Principal Occupation***

Retail Markets at Fiera Capital Corporation, a prominent Canadian investment management firm with over \$100 Billion in assets under management. Mr. Crone served as Vice President and Partner of Propel Capital Corporation (which was acquired by Fiera Capital Corporation in September 2014). Propel raised approximately \$1 Billion in structured products in its five years of operation. Prior to Propel, Mr. Crone served as Senior Vice President, Sales within JovFunds Inc., the specialty investment arm of Jovian Capital Corporation. Prior to 2005, Mr. Crone served in various sales and marketing capacities at Dynamic Funds, which is now a wholly-owned subsidiary of Scotiabank.

In its capacity as portfolio manager, Evolve Funds is responsible for the oversight and provision of investment advisory services to the Sphere ETFs, and all decisions are reviewed in a team-oriented manner. The portfolios of the Sphere ETFs will be primarily managed by Kirk Cooper (CFA), Chief Investment Officer, Chief Compliance Officer and Corporate Secretary of the Manager. Investment decisions made by the portfolio manager are not subject to the oversight, approval or ratification of a committee.

- (dd) The last paragraph under the subheading “Organization and Management Details of the Sphere ETFs – Brokerage Arrangements” is hereby deleted and replaced with the following:

Approved brokers will be monitored on a regular basis to ensure that the value of the goods and services, as outlined above, provides a reasonable benefit as compared to the amount of brokerage commissions paid for the goods and services.

- (ee) The disclosure under the subheading “Organization and Management Details of the Sphere ETFs – Conflicts of Interest” is hereby deleted and replaced with the following:

The administration and management services of the Manager are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Sphere ETFs) or from engaging in other activities.

Investments in securities purchased by the Manager on behalf of a Sphere ETF and other investment funds managed by the Manager will be allocated to the Sphere ETF and such other investment funds on a fair and equitable basis according to the size of the order and the applicable investment restrictions and policies of the Sphere ETFs and the other investment funds.

When it is determined that it would be appropriate for the Sphere ETFs and one or more other investment accounts managed by the Manager or its affiliates to participate in an investment opportunity, the Manager will seek to make such investments for all of the participating investment accounts, including the Sphere ETFs, on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments and the investment programs and portfolio positions of the Sphere ETFs and the affiliated entities for which participation is appropriate. Orders may be combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an investment for the account of more than one account cannot be fully executed under prevailing market conditions, investments may be allocated among the different accounts on a basis which the Manager or its affiliates consider equitable. The Manager may recommend that the Sphere ETFs sell a security, while not recommending such sale for other accounts in order to enable the Sphere ETFs to have sufficient liquidity to honor Unitholders’ repurchase requests.

The Declaration of Trust acknowledges that the Manager may provide services to the Sphere ETFs in other capacities, provided that the terms of any such arrangement are no less favourable to the Sphere ETFs than those that would be obtained from parties that are at arm's length for comparable services.

The Manager may at times have interests that differ from the interests of the Unitholders. Where the Manager or its respective affiliates otherwise perceive in the course of business, that they are or may be in a material conflict of interest position, the matter will be referred to the IRC. The IRC will consider all matters referred to it and provide its recommendations to the Manager as soon as possible. In evaluating these conflicts of interest, potential investors should be aware that the Manager has a responsibility to the Unitholders to exercise good faith and fairness in all dealings affecting the Sphere ETFs. In the event that a Unitholder believes that the Manager has violated its duty to such Unitholder, the Unitholder may seek relief for itself or on behalf of the Sphere ETF to recover damages from or to require an accounting by the Manager. Unitholders should be aware that the performance by the Manager of its responsibilities to a Sphere ETF will be measured in accordance with (i) the provisions of the agreement by which the Manager has been appointed to its position with the Sphere ETF; and (ii) applicable laws.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Sphere ETFs of their Units under this prospectus. Units of a Sphere ETF do not represent an interest or an obligation of the Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by a Sphere ETF to the Designated Broker or applicable Dealers.

A registered dealer acts as the Designated Broker and one or more registered dealers may act as a Dealer and/or a market maker. These relationships may create actual or perceived conflicts of interest that investors should consider in relation to an investment in a Sphere ETF. In particular, by virtue of these relationships, these registered dealers may profit from the sale and trading of Units. The Designated Broker, as market maker of the Sphere ETFs in the secondary market, may therefore have economic interests that differ from, and may be adverse to, those of Unitholders. Any such registered dealer and its affiliates may, at present or in the future, engage in business with a Sphere ETF, with the issuers of securities making up the investment portfolio of a Sphere ETF or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into Derivative transactions or providing advisory or agency services to the Manager or its affiliates. In addition, the relationship between any such registered dealer and its affiliates and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

The IRC will consider all matters referred to it and provide its recommendations to the Manager as soon as possible. See "Organization and Management Details of the Sphere ETFs – Independent Review Committee".

- (ff) The last three paragraphs under the subheading "Organization and Management Details of the Sphere ETFs – Independent Review Committee" is hereby deleted and replaced with the following:

The members of the IRC are Kevin Drynan (Chair), Rod McIsaac and Mark Leung.

The IRC prepares a report for Unitholders, at least annually, of its activities. Such report is made available on the Manager's website at [www.evolveetfs.com](http://www.evolveetfs.com) or, at the request of a Unitholder and at no cost, by calling the Manager at (416) 214-4884 or toll-free at 1 (844) 370-4884 or by sending an email request to [info@evolveetfs.com](mailto:info@evolveetfs.com).

The members of the IRC are paid an annual fee for serving on the IRC of the investment funds of Evolve Funds. Each investment fund, including the Sphere ETFs, is responsible for a portion of that fee, which is allocated by the Manager among its various funds. Currently, annual fees are payable to the following members of the IRC as follows: Kevin Drynan (Chair, \$3,000), Rod McIsaac (\$2,250) and Mark Leung (\$2,250). In addition to the annual fee, each IRC member will receive an additional \$2,000 for each additional meeting held after the first two meetings in any year.

- (gg) The first sentence under the subheading “Organization and Management Details of the Sphere ETFs – Custodian” is hereby deleted and replaced with the following:

CIBC Mellon Trust Company, at its principal offices in Toronto, Ontario, is the custodian of the assets of the Sphere ETFs pursuant to the Custodian Agreement.

- (hh) The first sentence under the subheading “Organization and Management Details of the Sphere ETFs – Transfer Agent and Registrar” is hereby deleted and replaced with the following:

TSX Trust Company, at its principal offices in Toronto, Ontario, is the registrar and transfer agent for the Units of the Sphere ETFs.

- (ii) The first sentence under the subheading “Organization and Management Details of the Sphere ETFs – Fund Administrator” is hereby deleted and replaced with the following:

CIBC Mellon Global Securities Services Company, at its principal offices in Toronto, Ontario, is the fund administrator for the Sphere ETFs.

- (jj) The first paragraph under the subheading “Organization and Management Details of the Sphere ETFs – Securities Lending Agent” is hereby deleted and replaced with the following:

The Bank of New York Mellon (the “**Lending Agent**”) may act as the securities lending agent for the Sphere ETFs pursuant to a securities lending authorization agreement (a “**Securities Lending Agreement**”) to be entered into between the Lending Agent and Evolve Funds, in its capacity as manager of each of the Sphere ETFs. The Lending Agent is not an affiliate or associate of the Manager. The Manager or the Lending Agent may terminate the Securities Lending Agreement upon thirty (30) days’ written notice to the other parties at any time.

- (kk) The subheading “Organization and Management Details of the Sphere ETFs –Promoter” and the disclosure following such subheading are hereby deleted.

- (ll) The disclosure under the subheading “Calculation of Net Asset Value – Reporting of Net Asset Value” is hereby deleted and replaced with the following:

The NAV and NAV per Unit of a class will be calculated as of 4:00 p.m. (Toronto time) (the “**Valuation Time**”) on every Trading Day (each, a “**Valuation Date**”). Such information will be provided by the Manager to Unitholders on request by calling toll-free 1 (844) 370-4884 or via the Internet at [www.evolveetfs.com](http://www.evolveetfs.com).

- (mm) The last paragraph under the heading “Relationship Between the Sphere ETFs and the Dealers” is hereby deleted.

- (nn) The references to “FTSE USA Sustainable Yield 150 10% Capped 100% Hedge CAD Index” and “FTSE Developed Asia Sustainable Yield 150 10% Capped 100% Hedge CAD Index” under the subheading “Other Material Facts – Index Provider Disclaimer” are hereby deleted.

- (oo) The second last paragraph under the heading “Documents Incorporated By Reference” is hereby deleted and replaced with the following:

The Manager will publish these records on an annual basis on the Manager's website at [www.evolveetfs.com](http://www.evolveetfs.com). Each Sphere ETF's proxy voting record for the annual period from July 1 to June 30 will be available at any time after August 31 following the end of that annual period, to any Unitholder on request, at no cost, and will also be available at [www.evolveetfs.com](http://www.evolveetfs.com).

## **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities offered in a distribution within two (2) business days after receipt of a prospectus and any amendment. In addition, securities legislation in certain of the provinces of Canada provides purchasers of mutual fund securities with a limited right to rescind the purchase within 48 hours after receipt of a confirmation of such purchase. If the purchase of mutual fund securities is made under a contractual plan, the time period during which the right to rescind is exercisable may be longer. In most of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or damages, or, in Québec, revision of the price, if the prospectus and any amendment is not delivered to the purchaser, provided that the remedies for rescission, damages or revision of the price are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

Notwithstanding the foregoing, purchasers of Units of an ETF will not have the right to withdraw from an agreement to purchase the Units after the receipt of a prospectus and any amendment, and will not have remedies for rescission, damages or revision of the price for non-delivery of the prospectus or any amendment, if the dealer receiving the purchase order has obtained an exemption from the prospectus delivery requirement under a decision pursuant to National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* ("NP 11-203"). However, purchasers of Units of an ETF will, in the applicable provinces of Canada, retain their right under securities legislation to rescind their purchase within 48 hours (or, if purchasing under a contractual plan, such longer time period as applicable) after the receipt of a confirmation of purchase.

In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus, together with any amendment to the prospectus, contains a misrepresentation, provided that such remedies are exercised by the purchaser within the time limits prescribed by the securities legislation of the purchaser's province or territory. Any remedies under securities legislation that a purchaser of Units may have for rescission or damages, if the prospectus and any amendment to the prospectus contains a misrepresentation, remain unaffected by the non-delivery of the prospectus pursuant to reliance by a dealer upon the decision referred to above.

However, the Manager has obtained exemptive relief from the requirement in securities legislation to include an underwriter's certificate in the prospectus under a decision pursuant to NP 11-203. As such, purchasers of Units of an ETF will not be able to rely on the inclusion of an underwriter's certificate in the prospectus or any amendment for the statutory rights and remedies that would otherwise have been available against an underwriter that would have been required to sign an underwriter's certificate. Purchasers should refer to the applicable provisions of the securities legislation and the decisions referred to above for the particulars of their rights or consult with a legal advisor.

## **CERTIFICATE OF THE ETFS AND THE MANAGER**

Dated: January 16, 2018

The prospectus dated April 4, 2017, as amended by amendment no. 1 dated November 10, 2017 and this amendment no. 2 dated January 16, 2018, together with the documents incorporated by reference herein, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus dated April 4, 2017, as amended by amendment no. 1 dated November 10, 2017 and this amendment no. 2 dated January 16, 2018, as required by the securities legislation of all of the provinces and territories of Canada.

### **EVOLVE FUNDS GROUP INC.**

(as trustee and manager and on behalf of the ETFs)

(signed) “*Raj Lala*”  
Chief Executive Officer

(signed) “*Michael Simonetta*”  
Chairman & Chief Financial Officer

On behalf of the Board of Directors of  
Evolve Funds Group Inc.

(signed) “*Elliot Johnson*”  
Director

(signed) “*Keith Crone*”  
Director

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities.*

## PROSPECTUS

*Continuous Offering*

April 4, 2017



This prospectus qualifies the distribution of units (the “Units”) of the following exchange-traded funds (each, a “Sphere ETF” and together, the “Sphere ETFs”).

Sphere FTSE Canada Sustainable Yield Index ETF (“SHC”)  
Sphere FTSE US Sustainable Yield Index ETF (“SHU”)  
Sphere FTSE Europe Sustainable Yield Index ETF (“SHE”)  
Sphere FTSE Asia Sustainable Yield Index ETF (“SHA”)  
Sphere FTSE Emerging Markets Sustainable Yield Index ETF (“SHZ”)

The Sphere ETFs are exchange-traded mutual funds established under the laws of the province of Ontario. Units of each Sphere ETF (“Units”) are being offered for sale on a continuous basis by this prospectus and there is no maximum number of Units that may be issued. The Units of each ETF are offered for sale at a price equal to the net asset value of such Units next determined following the receipt of a subscription order. See “Overview of the Legal Structure of the Sphere ETFs”.

Each Sphere ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of a specified market index (an “Index”). See “Investment Objectives” for further information.

Sphere Investment Management Inc. (the “Manager” or “Sphere Investments”) will act as trustee, manager and investment manager of the Fund. The Manager is a wholly-owned subsidiary of Sphere Exchange Traded Investments Ltd. See “Organization and Management Details of the Sphere ETFs – Manager”.

### Listing of Units

Each Sphere ETF issues Units on a continuous basis and there is no maximum number of Units that may be issued. Units of the Sphere ETFs are currently listed on the Toronto Stock Exchange (“TSX”) and investors can buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or any Sphere ETF in connection with buying or selling of Units on the TSX. Unitholders may also redeem Units of any Sphere ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the net asset value per Unit on the effective day of redemption, or exchange a Prescribed Number of Units (as defined herein) (or an integral multiple thereof) for Baskets of Securities and cash or, in certain circumstances, for cash. See “Information for Unitholders - Redemption of Units in any Number for Cash” and “Information for Designated Brokers - Exchange of Prescribed Number of Units” for further information.

The Sphere ETFs will issue Units directly to designated brokers and dealers.

### Eligibility for Investment

In the opinion of Blake, Cassels & Graydon LLP, provided that a Sphere ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, or the Units of that Sphere ETF are listed on a “designated stock exchange” within the meaning of the Tax Act, the Units of that Sphere ETF, if issued on the date hereof, would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan or a tax-free savings account.



### **Additional Considerations**

No designated broker or dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and as such, the designated brokers and dealers do not perform many of the usual underwriting activities in connection with the distribution by the Sphere ETFs of their Units under this prospectus.

For a discussion of the risks associated with an investment in Units of the Sphere ETFs, see “Risk Factors”.

Registration of interests in, and transfer of, the Units will be made only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership.

### **Documents Incorporated by Reference**

Additional information about each Sphere ETF is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“**MRFP**”), any interim MRFP filed after the annual MRFP for each Sphere ETF, and the most recently filed ETF Summary Document (defined herein) for each Sphere ETF. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. See “Documents Incorporated by Reference” for further details.

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## GLOSSARY

*Unless otherwise indicated, the references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.*

*Adjustment Day* – a Valuation Date designated by the Manager to effect a rebalancing in accordance with the Declaration of Trust.

*allowable capital loss* – has the meaning attributed thereto under “Income Tax Considerations – Taxation of Holders”.

*ADR* – an American Depositary Receipt.

*Basket of Securities* – in relation to a particular Sphere ETF means: (i) a group of some or all of the Constituent Securities held, to the extent reasonably possible, in approximately the same proportion as they are reflected in the applicable Index; or (ii) a group of some or all of the Constituent Securities and other securities selected by the Manager from time to time that collectively reflect the aggregate investment characteristics of, or a representative sample of, the applicable Index.

*Canadian Securities Legislation* – the securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the Securities Regulatory Authorities, as the same may be amended, restated or replaced from time to time.

*Capital Gains Refund* – has the meaning attributed thereto under “Income Tax Considerations – Taxation of the Sphere ETFs”.

*CDS* – CDS Clearing and Depositary Services Inc.

*CDS Participant* – a registered dealer or other financial institution that is a participant in CDS and that holds Units on behalf of beneficial owners of Units.

*Constituent Securities* – in relation to a particular Index, the specific class or series of securities of the Constituent Issuers included in that Index.

*Constituent Issuers* – in relation to a particular Index, the issuers that are included from time to time in that Index as selected by the Index Provider.

*Counterparty* – has the meaning attributed thereto under “Risk Factors – Securities Lending”.

*CRA* – the Canada Revenue Agency.

*Custodian* – State Street Trust Company Canada or its successor.

*Custodian Agreement* – the custodian agreement between the Manager, on behalf of the Sphere ETFs, the Custodian and/or certain affiliates of the Custodian, as the same may be amended, restated or replaced from time to time.

*Dealer* – a registered dealer (that may or may not be a Designated Broker) that has entered into a continuous distribution dealer agreement with the Manager, on behalf of a Sphere ETF, and that subscribes for and purchases Units from that Sphere ETF.

*Declaration of Trust* – the master declaration of trust establishing the Sphere ETFs dated March 30, 2016, as the same may be amended, restated or replaced from time to time.

*Designated Broker* – a registered dealer that has entered into a designated broker agreement with the Manager, on behalf of a Sphere ETF, pursuant to which the Designated Broker agrees to perform certain duties in relation to that Sphere ETF.

*DFA Rules* -- has the meaning attributed thereto under “Risk Factors – Taxation of the Sphere ETFs”.

*Distribution Record Date* – a date designated by the Manager as a record date for the determination of Unitholders of a Sphere ETF entitled to receive a distribution.

*DPSP* – a deferred profit sharing plan within the meaning of the Tax Act.

*ETF Summary Document* – a document which summarizes certain features of a Sphere ETF and which is publicly available at [www.sedar.com](http://www.sedar.com).

*Fund Administrator* – State Street Fund Services Toronto Inc. or its successor.

*GST/HST* – taxes exigible under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder.

*Index* – a benchmark or index, provided by an Index Provider, that is used by a Sphere ETF in relation to the Sphere ETF's investment objective and includes, as required, a replacement or alternative benchmark or index that applies substantially similar criteria to those currently used by the Index Provider for the benchmark or index and/or a successor index that is generally comprised of, or would be generally comprised of, the same Constituent Securities as the benchmark or index.

*Index License Agreement* – each agreement pursuant to which the Manager licenses or sublicenses one or more Indexes for use by the Sphere ETFs.

*Index Provider* – a provider of an Index in respect of which the Manager has entered into licensing arrangements pursuant to an Index License Agreement to use the relevant Index and certain trademarks in connection with the operation of the applicable Sphere ETFs.

*IRC or Independent Review Committee* – the independent review committee of the Sphere ETFs established under NI 81-107.

*IRS* – has the meaning attributed thereto under “Unitholder Matters – International Information Reporting”.

*Manager* – means Sphere Investment Management Inc., in its capacity as investment fund manager of the Sphere ETFs pursuant to the Declaration of Trust.

*Minimum Distribution Requirements* – has the meaning attributed thereto under “Income Tax Considerations – Status of the Sphere ETFs”.

*MRFP* – management report of fund performance.

*NAV and NAV per Unit* – in relation to a particular Sphere ETF, the net asset value of the Sphere ETF and the net asset value per Unit, calculated by the Fund Administrator as described in “Calculation of Net Asset Value”.

*NI 81-102* – National Instrument 81-102 – *Investment Funds*, as the same may be amended, restated or replaced from time to time.

*NI 81-106* – National Instrument 81-106 – *Investment Fund Continuous Disclosure*, as the same may be amended, restated or replaced from time to time.

*NI 81-107* – National Instrument 81-107 – *Independent Review Committee for Investment Funds*, as the same may be amended, restated or replaced from time to time.

*NP 11-203* – National Policy 11-203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions* as the same may be amended, restated or replaced from time to time.

*Plans* – has the meaning ascribed to such term under the heading “Income Tax Considerations – Status of the Sphere ETFs”.

*PNU or Prescribed Number of Units* – in relation to a particular Sphere ETF, the number of Units determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

*Proxy Voting Policy* – has the meaning attributed thereto under “Plan of Distribution – Proxy Voting Disclosure”.

*RDSP* – a registered disability savings plan within the meaning of the Tax Act.

*Registrar and Transfer Agent* – means State Street Trust Company Canada or its successor.

*RESP* – a registered education savings plan within the meaning of the Tax Act.

*RRIF* – a registered retirement income fund within the meaning of the Tax Act.

*RRSP* – a registered retirement savings plan within the meaning of the Tax Act.

*Securities Lending Agreement* – has the meaning ascribed to such term under the heading “Organization and Management Details of the Sphere ETFs – Securities Lending Agent”.

*Securities Regulatory Authorities* – the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian Securities Legislation in force in such province or territory.

*SIFT Rules* – the rules in the Tax Act that apply to a “SIFT trust” and its unitholders.

*Sphere ETFs* – collectively, SHC, SHU, SHE, SHA, and SHZ, and each, an investment trust established under the laws of Ontario pursuant to the Declaration of Trust.

*Sphere Investments* – Sphere Investment Management Inc., the Manager, Trustee and portfolio manager of the Sphere ETFs.

*Substituted Property* – has the meaning attributed thereto under “Income Tax Considerations – Taxation of the Sphere ETFs”.

*SWP* – has the meaning ascribed to such term under the heading “Distribution Policy – Systematic Withdrawal Plan”.

*Tax Act* – the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

*Tax Amendment* – means a proposed amendment to the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof.

*taxable capital gain* – has the meaning attributed thereto under “Income Tax Considerations – Taxation of Holders”.

*Tax Treaties* – has the meaning attributed thereto under “Risk Factors – Taxation of the Sphere ETFs”.

*TFSA* – a tax-free savings account within the meaning of the Tax Act.

*Trading Day* – for each Sphere ETF, unless otherwise agreed by the Manager, a day on which: (i) a regular session of the TSX is held, (ii) the primary market or exchange for the securities held by the Sphere ETF is open for trading, and (iii) if applicable, the Index Provider calculates and publishes data relating to the applicable Index of the Sphere ETF.

*Trustee* – Sphere Investments, in its capacity as trustee of the Sphere ETFs pursuant to the Declaration of Trust, or its successor.

*TSX* – the Toronto Stock Exchange.

*Unit* – in relation to a particular Sphere ETF, a redeemable, transferable common unit of a Sphere ETF, which represents an equal, undivided interest in such Sphere ETF.

*Unitholder* – a holder of Units of a Sphere ETF.

*U.S.* – United States of America

*Valuation Date* – each Trading Day or any other day designated by the Manager on which the NAV and NAV per Unit of a Sphere ETF is calculated.

*Valuation Time* – in relation to a Sphere ETF, 4:00 p.m. (Toronto time) on a Valuation Date or such other time that the Manager deems appropriate on each Valuation Date.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of the Units of the Sphere ETFs and should be read together with the more detailed information, financial data and financial statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.*

**Issuers:** Sphere FTSE Canada Sustainable Yield Index ETF (“**SHC**”)  
 Sphere FTSE US Sustainable Yield Index ETF (“**SHU**”)  
 Sphere FTSE Europe Sustainable Yield Index ETF (“**SHE**”)  
 Sphere FTSE Asia Sustainable Yield Index ETF (“**SHA**”)  
 Sphere FTSE Emerging Markets Sustainable Yield Index ETF (“**SHZ**”)

(each, a “**Sphere ETF**” and together, the “**Sphere ETFs**”)

Sphere Investment Management Inc. (the “**Manager**” or “**Sphere Investments**”) will act as trustee, manager and investment manager of the Fund. The Manager is a wholly-owned subsidiary of Sphere Exchange Traded Investments Ltd.

**Continuous  
Distribution:**

Each Sphere ETF issues Units on a continuous basis and there is no maximum number of Units that may be issued. Units of each Sphere ETF (“**Units**”) are being offered for sale on a continuous basis by this prospectus and there is no maximum number of Units that may be issued. The Units of each ETF are offered for sale at a price equal to the net asset value of such Units next determined following the receipt of a subscription order.

Units of the Sphere ETFs are currently listed on the TSX and investors can buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or any Sphere ETF in connection with buying or selling of Units on the TSX. Investors may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders.

The Sphere ETFs will issue Units directly to Designated Brokers and Dealers.

See “Overview of the Legal Structure of the Sphere ETFs” and “Information for Designated Brokers and Dealers – Issuance of Units”.

**Investment  
Objectives:**

<b>Sphere ETF</b>	<b>Investment Objectives and Index</b>
SHC	SHC seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the FTSE Canada Sustainable Yield 150 10% Capped Index (CAD), or any successor thereto. SHC invests directly or indirectly in up to 150 Canadian equity securities of public issuers exhibiting relatively high and sustainable yields, as at the time of reconstitution or balancing.
SHU	SHU seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the FTSE USA Sustainable Yield 150 10% Capped 100% Hedge CAD Index, or any successor thereto. SHU invests directly or indirectly in up to 150 U.S. equity securities of public issuers exhibiting relatively high and sustainable yields, as at the time of reconstitution or balancing.
SHE	SHE seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the FTSE Developed Europe Sustainable Yield 150 10% Capped 100% Hedge CAD Index, or any successor thereto. SHE invests directly or indirectly in up to 150 equity securities of public issuers from countries within the region classified by FTSE as developed Europe, exhibiting

relatively high and sustainable yields, as at the time of reconstitution or balancing.

**SHA** SHA seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the FTSE Developed Asia Sustainable Yield 150 10% Capped 100% Hedge CAD Index, or any successor thereto. SHA invests directly or indirectly in up to 150 equity securities of public issuers from countries within the region classified by FTSE as developed Asia, exhibiting relatively high and sustainable yields, as at the time of reconstitution or balancing.

**SHZ** SHZ seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the FTSE Emerging Sustainable Yield 150 10% Capped 100% Hedge CAD Index, or any successor thereto. SHZ invests directly or indirectly in up to 150 equity securities of public issuers from countries within the region classified by FTSE as emerging markets, exhibiting relatively high and sustainable yields, as at the time of reconstitution or balancing.

See “Investment Objectives”.

**Investment  
Strategies:**

In order to achieve its investment objective and to obtain direct or indirect exposure to the Constituent Securities of the applicable Index, each Sphere ETF may hold the Constituent Securities of the applicable Index in approximately the same proportion as they are reflected in that Index or may hold securities of one or more exchange traded funds that replicate the applicable Index.

A Sphere ETF may, in certain circumstances and at the discretion of the Manager, employ a “sampling” strategy. Under a sampling strategy, such Sphere ETF may not hold all of the Constituent Securities that are included in the applicable Index, but instead will hold a portfolio of securities selected by the Manager that closely matches the aggregate investment characteristics (e.g., market capitalization, industry sector, weightings, credit quality, yield and term to maturity) of the securities included in the applicable Index. It is expected that the Manager may use this sampling methodology where it is difficult to acquire the necessary Constituent Securities of the applicable Index, where the asset levels of the Sphere ETF do not allow for the holding of all of the Constituent Securities or where it is otherwise beneficial to the Sphere ETF to do so.

*Investment in other Investment Funds*

In accordance with applicable securities legislation, as part of its investment strategy and as an alternative to or in conjunction with investing in and holding securities directly, a Sphere ETF may invest in one or more other investment funds or exchange-traded funds listed on a stock exchange in Canada or the United States that provides exposure to the Constituent Securities of the applicable Index or an unhedged version of that Index. In such case, there shall be no duplication of management fees chargeable in connection with the Sphere ETF and its investment in the underlying investment funds or exchange traded funds.

*Currency Hedging*

The Units of the Sphere ETFs are denominated in Canadian dollars. The Manager will seek to hedge the exposure of a Sphere ETF to any currencies other than the Canadian dollar back to the Canadian dollar. Hedging currency exposure to reduce the impact of fluctuations in exchange rates is intended to reduce the direct exposure to foreign currency risk for Unitholders.



### *Use of Derivatives*

A Sphere ETF may use derivative instruments from time to time for hedging or investment purposes. Any use of derivative instruments by a Sphere ETF must be in compliance with NI 81-102 and other applicable derivatives legislation and must be consistent with the investment objective and investment strategies of the Sphere ETF.

### *Securities Lending*

A Sphere ETF may enter into securities lending transactions, repurchase and reverse purchase transactions in compliance with NI 81-102 to earn additional income for the Sphere ETF.

See “Investment Strategies”.

### **Special Considerations for Purchasers:**

As a mutual fund subject to NI 81-102, each of the Sphere ETFs are exempt from the so-called “early warning” reporting requirements under Canadian Securities Legislation that would otherwise apply if a person or company acquires 10% or more of the Units of a Sphere ETF. In addition, the Manager, on behalf of the Sphere ETFs, has obtained exemptive relief to permit Unitholders to acquire more than 20% of the Units of a Sphere ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian Securities Legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, provides the Manager with an undertaking not to exercise any votes attached to Units that represent more than 20% of the votes attached to all outstanding Units of that Sphere ETF at any meeting of Unitholders of that Sphere ETF.

Units of the Sphere ETFs are, in the opinion of Sphere Investments, index participation units within the meaning of NI 81-102. A mutual fund wishing to invest in Units of a Sphere ETF should make its own assessment of its ability to do so after careful consideration of the relevant provisions of NI 81-102, including but not limited to whether the Units of the applicable Sphere ETF should be considered index participation units, as well as the control, concentration and certain of the “fund-of-funds” restrictions. No purchase of Units of a Sphere ETF should be made solely in reliance on the above statements.

See “Attributes of the Securities - Description of the Securities Distributed”.

### **Risk Factors:**

There are certain general risk factors inherent in an investment in the Sphere ETFs, including:

- (a) the general risks of investments;
- (b) the risks associated with investing in particular asset classes;
- (c) the risks associated with index investment and passive investment strategies;
- (d) the risk of error in replicating or tracking the applicable Index;
- (e) the risks associated with the use of a sampling methodology;
- (f) the risks associated with rebalancing and subscriptions;
- (g) the risks regarding the calculation and termination of the Indices
- (h) the risks associated with the issuers in which the Sphere ETF’s invest;
- (i) the risks associated with illiquid securities;
- (j) the risks associated with reliance on key personnel;
- (k) the risk that Units may trade at a premium or a discount to the NAV per Unit;
- (l) fluctuations in the NAV and NAV per Unit of the Sphere ETFs;
- (m) the risks associated with the cease trading of securities held by the Sphere ETFs;
- (n) the Sphere ETFs may have investment objectives that are less diversified than the overall market;

- (o) the risks associated with the use of derivative instruments;
- (p) the risks associated with securities lending;
- (q) the risks associated with borrowing;
- (r) the risks associated with changes in legislation, including tax legislation;
- (s) risks relating to the taxation of the Sphere ETFs; and
- (t) the risks associated with the potential cease trading of Units.

See “Risk Factors – General Risks Relating to an Investment in the Sphere ETFs”.

In addition to the general risk factors, the following additional risk factors are inherent in an investment in one or more of the Sphere ETFs as indicated in the table below:

<b>ETF Specific Risks</b>	<b>SHC</b>	<b>SHU</b>	<b>SHE</b>	<b>SHA</b>	<b>SHZ</b>
Country/Regional Risk	✓	✓	✓	✓	✓
Currency Hedging Risk		✓	✓	✓	✓
Emerging Markets Risk					✓
Exchange Rate Risk		✓	✓	✓	✓
General Risks of Equity Investments	✓	✓	✓	✓	✓
General Risks of Foreign Investments		✓	✓	✓	✓
Lack of Operating History	✓	✓	✓	✓	✓

See “Risk Factors”.

#### **Income Tax Considerations:**

A Unitholder of a Sphere ETF who is resident in Canada will generally be required to include, in computing income for a taxation year, the amount of income (including any net realized taxable capital gains) that is paid or becomes payable to the Unitholder by that Sphere ETF in that year (including such income that is reinvested in additional Units of the Sphere ETF).

A Unitholder of a Sphere ETF who disposes of a Unit of that Sphere ETF that is held as capital property, including on a redemption or otherwise, will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition (which do not include any amount of capital gains made payable by the Sphere ETF to the Unitholder which represents capital gains realized by the Sphere ETF in connection with dispositions to fund the redemption), net of costs of disposition, exceed (or are less than) the adjusted cost base of that Unit.

Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units of a Sphere ETF by obtaining advice from his or her tax advisor.

See “Income Tax Considerations”.

#### **Exchanges and Redemptions:**

In addition to the ability to sell Units on the TSX, Unitholders may also redeem Units of any Sphere ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, or exchange a PNU (or an integral multiple thereof) for Baskets of Securities and cash or, in

certain circumstances, for cash.

See “Information for Unitholders - Redemption of Units in any Number for Cash” and “Information for Designated Brokers - Exchange of Prescribed Number of Units” for further information.

**Distributions:**

Cash distributions of income, if any, on Units will be paid on the following basis:

<b>Sphere ETF</b>	<b>Frequency of Cash Distribution of Income</b>
SHC	At least quarterly
SHU	At least quarterly
SHE	At least quarterly
SHA	At least quarterly
SHZ	At least quarterly

Depending on the underlying investments of a Sphere ETF, distributions on Units may consist of ordinary income, including foreign source income, sourced from foreign dividends or distributions received by the Sphere ETF and dividends from taxable Canadian corporations but may also include net realized capital gains, in any case, less the expenses of that Sphere ETF and may include returns of capital.

The tax treatment to Unitholders of distributions is discussed under the heading “Income Tax Considerations”.

See “Distribution Policy”.

**Termination:**

The Sphere ETFs do not have a fixed termination date but may be terminated at the discretion of the Manager in accordance with the terms of the Declaration of Trust.

See “Termination of the Sphere ETFs”.

**Eligibility for Investment:**

Provided that a Sphere ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, or the Units of that Sphere ETF are listed on a “designated stock exchange” within the meaning of the Tax Act, Units of that Sphere ETF, if issued on the date hereof, would be qualified investments under the Tax Act for a trust governed by an RRSP, a RRIF, an RDSP, a DPSP, an RESP or a TFSA.

See “Income Tax Considerations – Taxation of Registered Plans”.

**Documents Incorporated by Reference:**

Additional information about each Sphere ETF is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“MRFP”), any interim MRFP filed after the annual MRFP for each Sphere ETF, and the most recently filed ETF Summary Document for each Sphere ETF. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. These documents are publicly available on the Manager’s website at [www.sphereetfs.com](http://www.sphereetfs.com) and may be obtained upon request, at no cost, by calling 1(800)764-0526 or by contacting a registered dealer. These documents and other information about the Sphere ETFs are also publicly available at [www.sedar.com](http://www.sedar.com).

See “Documents Incorporated by Reference”.

### ***Organization and Management of the Sphere ETFs***

<b>The Manager, Trustee and Portfolio Manager:</b>	<p>Sphere Investments manages the overall business and operations of, and provides or arranges for all administration services required by the Sphere ETFs.</p> <p>The principal office of the Sphere ETFs and Sphere Investments is located at 161 Bay Street, Suite 2820, Toronto, Ontario.</p> <p>See “Organization and Management Details of the Sphere ETFs – Manager” and “Organization and Management Details of the Sphere ETFs – Trustee”.</p>
<b>Promoter:</b>	<p>Sphere Investments has taken the initiative in founding and organizing the Sphere ETFs and is, accordingly, the promoter of the Sphere ETFs within the meaning of securities legislation of certain provinces and territories of Canada.</p> <p>See “Organization and Management Details of the Sphere ETFs – Promoter”.</p>
<b>Custodian:</b>	<p>State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is the Custodian of the assets of the Sphere ETFs and holds those assets in safekeeping. The Custodian is entitled to receive fees from the Manager as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Sphere ETFs.</p> <p>See “Organization and Management Details of the Sphere ETFs – Custodian”.</p>
<b>Fund Administrator:</b>	<p>State Street Fund Services Toronto Inc., at its principal offices in Toronto, Ontario, is the Fund Administrator. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the Sphere ETFs, including NAV calculations, accounting for net income and net realized capital gains of the Sphere ETFs and maintaining the books and records of the Sphere ETFs.</p> <p>See “Organization and Management Details of the Sphere ETFs – Fund Administrator”.</p>
<b>Registrar and Transfer Agent:</b>	<p>State Street Trust Company Canada, at its principal office in Toronto, Ontario, is the Registrar and Transfer Agent for the Units of the Sphere ETFs and maintains the register of registered Unitholders. The register of the Sphere ETFs is kept in Toronto. The Registrar and Transfer Agent is also responsible for certain aspects of the day-to-day administration of the Sphere ETFs, including the processing of purchases, redemptions and exchanges of Units..</p> <p>See “Organization and Management Details of the Sphere ETFs – Registrar and Transfer Agent”.</p>
<b>Securities Lending Agents:</b>	<p>State Street Bank and Trust Company may act as the securities lending agent for the Sphere ETFs pursuant to a securities lending authorization agreement.</p> <p>See “Organization and Management Details of the Sphere ETFs – Securities Lending Agents”.</p>
<b>Auditors:</b>	<p>Ernst &amp; Young LLP is responsible for auditing the annual financial statements of the Sphere ETFs. The auditors are independent with respect to the Sphere ETFs within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. The head office of Ernst &amp; Young LLP is located in Toronto, Ontario..</p> <p>See “Organization and Management Details of the Sphere ETFs – Auditors”.</p>

### ***Summary of Fees and Expenses***

This table lists the fees and expenses that an investor may have to pay if the investor invests in the Sphere ETFs. An investor may have to pay some of these fees and expenses directly. The Sphere ETFs may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Sphere ETFs. See “Fees and Expenses”.

*Fees and Expenses Payable by the Sphere ETFs*

Type of Fee	Amount and Description
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**Management Fee:**

The Manager is entitled to receive a fee for acting as trustee, manager and portfolio manager of the Sphere ETFs. The Manager, in its capacity as manager of each Sphere ETF, manages the day-to-day business of each Sphere ETF, including negotiating contractual agreements with service providers and preparing reports to unitholders and Securities Regulatory Authorities. The management fee is based on a percentage of the NAV of each of the following Sphere ETFs and is listed below:

Sphere ETFs	Management Fee (annual rate)
SHC	0.54% of NAV
SHU	0.54% of NAV
SHE	0.54% of NAV
SHA	0.54% of NAV
SHZ	0.54% of NAV

Note: the management fee for each Sphere ETF listed above is calculated and accrued daily and generally paid monthly. The management fee is exclusive of applicable GST/HST.

**Certain Operating Expenses:**

Unless otherwise waived or reimbursed by the Manager or an affiliate of the Manager, and subject to compliance with NI 81-102, it is expected that the Sphere ETFs will pay for all of their operating expenses, including but not limited to: the applicable Management Fee, fees payable to the Custodian, the Registrar and Transfer Agent, the auditors and other service providers retained by the Manager, expenses related to the implementation and on-going operation of the IRC, brokerage expenses and commissions, any costs associated with the printing and distribution of any documents that the Securities Regulatory Authorities require be sent or delivered to purchasers of Units of the Sphere ETF, the fees under any derivative instrument used by the Sphere ETF, the cost of complying with governmental or regulatory requirements introduced after the establishment of the applicable Sphere ETF; extraordinary expenses, any GST/HST on those expenses and any income, withholding or other taxes. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Custodian, the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by a Sphere ETF.

Costs and expenses payable by the Manager, or an affiliate of the Manager, include the initial organization costs of each of the Sphere ETFs and the costs of the preparation and filing of the preliminary prospectus and initial prospectus

*Fees and Expenses Payable Directly by Unitholders*

**Redemption Fee:**

An amount of up to 0.50% of the issue, exchange or redemption price, as the case may be, of a Sphere ETF may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units of that Sphere ETF. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the TSX.

See "Purchases of Units - Information for Designated Brokers and Dealers - Costs Associated with Exchanges and Redemptions".

### ***Annual Returns and Management Expense Ratio***

The following chart provides the annual returns<sup>1</sup>, MER<sup>2</sup> and TER<sup>3,4</sup> for the Units of each Sphere ETF for each of the years set out below, as applicable.

<b><u>SHC</u></b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Annual Returns	20.2%	n/a	n/a	n/a	n/a
MER	0.70%	n/a	n/a	n/a	n/a
TER	0.01%	n/a	n/a	n/a	n/a
<b><u>SHU</u></b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Annual Returns	7.9%	n/a	n/a	n/a	n/a
MER	0.70%	n/a	n/a	n/a	n/a
TER	0.01%	n/a	n/a	n/a	n/a
<b><u>SHE</u></b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Annual Returns	7.6%	n/a	n/a	n/a	n/a
MER	0.71%	n/a	n/a	n/a	n/a
TER	0.50%	n/a	n/a	n/a	n/a
<b><u>SHA</u></b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Annual Returns	20.1%	n/a	n/a	n/a	n/a
MER	0.75%	n/a	n/a	n/a	n/a
TER	0.51%	n/a	n/a	n/a	n/a
<b><u>SHZ</u></b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Annual Returns	-1.9%	n/a	n/a	n/a	n/a
MER	0.68%	n/a	n/a	n/a	n/a
TER	1.13%	n/a	n/a	n/a	n/a

<sup>1</sup>The annual returns in 2016 for the Sphere ETFs are from initial listing of SHC on April 15, 2016 to December 31, 2016, SHU on April 18, 2016 to December 31, 2016, SHE and SHA from April 19, 2016 to December 31, 2016, and SHZ from October 5, 2016 to December 31, 2016.

<sup>2</sup>“MER” means management expense ratio based on total expenses, excluding commissions and other portfolio transaction costs and expressed as an annualized percentage of daily average net asset value.

<sup>3</sup>“TER” means trading expense ratio and represents total commissions and portfolio transaction costs expressed as an annualized percentage of daily average net asset value.

<sup>4</sup> The TER is before application of any trade related expense reimbursement. Following the expense reimbursement during the 2016 period, the TER during the 2016 period for the Sphere ETFs was nil for SHC, SHU, SHA and SHZ, and the TER for the 2016 period for SHE was reduced to 0.37%.

## OVERVIEW OF THE LEGAL STRUCTURE OF THE SPHERE ETFs

The Sphere ETFs are exchange traded mutual funds established under the laws of the Province of Ontario, pursuant to the terms of the Declaration of Trust. Each Sphere ETF is a mutual fund under the securities legislation of the provinces and territories of Canada. Sphere Investment Management Inc., the Manager, Trustee and portfolio manager of the Sphere ETFs is the trustee, manager and portfolio manager of the Fund and is responsible for the administration of the Sphere ETFs.

The principal office of the Sphere ETFs and Sphere Investments is located at 161 Bay Street, Suite 2820, Toronto, Ontario.

The following chart sets out the full legal name as well as the TSX ticker symbol for each of the Sphere ETFs:

<b>Sphere ETF</b>	<b>TSX Ticker Symbol</b>
Sphere FTSE Canada Sustainable Yield Index ETF	SHC
Sphere FTSE US Sustainable Yield Index ETF	SHU
Sphere FTSE Europe Sustainable Yield Index ETF	SHE
Sphere FTSE Asia Sustainable Yield Index ETF	SHA
Sphere FTSE Emerging Markets Sustainable Yield Index ETF	SHZ

## INVESTMENT OBJECTIVES

Each Sphere ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of a specified market index.

### *Sphere FTSE Canada Sustainable Yield Index ETF*

SHC seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the FTSE Canada Sustainable Yield 150 10% Capped Index (CAD), or any successor thereto. SHC invests directly or indirectly in up to 150 Canadian equity securities of public issuers exhibiting relatively high and sustainable yields, as at the time of reconstitution or balancing.

### *Sphere FTSE US Sustainable Yield Index ETF*

SHU seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the FTSE USA Sustainable Yield 150 10% Capped 100% Hedge CAD Index, or any successor thereto. SHU invests directly or indirectly in up to 150 U.S. equity securities of public issuers exhibiting relatively high and sustainable yields, as at the time of reconstitution or balancing.

### *Sphere FTSE Europe Sustainable Yield Index ETF*

SHE seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the FTSE Developed Europe Sustainable Yield 150 10% Capped 100% Hedge CAD Index, or any successor thereto. SHE invests directly or indirectly in up to 150 equity securities of public issuers from countries within the region classified by FTSE as developed Europe, exhibiting relatively high and sustainable yields, as at the time of reconstitution or balancing.

### *Sphere FTSE Asia Sustainable Yield Index ETF*

SHA seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the FTSE Developed Asia Sustainable Yield 150 10% Capped 100% Hedge CAD Index, or any successor thereto. SHA

invests directly or indirectly in up to 150 equity securities of public issuers from countries within the region classified by FTSE as developed Asia, exhibiting relatively high and sustainable yields, as at the time of reconstitution or balancing.

*Sphere FTSE Emerging Markets Sustainable Yield Index ETF*

SHZ seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the FTSE Emerging Sustainable Yield 150 10% Capped 100% Hedge CAD Index, or any successor thereto. SHZ invests directly or indirectly in up to 150 equity securities of public issuers from countries within the region classified by FTSE as emerging markets, exhibiting relatively high and sustainable yields, as at the time of reconstitution or balancing.

The investment objectives of each Sphere ETF may not be changed except with the approval of its Unitholders. See “Unitholder Matters”.

### THE INDEXES

<b>Sphere ETF</b>	<b>Index</b>	<b>Description of the Index</b>
SHC	FTSE Canada Sustainable Yield 150 10% Capped Index (CAD)	The FTSE Canada Sustainable Yield 150 10% Capped Index (CAD) has been designed to reflect the performance of up to 150 Canadian equity securities exhibiting relatively high and sustainable yields. The Index follows the screening criteria applied to the FTSE Global Sustainable Yield index series, which was designed to measure the performance of an index consisting of securities exhibiting relatively high and sustainable yields. Constituent issuers are capped at 10% on a semi-annual basis to avoid over-concentration. The Index is reviewed and rebalanced semi-annually in March and September of each year.
SHU	FTSE USA Sustainable Yield 150 10% Capped 100% Hedge CAD Index	The FTSE USA Sustainable Yield 150 10% Capped 100% Hedge CAD Index has been designed to reflect the performance of up to 150 U.S. equity securities exhibiting relatively high and sustainable yields. The Index follows the screening criteria applied to the FTSE Global Sustainable Yield index series, which was designed to measure the performance of an index consisting of securities exhibiting relatively high and sustainable yields. Constituent issuers are capped at 10% on a semi-annual basis to avoid over-concentration. The Index is reviewed and rebalanced semi-annually in March and September of each year.
SHE	FTSE Developed Europe Sustainable Yield 150 10% Capped 100% Hedge CAD Index	The FTSE Developed Europe Sustainable Yield 150 10% Capped 100% Hedge CAD Index has been designed to reflect the performance of up to 150 equity securities of public issuers from countries within the region classified by FTSE as developed Europe, exhibiting relatively high and sustainable yields. The Index follows the screening criteria applied to the FTSE Global Sustainable Yield index series, which was designed to measure the performance of an index consisting of securities exhibiting relatively high and sustainable yields. Constituent issuers are capped at 10% on a semi-annual basis to avoid over-concentration. The Index is reviewed and rebalanced semi-annually in March and September of each year.



<b>Sphere ETF</b>	<b>Index</b>	<b>Description of the Index</b>
SHA	FTSE Developed Asia Sustainable Yield 150 10% Capped 100% Hedge CAD Index	The FTSE Developed Asia Sustainable Yield 150 10% Capped 100% Hedge CAD Index has been designed to reflect the performance of up to 150 equity securities of public issuers from countries within the region classified by FTSE as developed Asia, exhibiting relatively high and sustainable yields. The Index follows the screening criteria applied to the FTSE Global Sustainable Yield index series, which was designed to measure the performance of an index consisting of securities exhibiting relatively high and sustainable yields. Constituent issuers are capped at 10% on a semi-annual basis to avoid over-concentration. The Index is reviewed and rebalanced semi-annually in March and September of each year.
SHZ	FTSE Emerging Sustainable Yield 150 10% Capped 100% Hedge CAD Index	The FTSE Emerging Sustainable Yield 150 10% Capped 100% Hedge CAD Index has been designed to reflect the performance of up to 150 equity securities of public issuers from countries within the region classified by FTSE as emerging markets, exhibiting relatively high and sustainable yields. The Index follows the screening criteria applied to the FTSE Global Sustainable Yield index series, which was designed to measure the performance of an index consisting of securities exhibiting relatively high and sustainable yields. Constituent issuers are capped at 10% on a semi-annual basis to avoid over-concentration. The Index is reviewed and rebalanced semi-annually in March and September of each year.

The FTSE Global Sustainable Yield Index Series has been designed to measure the performance of an index consisting of securities exhibiting relatively high and sustainable yields. The index series was developed to address the inclusion of stocks in some high yield indices without reference to the likelihood that a dividend will be paid. The FTSE Global Sustainable Yield Index Series excludes extreme yielding stocks. FTSE also examines the financial and operating strength of prospective constituents with specific emphasis on companies with strong balance sheets and the ability to generate cash flow. Other screening criteria include the payout ratio and incidence of historic or forecast dividend cuts as, historically, such stocks are susceptible to falling dividends and consequently yield disappointment. Index constituents are categorized in accordance with the Industry Classification Benchmark (ICB), the global standard for industry sector analysis. The Index is reviewed and rebalanced semi-annually in March and September of each year.

A public issuer will be allocated to a country or region based on guidelines established by the Index Provider. A public issuer that is incorporated and listed in the same country or region will generally be allocated to that country or region. Additional information regarding each of the Indexes, including the guidelines, described above is available at [www.ftse.com](http://www.ftse.com).

### **Change in an Index**

The Manager may, subject to any required Unitholder approval, change the Index tracked by a Sphere ETF to another widely-recognized index in order to provide investors with substantially the same exposure to the asset class to that which the Sphere ETF is currently exposed. If the Manager changes the Index, or any index replacing such Index, the Manager will issue a press release identifying the new Index, describing its constituent securities and specifying the reasons for the change in the Index.

### **Termination of an Index**

If an Index Provider ceases to calculate an Index or the Index License Agreement in respect of an Index is terminated, the Manager may: (i) terminate the applicable Sphere ETF on not less than 60 days' notice to Unitholders; (ii) change the investment objective of the applicable Sphere ETF or seek to replicate an alternative

index (subject to any Unitholder approval in accordance with Canadian Securities Legislation); or (iii) make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of the Sphere ETF in the circumstances.

### **Use of the Indexes**

The Manager and each Sphere ETF are permitted to use the applicable Index pursuant to the applicable Index License Agreement described under “Material Contracts”. The Manager and the Sphere ETFs do not accept responsibility for, or guarantee the accuracy and/or completeness of, the Indexes or any data included in the Indexes.

## **INVESTMENT STRATEGIES**

In order to achieve its investment objective and to obtain direct or indirect exposure to the Constituent Securities of the applicable Index, each Sphere ETF may hold the Constituent Securities of the applicable Index in approximately the same proportion as they are reflected in that Index or may hold securities of one or more exchange traded funds that replicate the applicable Index.

A Sphere ETF may, in certain circumstances and at the discretion of the Manager, employ a “sampling” strategy. Under a sampling strategy, such Sphere ETF may not hold all of the Constituent Securities that are included in the applicable Index, but instead will hold a portfolio of securities, which may include ADRs, selected by the Manager that closely matches or provides exposure to the aggregate investment characteristics (e.g., market capitalization, industry sector, weightings, credit quality, yield and term to maturity) of the securities included in the applicable Index. It is expected that the Manager may use this sampling methodology where it is difficult to acquire the necessary Constituent Securities of the applicable Index, where the asset levels of the Sphere ETF do not allow for the holding of all of the Constituent Securities or where it is otherwise beneficial to the Sphere ETF to do so.

### **Investment in other Investment Funds or Exchange Traded Funds**

In accordance with applicable securities legislation, as part of its investment strategy and as an alternative to or in conjunction with investing in and holding securities directly, a Sphere ETF may invest in one or more other investment funds or exchange-traded funds listed on a stock exchange in Canada or the United States that provides exposure to the Constituent Securities of the applicable Index or an unhedged version of that Index. In such case, there shall be no duplication of management fees chargeable in connection with the Sphere ETF and its investment in the underlying investment funds or exchange traded funds. A Sphere ETF’s allocation to investments in other investment funds or exchange traded funds, if any, will vary from time to time depending on the relative size and liquidity of the investment fund or exchange traded fund, and the ability of the Manager to identify appropriate investment funds or exchange traded funds that are consistent with the Sphere ETF’s investment objectives and strategies. Canadian securities regulators may allow certain exchange traded funds, such as the Sphere ETFs, to exceed the normal investment concentration limits if required to allow such exchange traded funds to track the relevant Index. In accordance with the regulatory requirements, each Sphere ETF may track the applicable Index in this manner.

### **Currency Hedging**

The Units of the Sphere ETFs are denominated in Canadian dollars. The Manager will seek to hedge the exposure of a Sphere ETF to any currencies other than the Canadian dollar back to the Canadian dollar. Hedging currency exposure to reduce the impact of fluctuations in exchange rates is intended to reduce the direct exposure to foreign currency risk for Unitholders.

Currency forward agreements, if any, will be entered into in compliance with NI 81-102 with financial institutions that have a “designated rating” as defined in NI 81-102.

### **Use of Derivatives**

A Sphere ETF may use derivative instruments from time to time for hedging or investment purposes. For example, a Sphere ETF may use derivatives to gain exposure to a particular issuer or class of issuers in circumstances where the Manager has determined that synthetic exposure would be preferable to a direct investment. Any use of derivative

instruments by a Sphere ETF must be in compliance with NI 81-102 and other applicable derivatives legislation and must be consistent with the investment objective and investment strategies of the Sphere ETF.

### **Securities Lending**

A Sphere ETF may, in compliance with NI 81-102, lend securities to securities borrowers acceptable to it pursuant to the terms of a Securities Lending Agreement between the Sphere ETF's securities lending agent and any such borrower under which: (i) the borrower will pay to the Sphere ETF a negotiated securities lending fee and will make compensation payments to the Sphere ETF equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Tax Act; and (iii) the Sphere ETF will receive collateral security. The securities lending agent is responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis. Any securities lending revenue earned by a Sphere ETF will be credited to the account of that Sphere ETF.

The Manager will manage the risks associated with securities lending by requiring the securities lending agent to, among other things: (a) enter into securities lending transactions with borrowers selected by the securities lending agent on the basis of certain creditworthiness standards; (b) maintain appropriate internal controls and procedure, including transaction and credit limits for borrowers; (c) establish daily the market value of the securities loaned by the Sphere ETFs under a securities lending transaction and the collateral held by the Sphere ETFs; (d) if on any day the market value of the collateral held by the Sphere ETF is less than 102% of the market value of the borrowed securities, request that the borrower provide additional collateral to make up the shortfall; and (e) ensure that the collateral to be delivered to the Sphere ETFs is one or more of cash (if agreed to by the Manager), qualified securities or securities immediately convertible into, or exchangeable for, securities of the same issuer, class or type, and same term, if applicable, as the securities being loaned by the Sphere ETFs.

If the Manager engages in securities lending, the Manager will review its written policies and procedures at least annually to ensure that the risks associated with securities lending transactions are being properly managed. The securities lending agent will review its written policies and procedures at least annually. The securities lending agent employs a risk management framework of counterparty limits and stringent collateral guidelines, including counterparty and program minimums and maximums for various security classes. Acceptable counterparties, counterparty limits and collateral guidelines are reviewed and amended as dictated by market conditions. At present, there are no simulations used to test the portfolios under stress conditions to measure risk in connection with the use of securities lending transactions.

### **Cash Management**

From time to time, a Sphere ETF may hold cash or cash equivalents. The Sphere ETF may hold this cash or invest it in money market instruments or securities of money market funds.

### **Rebalancing Events**

Whenever an Index Provider rebalances or adjusts an Index, including by adding securities to or subtracting securities from that Index, or whenever the Manager determines that there should be a change to the representative sample of the Index, a Sphere ETF may acquire and/or dispose of the appropriate number of securities, either through one or more Designated Brokers or through other brokers in the open market.

If the rebalancing is done through a Designated Broker and if the value of all securities purchased by a Sphere ETF exceeds the value of all securities disposed of by that Sphere ETF as part of the rebalancing process, the Sphere ETF may issue to the Designated Broker Units with an aggregate NAV equal to the excess value or, in the alternative, may pay a cash amount equal to such excess amount. Conversely, if the value of all securities disposed of by the Sphere ETF exceeds the value of all securities acquired by that Sphere ETF, the Sphere ETF may receive the excess value in cash and will manage this cash as described above under "Cash Management".

### **Actions Affecting Constituent Issuers**

From time to time, certain corporate or other actions may be taken or proposed by a Constituent Issuer or by a third party that could affect a Constituent Issuer of an Index. An example of such an action would be if a takeover bid or an issuer bid is made for a Constituent Security. In each such case, the Manager will determine, in its discretion, what steps, if any, the Sphere ETF will take to address the action. In exercising such discretion, the Manager will

generally take those steps necessary to ensure that the Sphere ETF continues to seek to replicate, to the extent reasonably possible and before fees and expenses, the applicable Index.

## **OVERVIEW OF THE SECTORS THAT THE SPHERE ETFS INVEST**

Each Sphere ETF invests in one or more particular asset class, rather than in a diversified portfolio of securities from a variety of asset classes. Set out below is a description of the relevant asset class for each Sphere ETF.

### *Sphere FTSE Canada Sustainable Yield Index ETF*

SHC seeks to track the FTSE Canada Sustainable Yield 150 10% Capped Index (CAD). The Index has been designed to reflect the performance of up to 150 Canadian equity securities of public issuers exhibiting relatively high and sustainable yields.

### *Sphere FTSE US Sustainable Yield Index ETF*

SHU seeks to track the FTSE USA Sustainable Yield 150 10% Capped 100% Hedge CAD Index. The Index has been designed to reflect the performance of up to 150 U.S. equity securities exhibiting relatively high and sustainable yields.

### *Sphere FTSE Europe Sustainable Yield Index ETF*

SHE seeks to track the FTSE Developed Europe Sustainable Yield 150 10% Capped 100% Hedge CAD Index. The Index has been designed to reflect the performance of up to 150 equity securities of public issuers from countries within the region classified by FTSE as developed Europe, exhibiting relatively high and sustainable yields.

### *Sphere FTSE Asia Sustainable Yield Index ETF*

SHA seeks to track the FTSE Developed Asia Sustainable Yield 150 10% Capped 100% Hedge CAD Index. The Index has been designed to reflect the performance of up to 150 equity securities of public issuers from countries within the region classified by FTSE as developed Asia, exhibiting relatively high and sustainable yields.

### *Sphere FTSE Emerging Markets Sustainable Yield Index ETF*

SHZ seeks to track the FTSE Emerging Sustainable Yield 150 10% Capped 100% Hedge CAD Index. The Index has been designed to reflect the performance of up to 150 equity securities of public issuers from countries within the region classified by FTSE as emerging markets, exhibiting relatively high and sustainable yields.

Please see “Investment Objectives” and “Investment Strategies” for additional information on the sectors applicable to each Sphere ETF.

## **INVESTMENT RESTRICTIONS**

The Sphere ETFs are subject to certain investment restrictions and practices contained in securities legislation, including NI 81-102, which are designed in part to ensure that the investments of the Sphere ETFs are diversified and relatively liquid and to ensure their proper administration. A change to the fundamental investment objectives of a Sphere ETF would require the approval of the Unitholders of that Sphere ETF. Please see “Unitholder Matters – Matters Requiring Unitholders Approval”.

Subject to the following, and any exemptive relief that has been or will be obtained, the Sphere ETFs are managed in accordance with the investment restrictions and practices set out in the applicable securities legislation, including NI 81-102. See “Exemptions and Approvals”.

### **Tax Related Investment Restrictions**

The Sphere ETFs will not make an investment or conduct any activity that would result in a Sphere ETF (i) failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act or (ii) being subject to the tax for “SIFT trusts” for purposes of the Tax Act. In addition, each Sphere ETF will not (i) make or hold any investment in property that would be “taxable Canadian property” (if the definition of such term in the Tax Act were read

without reference to paragraph (b) thereof) if more than 10% of the Sphere ETF's property consisted of such property; (ii) invest in or hold (a) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Sphere ETF (or the partnership) would be required to include significant amounts in income pursuant to section 94.1 of the Tax Act, (b) an interest in a trust (or a partnership which holds such an interest) which would require the Sphere ETF (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or (c) any interest in a non-resident trust other than an "exempt foreign trust" for the purposes of section 94 of the Tax Act (or a partnership which holds such an interest); (iii) invest in any security that would be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act; (iv) invest in any security of an issuer that would be a "foreign affiliate" of the Sphere ETF for purposes of the Tax Act; or (v) enter into any arrangement (including the acquisition of securities for the portfolio of the Sphere ETFs) where the result is a "dividend rental arrangement" for purposes of the Tax Act (including any amendment to such definition).

## **FEES AND EXPENSES**

This section details the fees and expenses that an investor may have to pay if the investor invests in the Sphere ETFs. An investor may have to pay some of these fees and expenses directly. The Sphere ETFs may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Sphere ETFs.

### **Fees and Expenses Payable by the Sphere ETFs**

#### *Management Fees*

The Manager is entitled to receive a fee for acting as trustee, manager and portfolio manager of the Sphere ETFs. The Manager, in its capacity as manager of each Sphere ETF, manages the day-to-day business of each Sphere ETF, including negotiating contractual agreements with service providers and preparing reports to unitholders and Securities Regulatory Authorities. The Manager also acts as trustee and portfolio manager of each Sphere ETF. The management fee is based on a percentage of the NAV of each of the following Sphere ETFs and is listed below:

<b>Sphere ETFs</b>	<b>Management Fee (annual rate)</b>
SHC	0.54% of NAV
SHU	0.54% of NAV
SHE	0.54% of NAV
SHA	0.54% of NAV
SHZ	0.54% of NAV

Note: the management fee for each Sphere ETF listed above is calculated and accrued daily and generally paid monthly. The management fee is exclusive of applicable GST/HST.

To encourage very large investments in a Sphere ETF by a particular Unitholder, the Manager may, in its discretion, agree to charge a reduced management fee as compared to the management fee that it otherwise would be entitled to receive from the Sphere ETF, provided an amount equal to the difference between the management fee otherwise changeable and the reduced management fee is distributed periodically by the Sphere ETF to the applicable Unitholders as a management fee distribution. Any reduction will depend on a number of factors, including the amount invested, the NAV of the Sphere ETF and the expected amount of account activity. Management fee distributions will be paid first out of net income of the Sphere ETF then out of capital gains of the Sphere ETF and thereafter out of capital. The tax consequences of a management fee distribution will generally be borne by the Unitholder who receives the distribution.

In the event that a Sphere ETF invests portfolio assets in another investment fund to obtain exposure to Constituent Securities, no management fee will be payable to the Manager to the extent the fee would duplicate a fee payable to the other investment fund for the same service.

### *Certain Operating Expenses*

Unless otherwise waived or reimbursed by the Manager or an affiliate of the Manager, and subject to compliance with NI 81-102, it is expected that the Sphere ETFs will pay for all of its operating expenses, including but not limited to: the applicable Management Fee, fees payable to the Custodian, the Registrar and Transfer Agent, the Fund Administrator, the auditors and other service providers retained by the Manager, expenses related to the implementation and on-going operation of the IRC, brokerage expenses and commissions, any costs associated with the printing and distribution of any documents that the Securities Regulatory Authorities require be sent or delivered to purchasers of Units of the Sphere ETF, the fees under any derivative instrument used by the Sphere ETF, the cost of complying with governmental or regulatory requirements introduced after the establishment of the applicable Sphere ETF; extraordinary expenses, any GST/HST on those expenses and any income, withholding or other taxes. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Custodian, the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by a Sphere ETF.

Costs and expenses payable by the Manager, or an affiliate of the Manager, include the initial organization costs of each of the Sphere ETFs and the costs of the preparation and filing of the preliminary prospectus and initial prospectus.

### **Fees and Expenses Payable Directly by the Unitholders**

#### *Redemption Fees*

An amount of up to 0.50% of the issue, exchange or redemption price, as the case may be, of a Sphere ETF may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units of that Sphere ETF. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the TSX. See “Purchases of Units - Information for Designated Brokers and Dealers - Costs Associated with Exchanges and Redemptions”.

### **ANNUAL RETURNS AND MANAGEMENT EXPENSE RATIO**

The following chart provides the annual returns<sup>5</sup>, MER<sup>6</sup> and TER<sup>7,8</sup> for the Units of each Sphere ETF for each of the years set out below, as applicable.

<b><u>SHC</u></b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Annual Returns	20.2%	n/a	n/a	n/a	n/a
MER	0.70%	n/a	n/a	n/a	n/a
TER	0.01%	n/a	n/a	n/a	n/a
<b><u>SHU</u></b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Annual Returns	7.9%	n/a	n/a	n/a	n/a
MER	0.70%	n/a	n/a	n/a	n/a
TER	0.01%	n/a	n/a	n/a	n/a
<b><u>SHE</u></b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>

<sup>5</sup>The annual returns in 2016 for the Sphere ETFs are from initial listing of SHC on April 15, 2016 to December 31, 2016, SHU on April 18, 2016 to December 31, 2016, SHE and SHA from April 19, 2016 to December 31, 2016, and SHZ from October 5, 2016 to December 31, 2016.

<sup>6</sup>“MER” means management expense ratio based on total expenses, excluding commissions and other portfolio transaction costs and expressed as an annualized percentage of daily average net asset value.

<sup>7</sup>“TER” means trading expense ratio and represents total commissions and portfolio transaction costs expressed as an annualized percentage of daily average net asset value.

<sup>8</sup> The TER is before application of any trade related expense reimbursement. Following the expense reimbursement during the 2016 period, the TER during the 2016 period for the Sphere ETFs was nil for SHC, SHU, SHA and SHZ, and the TER for the 2016 period for SHE was reduced to 0.37%.

Annual Returns	7.6%	n/a	n/a	n/a	n/a
MER	0.71%	n/a	n/a	n/a	n/a
TER	0.50%	n/a	n/a	n/a	n/a
<b><u>SHA</u></b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Annual Returns	20.1%	n/a	n/a	n/a	n/a
MER	0.75%	n/a	n/a	n/a	n/a
TER	0.51%	n/a	n/a	n/a	n/a
<b><u>SHZ</u></b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Annual Returns	-1.9%	n/a	n/a	n/a	n/a
MER	0.68%	n/a	n/a	n/a	n/a
TER	1.13%	n/a	n/a	n/a	n/a

## RISK FACTORS

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units that prospective investors should consider before purchasing such Units:

### General Risks Relating to an Investment in the Sphere ETFs

#### *General Risks of Investments*

The value of the underlying securities of a Sphere ETF, whether held directly or indirectly, may fluctuate in accordance with changes in the financial condition of the issuers of those underlying securities (particularly those that are more heavily weighted in a particular Index), the condition of equity and currency markets generally and other factors. The identity and weighting of the Constituent Issuers and Constituent Securities in the applicable Index also change from time to time.

The risks inherent in investments in equity securities, whether held directly or indirectly, include the risk that the financial condition of the issuers of the securities may become impaired or that the general condition of the stock market may deteriorate (either of which may cause a decrease in the value of the Indices and, as a result, a decrease in the value of the Units of the Sphere ETFs). Equity securities are susceptible to general stock market fluctuations and the financial condition of the issuer. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction and global or regional political, economic and banking crises.

#### *Asset Class Risk*

The Constituent Securities may underperform the returns of other securities that track other countries, regions, industries, asset classes or sectors. Various asset classes tend to experience cycles of outperformance and underperformance in comparison to the general securities markets.

#### *Index Investment Strategy and Passive Investment Risks*

The value of the applicable Index of a Sphere ETF may fluctuate in accordance with the financial condition of the Constituent Issuers that are represented in such Index (particularly those that are more heavily weighted), the value of the securities generally and other factors.

In the case of a Sphere ETF that is based on an Index concentrated on one stock exchange, if that stock exchange is not open, the Sphere ETF will be unable to determine the NAV per Unit and may be unable to satisfy redemption requests.

Because the investment objective of each Sphere ETF is to replicate the performance of the applicable Index, the Sphere ETFs are not actively managed by traditional methods and the Manager will not attempt to take defensive positions in declining markets. Therefore, the adverse financial condition of a Constituent Issuer represented in an Index will not necessarily result in the elimination of exposure to its securities, whether direct or indirect, by a Sphere ETF unless the Constituent Securities are removed from the applicable Index.

#### *Risk of Error in Replicating or Tracking the Applicable Index*

Each Sphere ETF will not replicate exactly the performance of the applicable Index because the total return generated by the Units will be reduced by the management fee paid or payable by the Sphere ETF, the brokerage and commission costs incurred in acquiring and rebalancing the portfolio of securities held by the Sphere ETF and the other expenses paid or payable by the Sphere ETF. These fees and expenses are not included in the calculation of the performance of the applicable Index.

Deviations in the tracking of the applicable Index by a Sphere ETF could occur for a variety of other reasons. For example, where a Sphere ETF tenders securities under a successful takeover bid for less than all securities of a Constituent Issuer and the Constituent Issuer is not removed from the applicable Index, the Sphere ETF may be required to buy replacement securities at a purchase price that may be more than the takeover bid price due to timing variances.

It is also possible that a Sphere ETF may not fully replicate the performance of the applicable Index due to the temporary unavailability of certain Constituent Securities in the secondary market, the investment strategies and investment restrictions applicable to the Sphere ETF, including the use of a sampling methodology, or due to other extraordinary circumstances.

#### *Sampling Methodology Risk*

The Sphere ETFs may employ a sampling methodology or may hold an exchange traded fund that employs a sampling methodology. A sampling methodology involves seeking to replicate the performance of the applicable Index by holding a subset of the Constituent Securities or a portfolio of some or all of the Constituent Securities and other securities selected by the Manager such that the aggregate investment characteristics of the portfolio are reflective of the aggregate investment characteristics of, or a representative sample of, the applicable Index. It is possible that the use of a sampling methodology may result in a greater deviation in performance relative to the applicable Index than a replication strategy in which only the Constituent Securities are held in the portfolio in approximately the same proportions as they are represented in the applicable Index.

#### *Rebalancing and Subscription Risk*

Adjustments to Baskets of Securities held by a Sphere ETF to reflect rebalancing events, including adjustments to the applicable Index or as otherwise determined by the Manager, will depend on the ability of the Manager and the Designated Brokers to perform their respective obligations under the designated broker agreement(s). If a Designated Broker fails to perform, the Sphere ETF may be required to sell or purchase, as the case may be, Constituent Securities of the applicable Index in the market. If this happens, the Sphere ETF would incur additional transaction costs, which would cause the performance of the Sphere ETF to deviate more significantly from the performance of the applicable Index than would otherwise be expected.

Adjustments to the Basket of Securities necessitated by a rebalancing event could affect the underlying market for the Constituent Securities of the applicable Index, which in turn would affect the value of that Index. Similarly, subscriptions for Units by Designated Brokers and Dealers may impact the market for the Constituent Securities of the Index, as the Designated Broker or the Dealer seeks to buy or to borrow the Constituent Securities to constitute the Baskets of Securities to be delivered to the Sphere ETF as payment for the Units to be issued.

#### *Calculation and Termination of the Indices*

The Index Providers calculate, determine and maintain the respective Indices. The Index Provider(s) have the right to make adjustments to, or to cease to calculate, the applicable Index without regard to the particular interests of the Manager, the Sphere ETFs or the Unitholders.

If the computer or other facilities of an Index Provider or the TSX malfunction for any reason, calculation of value of one or more Indices and the determination by the Manager of the Prescribed Number of Units and Baskets of



Securities for the applicable Sphere ETF may be delayed, and trading in Units may be suspended, for a period of time.

With respect to a Sphere ETF, if the Index Provider ceases to calculate the applicable Index or the Index License Agreement in respect of the applicable Index is terminated, the Manager may: (i) terminate the applicable Sphere ETF on not less than 60 days' notice to Unitholders; (ii) change the investment objective of the applicable Sphere ETF or seek to replicate generally an alternative index (subject to any Unitholder approval in accordance with Canadian Securities Legislation); or (iii) make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of the Sphere ETF in the circumstances.

#### *Issuer Risk*

Performance of the Sphere ETFs depends on the performance of the individual securities to which the Sphere ETFs have exposure. Changes in the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline.

#### *Illiquid Securities*

If a Sphere ETF is unable to dispose of some or all of the securities held by it, that Sphere ETF may experience a delay in the receipt of the proceeds of disposition until such time as it is able to dispose of such securities. Likewise, if certain Constituent Securities of the applicable Index are particularly illiquid, the Sphere ETFs may be unable to acquire the number of securities necessary to replicate the weighting of such Constituent Securities in the Index at a price acceptable to the Manager on a timely basis.

#### *Reliance on Key Personnel*

Unitholders will be dependent on the abilities of the Manager to effectively manage the Sphere ETFs in a manner consistent with their investment objectives, investment strategies and investment restrictions. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to the Sphere ETFs will continue to be employed by the Manager.

#### *Trading Price of Units*

Units may trade in the market at a premium or a discount to the NAV per Unit. There can be no assurance that Units will trade at prices that reflect their NAV per Unit. The trading price of the Units will fluctuate in accordance with changes in the Sphere ETF's NAV, as well as market supply and demand on the TSX.

#### *Fluctuations in NAV*

The NAV per Unit of a Sphere ETF will vary according to, among other things, the value of the securities held by the Sphere ETF. The Manager and the Sphere ETF have no control over the factors that affect the value of the securities held by the Sphere ETF, including factors that affect the equity markets generally, such as general economic and political conditions, fluctuations in interest rates and factors unique to each issuer included in the applicable Index, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

#### *Cease Trading of Securities Risk*

If the securities of an issuer included in the portfolio of a Sphere ETF are cease-traded by order of the relevant securities regulatory authority or are halted from trading by the relevant stock exchange, the applicable Sphere ETF may halt trading in its securities. Accordingly, securities of a Sphere ETF bear the risk of cease trading orders against all issuers whose securities are included in its portfolio, not just one. If portfolio securities of the Sphere ETFs are cease-traded by order of a securities regulatory authority, if normal trading of such securities is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for such securities, the Sphere ETFs may suspend the right to redeem securities for cash as described under "Purchases of Units – Suspension of Exchanges and Redemptions", subject to any required prior regulatory approval. If the right to redeem securities for cash is suspended, the Sphere ETFs may return redemption requests to securityholders who have submitted them. If securities are cease-traded, they may not be delivered on an exchange of a PNU for a Basket of Securities until such time as the cease-trade order is lifted.

### *Concentration Risk*

A Sphere ETF may, in following its investment objective of seeking to replicate the performance of its specified Index, have more of its net assets invested in one or more Constituent Issuers than is typical for many investment funds. In these circumstances, the Sphere ETF may be affected more by the performance of individual issuers in its portfolio, with the result that the NAV of the Sphere ETF may be more volatile and may fluctuate more over short periods of time than the net asset value of a more broadly diversified investment fund. In addition, this may increase the liquidity risk of these Sphere ETFs which may, in turn, have an effect on the Sphere ETFs' ability to satisfy redemption requests. This concentration risk will be greater for Sphere ETFs that seek to replicate the performance of an Index that is more concentrated, and includes a smaller number of Constituent Issuers than a Sphere ETF that seeks to replicate the performance of a broader Index that includes a larger number of Constituent Issuers.

### *Use of Derivative Instruments*

Each Sphere ETF may use derivative instruments from time to time in accordance with NI 81-102 as described under "Investment Strategies". The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (i) there is no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when the Sphere ETF wants to complete the derivative contract, which could prevent the Sphere ETF from reducing a loss or making a profit; (iii) securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent the Sphere ETF from completing the derivative contract; (iv) the Sphere ETF could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; (v) if the Sphere ETF has an open position in an option, a futures contract or a forward contract or a swap with a dealer or counterparty who goes bankrupt, the Sphere ETF could experience a loss and, for an open futures or forward contract or a swap, a loss of margin deposits with that dealer or counterparty; and (vi) if a derivative is based on a stock market index and trading is halted on a substantial number of stocks in the index or there is a change in the composition of the index, there could be an adverse effect on the derivative.

### *Securities Lending Risks*

The Sphere ETFs are authorized to enter into securities lending, repurchase and reverse repurchase transactions in accordance with NI 81-102. In a securities lending transaction, a Sphere ETF lends its portfolio securities through an authorized agent to another party (often called a "Counterparty") in exchange for a fee and a form of acceptable collateral. The following are some examples of the risks associated with securities lending transactions:

- when entering into securities lending transactions, a Sphere ETF is subject to the credit risk that the counterparty may default under the agreement and the Sphere ETF would be forced to make a claim in order to recover its investment;
- when recovering its investment on default, a Sphere ETF could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by the Sphere ETF; and
- similarly, a Sphere ETF could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by the Sphere ETF to the counterparty.

The Sphere ETFs may engage in securities lending from time to time. When engaging in securities lending, a Sphere ETF will receive collateral in excess of the value of the securities loaned, and although such collateral is marked to market, the Sphere ETF may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

### *Borrowing Risk*

From time to time, a Sphere ETF may borrow cash as a temporary measure to fund the portion of a distribution payable to its Unitholders that represents amounts that have not yet been received by the Sphere ETF. Each Sphere ETF is limited to borrowing up to the amount of the unpaid distribution and, in any event, not more than 5% of the net assets of that Sphere ETF. There is a risk that a Sphere ETF will not be able to repay the borrowed amount

because it is unable to collect the distribution from the applicable issuer. Under these circumstances, the Sphere ETF would be required to repay the borrowed amount by disposing of portfolio assets.

### *Changes in Legislation*

There can be no assurance that income tax, securities and other laws will not be changed in a manner that adversely affects the Sphere ETFs or the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts, SIFT trusts or an investment in a non-resident trust will not be changed in a manner that adversely affects the Sphere ETFs or the Unitholders.

### *Taxation of the Sphere ETFs*

It is anticipated that each Sphere ETF will qualify, or will be deemed to qualify, at all times as a “mutual fund trust” within the meaning of the Tax Act. For a Sphere ETF to qualify as a “mutual fund trust”, it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the Sphere ETF and the dispersal of ownership of its Units.

A trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless, at that time, all or substantially all of its property is property other than property that would be “taxable Canadian property” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The law does not provide any means of rectifying a loss of mutual fund trust status if this requirement is not met.

Provided a Sphere ETF complies with its investment restrictions set forth under the heading “Investment Restrictions – Tax Related Investment Restrictions”, no more than 10% of the fair market value of that Sphere ETF’s assets will at any time consist of property that would be “taxable Canadian property” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The Sphere ETFs also contain a restriction on the number of permitted non-resident Unitholders. Each of the Sphere ETFs has met all the requirements to qualify as a “mutual fund trust” for the purposes of the Tax Act before the 91<sup>st</sup> day after the end of its first taxation year (determined without regard to any taxation year-end that may be deemed to occur for other purposes under the rules in the Tax Act relating to “loss restriction events”). Accordingly, each Sphere ETF has filed an election to qualify as a mutual fund trust from its inception in 2016.

If a Sphere ETF does not qualify as a mutual fund trust or were to cease to so qualify, the income tax considerations as described under “Income Tax Considerations” would in some respects be materially and adversely different. For instance, a Sphere ETF that does not qualify as a mutual fund trust throughout a taxation year may become subject to alternative minimum tax, tax under Part XII.2 of the Tax Act, and would not be entitled to the capital gains refunds. In addition, if a Sphere ETF does not qualify as a mutual fund trust and one or more “financial institutions”, as defined in the Tax Act, owns more than 50% of the fair market value of the Units of such Sphere ETF, that Sphere ETF will be a “financial institution” for purposes of the “mark-to-market” rules contained in the Tax Act.

The tax treatment of gains and losses realized by each Sphere ETF will depend on whether such gains or losses are treated as being on income or capital account, as described in this paragraph. In determining its income for tax purposes, each Sphere ETF will treat gains or losses realized on the disposition of portfolio securities held by it as capital gains and losses. In general, gains and losses realized by a Sphere ETF from derivative transactions will be on income account except where such derivatives are used to hedge portfolio securities held on capital account provided there is sufficient linkage, subject to the DFA Rules discussed below. Further, subject to the DFA Rules discussed below, each Sphere ETF intends to take the position that gains or losses in respect of foreign currency hedges entered into in respect of amounts invested in its portfolio will constitute capital gains and capital losses to the Sphere ETF if the portfolio securities are capital property to the Sphere ETF and there is sufficient linkage. Certain proposed amendments to the Tax Act, if enacted as proposed, would clarify that the DFA Rules generally would not apply to such foreign currency hedges. Designations with respect to each Sphere ETF’s income and capital gains will be made and reported to Unitholders on the foregoing basis. The CRA’s practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. If these foregoing dispositions or transactions of a Sphere ETF are determined not to be on capital account (whether because of the DFA Rules discussed below or otherwise), the net income of the Sphere ETF for tax purposes and the taxable component of distributions to its Unitholders could increase. Any such redetermination by the CRA may result in a Sphere ETF being liable for unremitted withholding taxes on prior

distributions made to its Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the NAV and NAV per Unit of that Sphere ETF.

The Tax Act contains rules (the “**DFA Rules**”) that target certain financial arrangements (described in the DFA Rules as “derivative forward agreements”) that seek to deliver a return based on an “underlying interest” (other than certain excluded underlying interests) for purposes of the DFA Rules. The DFA Rules are broad in scope and could apply to other agreements or transactions (including certain forward currency contracts, subject to the proposed amendments to the Tax Act discussed in the preceding paragraph, and other derivatives). If the DFA Rules were to apply in respect of any derivatives to be utilized by a Sphere ETF, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

Pursuant to rules in the Tax Act, a Sphere ETF that experiences a “loss restriction event” (i) will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the Sphere ETF’s net income and net realized capital gains, if any, at such time to Unitholders so that the Sphere ETF is not liable for income tax on such amounts under Part I of the Tax Act), and (ii) will become subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, a Sphere ETF will be subject to a loss restriction event if a Unitholder becomes a “majority-interest beneficiary”, or a group of persons becomes a “majority-interest group of beneficiaries”, of the Sphere ETF, as those terms are defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of a Sphere ETF is a beneficiary in the income or capital, as the case may be, of the Sphere ETF whose beneficial interests, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, have a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the Sphere ETF. Please see “Income Tax Considerations – Taxation of Holders” for the tax consequences of an unscheduled or other distribution to Unitholders. Trusts that qualify as “investment funds” as defined in the rules in the Tax Act relating to loss restriction events are generally excepted from the application of such rules. An “investment fund” for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a “mutual fund trust” for purposes of the Tax Act, not holding any property that it uses in the course of carrying on a business and complying with certain asset diversification requirements. If a Sphere ETF were not to qualify as an “investment fund”, it could potentially have a loss restriction event and thereby become subject to the related tax consequences described above.

The SIFT Rules relate to the taxation of publicly traded Canadian trusts and partnerships that own certain types of property defined as “non-portfolio property”. A trust that is subject to the SIFT Rules is subject to trust level taxation, at rates comparable to those that apply to corporations, on the trust’s income earned from “non-portfolio property” to the extent that such income is distributed to its unitholders. The Sphere ETFs will not be subject to tax under the SIFT Rules as long as the Sphere ETFs comply with their investment restrictions in this regard. If a Sphere ETF is subject to tax under the SIFT Rules, the after-tax return to its Unitholders could be reduced, particularly in the case of a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada.

Certain of the Sphere ETFs will invest in global equity securities. Many foreign countries preserve their right under domestic tax laws and applicable tax conventions with respect to taxes on income and on capital (“**Tax Treaties**”) to impose tax on dividends or distributions paid or credited to persons who are not resident in such countries. While the Sphere ETFs intend to make investments in such a manner as to minimize the amount of foreign taxes incurred under foreign tax laws and subject to any applicable Tax Treaties, investments in global equity securities may subject the Sphere ETFs to foreign taxes on dividends or distributions paid or credited to them or any gains realized on the disposition of such securities. Any foreign taxes incurred by a Sphere ETF will generally reduce the value of its portfolio. To the extent that such foreign tax paid by a Sphere ETF exceeds 15% of the amount included in the Sphere ETF’s income from such investments, such excess may generally be deducted by the Sphere ETF in computing its net income for the purposes of the Tax Act. To the extent that foreign tax paid does not exceed 15% of the amount included in the Sphere ETF’s income from such investments and has not been deducted in computing the Sphere ETF’s income and the Sphere ETF designates its income from a foreign source in respect of a Unitholder of the Sphere ETF, the Unitholder will, for the purposes of computing its foreign tax credits, be entitled to treat the Unitholder’s proportionate share of foreign taxes paid by the Sphere ETF in respect of such income as foreign taxes paid by the Unitholder. The availability of foreign tax credits to a Unitholder of a Sphere ETF is subject to the detailed rules in the Tax Act.

### *Cease Trading of Units*

If Constituent Securities of an Index are cease traded at any time by a securities regulatory authority or other relevant regulator or stock exchange, the Manager may suspend the exchange or redemption of Units of the applicable Sphere ETF until such time as the transfer of the securities is permitted as described under “Purchases of Units – Suspension of Exchanges and Redemptions”. In addition, if Constituent Securities of an Index are cease traded, the applicable Sphere ETF may not be able to replicate the Index while such cease trade orders are in effect. As a result, each Sphere ETF that holds securities traded on an exchange or other organized market bears the risk of cease trading orders against any Constituent Security held by that Sphere ETF.

### **Additional Risks Relating to an Investment in each Sphere ETF**

In addition to the general risk factors, the following additional risk factors are inherent in an investment in one or more of the Sphere ETFs as indicated in the table below. A description of each of these risks, listed in alphabetical order, follows the table.

<b>ETF Specific Risks</b>	<b>SHC</b>	<b>SHU</b>	<b>SHE</b>	<b>SHA</b>	<b>SHZ</b>
Country/Regional Risk	✓	✓	✓	✓	✓
Currency Hedging Risk		✓	✓	✓	✓
Emerging Markets Risk					✓
Exchange Rate Risk		✓	✓	✓	✓
General Risks of Equity Investments	✓	✓	✓	✓	✓
General Risks of Foreign Investments		✓	✓	✓	✓
Lack of Operating History	✓	✓	✓	✓	✓

### *Country/Regional Risk*

A Sphere ETF that invests primarily in a specific region or country may be more volatile than a more geographically diversified fund, and will be strongly affected by the overall economic performance of that specific region or country. The Sphere ETF must continue to follow its investment objectives regardless of the economic performance of a specific region or country.

### *Currency Hedging Risk*

A Sphere ETF may hedge all or substantially all of its direct foreign currency exposure by entering into currency forward contracts with financial institutions that have a “designated rating” as defined in NI 81-102. For regulatory and operational reasons, the Sphere ETFs may not be able to fully hedge such foreign exposure at all times. Although there is no assurance that these currency forward contracts will be effective, the Manager expects these currency forward contracts to be substantially effective. However, some deviations from the returns of the applicable Index are expected to occur as a result of the costs, risks or other performance impacts of this currency hedging strategy.

The effectiveness of a Sphere ETFs’ currency hedging strategy will, in general, be affected by the volatility of the applicable Index, and the volatility of the currency in which the Units of the Sphere ETF are denominated relative to other currencies. Increased volatility will generally reduce the effectiveness of the currency hedging strategy. The effectiveness of this currency hedging strategy may also be affected by any significant difference between the Canadian dollar and other currencies’ interest rates.

### *Emerging Markets Risk*

There is a chance that the stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets.

### *Exchange Rate Risk*

Changes in other currencies' exchange rates may affect the NAV of a Sphere ETF that holds investments denominated in currencies other than the currency in which the Units of the Sphere ETF are denominated. The Units of the Sphere ETFs are denominated in Canadian dollars. The Manager will seek to hedge the exposure of a Sphere ETF to any currencies other than the Canadian dollar back to the Canadian dollar.

### *General Risks of Equity Investments*

Holders of equity securities of an issuer incur more risk than holders of debt obligations of such issuer because shareholders, as owners of such issuer, have generally inferior rights to receive payments from such issuer in comparison with the rights of creditors of, or holders of debt obligations issued by, such issuer. Further, unlike debt securities, which typically have a stated principal amount payable at maturity (whose value, however, will be subject to market fluctuations prior thereto), equity securities have neither a fixed principal amount nor a maturity.

Distributions on the Units will generally depend upon the declaration of dividends or distributions on the Constituent Securities. The declaration of such dividends or distributions generally depends upon various factors, including the financial condition of the Constituent Issuers and general economic conditions. Therefore, there can be no assurance that the Constituent Issuers will pay dividends or distributions on Constituent Securities.

### *General Risks of Foreign Investments*

The Sphere ETFs may invest, directly or indirectly, in foreign equity securities. In addition to the general risks associated with equity investments, investments in foreign securities may involve unique risks not typically associated with investing in Canada. Foreign exchanges may be open on days when a Sphere ETF or a Reference ETF do not price their securities and, therefore, the value of the securities traded on such exchanges may change on days when investors are not able to purchase or sell Units. Information about corporations not subject to Canadian or U.S. reporting requirements may not be complete, may not reflect the extensive accounting or auditing standards required in Canada or the United States and may not be subject to the same level of government supervision or regulation as would be the case in Canada or the United States.

Some foreign securities markets may be volatile or lack liquidity and some foreign markets may have higher transaction and custody costs and delays in attendant settlement procedures. In some countries, there may be difficulties in enforcing contractual obligations and investments could be affected by political instability, social instability, expropriation or confiscatory taxation.

In the case of a Sphere ETF holding foreign securities, whether directly or indirectly, dividends or distributions on those foreign securities may be subject to withholding taxes.

### *Lack of Operating History*

The Sphere ETFs are newly organized investment trusts with limited operating history. Although the Sphere ETFs may be listed on the TSX, there can be no assurance that an active public market for the Units will develop or be sustained.

## **DISTRIBUTION POLICY**

Cash distributions of income, if any, on Units will be paid periodically as set out in the table below, by each of the Sphere ETFs. These cash distributions may include a return of capital.

<b>Sphere ETF</b>	<b>Frequency of Distributions</b>
SHC	At least quarterly
SHU	At least quarterly
SHE	At least quarterly

SHA	At least quarterly
SHZ	At least quarterly

The Manager may, in its sole discretion, change the frequency of such distributions, which change will be announced by the Manager in a press release.

Depending on the underlying investments of a Sphere ETF, distributions on Units may consist of ordinary income, including foreign source income sourced from foreign dividends or distributions received by the Sphere ETF and dividends from taxable Canadian corporations but may also include net realized capital gains, in any case, less the expenses of that Sphere ETF and may include returns of capital.

If, for any taxation year, after the ordinary distributions there would remain in a Sphere ETF additional net income or net realized capital gains, the Sphere ETF will, after December 15 but on or before December 31 of the calendar year in which that taxation year ends, be required to pay or make payable such net income and net realized capital gains as one or more special year-end distributions to Unitholders as is necessary to ensure that the Sphere ETF will not be liable for income tax on such amounts under Part I of the Tax Act (after taking into account all available deductions, credits and refunds). Such special distributions may be paid in the form of Units of the Sphere ETF and/or cash. Any special distributions payable in Units of a Sphere ETF will increase the aggregate adjusted cost base of a Unitholder's Units. Immediately following payment of such a special distribution in Units, the number of Units of that class outstanding will be automatically consolidated such that the number of Units that each Unitholder will hold after such distribution will be equal to the number of Units held by such Unitholder immediately prior to such distribution, except in the case of a non-resident Unitholder to the extent tax is required to be withheld in respect of the distribution.

A Unitholder who exchanges or redeems Units during the period that begins two business days prior to a Distribution Record Date and ends on and includes that Distribution Record Date will be entitled to receive the distribution that is declared payable to Unitholders of record on that Distribution Record Date.

Management fee distributions, if any, will be paid first out of the net income then out of capital gains of a Sphere ETF and thereafter out of capital.

The tax treatment to Unitholders of distributions is discussed under the heading "Income Tax Considerations".

## **PURCHASES OF UNITS**

### **Initial Investment in the Sphere ETFs**

In compliance with NI 81-102, the Sphere ETFs did not issue Units to the public until subscriptions aggregating not less than \$500,000 had been received and accepted by the Sphere ETFs from investors other than persons or companies related to the Manager or its affiliates.

### **Continuous Distribution**

Units of the Sphere ETFs are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued.

### **Designated Brokers**

The Manager, on behalf of each Sphere ETF, has or will enter into a designated broker agreement with one or more Designated Brokers pursuant to which the Designated Broker has agreed to perform certain duties relating to the Sphere ETFs including, without limitation: (i) to subscribe for a sufficient number of Units to satisfy the TSX's original listing requirements; (ii) to subscribe for Units on an ongoing basis in connection with any rebalancing event or other action as described under "Investment Strategies – Rebalancing Events" and "Investment Strategies – Actions Affecting Constituent Issuers" and when cash redemptions of Units occur as described under "Information for Unitholders - Redemption of Units in any Number for Cash"; and (iii) to post a liquid two-way market for the trading of Units on the TSX.

The Manager may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for Units of a Sphere ETF for cash in a dollar amount not to exceed 0.30% of the NAV of the Sphere ETF, or such other amount as may be agreed to by the Manager and the Designated Broker. The number of Units issued will be the subscription amount divided by the NAV per Unit next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the Units must be made by the Designated Broker by no later than the third Trading Day after the subscription notice has been delivered.

### **Information for Designated Brokers and Dealers**

#### ***Issuance of Units***

Generally, all orders to purchase Units directly from a Sphere ETF must be placed by Designated Brokers or Dealers. Each Sphere ETF reserves the absolute right to reject any subscription order placed by a Designated Broker or a Dealer. No fees will be payable by a Sphere ETF to a Designated Broker or a Dealer in connection with the issuance of Units. On the issuance of Units, an amount may be charged to a Designated Broker or a Dealer to offset the expenses incurred in issuing the Units.

After the initial issuance of Units to a Designated Broker to satisfy the TSX's original listing requirements, on any Trading Day, a Dealer (who may also be a Designated Broker) may place a subscription order for the minimum of a Prescribed Number of Units (and any additional multiple thereof) of a Sphere ETF. If a subscription order is received by the Sphere ETF by 9:00 a.m. (Toronto time) on a Trading Day (in the case of SHE, SHA and SHZ at or before 4:00 p.m. (Toronto time) on the trading day that immediately precedes such Trading Day), or such other time prior to the Valuation Time on such Trading Day as the Manager may determine, and accepted by the Manager, the Sphere ETF will issue to the Dealer a minimum of a Prescribed Number of Units (and any additional multiple thereof) within three Trading Days from the effective date of the subscription order. The Sphere ETF must receive payment for the Units subscribed for within three Trading Days from the effective date of the subscription order. The effective date of the subscription order is the Trading Day on which the Valuation Time that applies to such subscription takes place. If a subscription order is not received by the applicable cut-off Time on a Trading Day, subject to the discretion of the Manager, the subscription order will be deemed to be received only on the next Trading Day.

For each Prescribed Number of Units issued, a Dealer must deliver payment consisting of, in the Manager's discretion: (i) one Basket of Securities and cash in an amount sufficient so that the value of the securities and the cash received is equal to the aggregate NAV of the Prescribed Number of Units next determined following the receipt of the subscription order; (ii) cash in an amount equal to the aggregate NAV of the Prescribed Number of Units next determined following the receipt of the subscription order; or (iii) a combination of securities and cash, as determined by the Manager, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate NAV of the Prescribed Number of Units next determined following the receipt of the subscription order, plus in any such case, a cash creation fee (if applicable, payable in connection with any cash payments for subscriptions of a PNU of the applicable Sphere ETF, representing, as applicable, brokerage expenses, commissions, transaction costs and other costs or expenses that the Sphere ETF incurs or expects to incur in purchasing securities on the market with such cash proceeds).

The Manager will make available to the Designated Brokers and the Dealers information as to the Prescribed Number of Units and the Basket of Securities for each Sphere ETF for each Trading Day. The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time.

#### ***Exchange of Prescribed Number of Units***

On any Trading Day, Unitholders may exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for Baskets of Securities and cash. To effect an exchange of Units, a Unitholder must submit an exchange request in the form prescribed by the Manager from time to time to the applicable Sphere ETF at its head office or as the Manager may otherwise direct by the applicable Cut-Off Time on a Trading Day. The exchange price will be equal to the aggregate NAV of the Prescribed Number of Units on the effective day of the exchange request, payable by delivery of Baskets of Securities (constituted prior to the receipt of the exchange request) and cash. In certain circumstances and only with the consent of the Manager, the exchange price may be paid fully in cash, provided the Unitholder agrees to pay the cash exchange fee (if applicable, payable in connection with any cash payments for exchange of a PNU of the applicable Sphere ETF, representing, as applicable, brokerage expenses, commissions, transaction costs and other costs or expenses that the Sphere ETF incurs or expects to incur in selling



securities on the market to obtain the necessary cash for the exchange). In this case, the Manager may, in its discretion, require the Unitholders to pay or reimburse the applicable Sphere ETF for the trading expenses incurred or expected to be incurred by the Sphere ETF in connection with the sale by such Sphere ETF of securities in order to obtain the necessary cash to fund the exchange price. On an exchange, the applicable Units will be redeemed.

If an exchange request is not received by the applicable Cut-Off Time on a Trading Day, subject to the discretion of the Manager, the exchange order will be effective only on the next Trading Day. Settlement of exchanges for Baskets of Securities and/or cash, as the case may be, will be made by no later than the third Trading Day after the effective day of the exchange request.

The Manager will make available to the Designated Brokers and the Dealers information as to the Prescribed Number of Units and the Basket of Securities for each Sphere ETF for each Trading Day. The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time.

A Unitholder that exchanges or redeems Units during the period that begins two business days prior to a Distribution Record Date and ends on and includes that Distribution Record Date will be entitled to receive the applicable distribution in respect of those Units. Pursuant to the Declaration of Trust, a Sphere ETF may allocate and designate as payable any capital gains realized by the Sphere ETF as a result of any disposition of property of the Sphere ETF undertaken to permit or facilitate the redemption or exchange of Units to a Unitholder whose Units are being redeemed or exchanged. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder.

If Constituent Securities or other securities are cease traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of such securities to a Unitholder on an exchange may be postponed until such time as the transfer of the securities is permitted by law.

#### ***Costs Associated with Exchanges and Redemptions***

An amount of up to 0.50% of the exchange or redemption price of a Sphere ETF may be charged to the Designated Broker or Dealer to offset certain transaction costs associated with the exchange or redemption of Units of a Sphere ETF.

#### ***Special Circumstances***

Units may also be issued by a Sphere ETF to Designated Brokers in a number of special circumstances, including the following: (i) when the Manager has determined that the Sphere ETF should acquire Constituent Securities or other securities in connection with a rebalancing event as described under “Investment Strategies – Rebalancing Events”; and (ii) when cash redemptions of Units occur as described below under “Redemption of Units in any Number for Cash” or the Sphere ETF otherwise has cash that the Manager wants to invest.

#### **Information for Unitholders**

##### ***Buying and Selling Units***

Units of the Sphere ETFs are currently listed on the TSX and investors can buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or any Sphere ETF in connection with buying or selling of Units on the TSX. Unitholders may also redeem Units of any Sphere ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, or exchange a PNU (or an integral multiple thereof) for Baskets of Securities and cash or, in certain circumstances, for cash. See “Information for Unitholders - Redemption of Units in any Number for Cash” and “Information for Designated Brokers - Exchange of Prescribed Number of Units” for further information.

The Sphere ETFs will issue Units directly to Designated Brokers and Dealers, as discussed under “Information for Designated Brokers and Dealers” above. From time to time, as may be agreed by a prospective purchaser and the

Designated Brokers and the Dealers, the Designated Brokers and the Dealers may agree to accept Constituent Securities as payment for Units from a prospective purchaser.

### ***Issuance on a Distribution Paid in Units***

In addition to the issuance of Units, Units of a Sphere ETF may be issued to Unitholders as a distribution paid in the form of Units in accordance with the distribution policy of the Sphere ETFs, if any. See “Distribution Policy”.

### ***Redemption of Units in any Number for Cash***

On any Trading Day, Unitholders may redeem Units of any Sphere ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption. Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Units for cash. No fees or expenses are paid by Unitholders to the Manager or any Sphere ETF in connection with selling Units on the TSX.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered through a CDS Participant by 9:00 a.m. (Toronto time) on that day (in the case of SHE, SHA or SHZ at or before 4:00 p.m. (Toronto time) on the Trading Day that immediately precedes such Trading Day) to the applicable Sphere ETF at its head office or as the Manager may otherwise direct. If a cash redemption request is received after such time on a Trading Day, the cash redemption request will be effective only on the next Trading Day. Where possible, payment of the redemption price will be made by no later than the third Trading Day after the effective day of the redemption. The cash redemption request forms may be obtained from the Manager.

A Unitholder that exercises this cash redemption right during the period that is two business days before a Distribution Record Date until that Distribution Record Date will be entitled to receive the applicable distribution in respect of those Units.

In connection with the redemption of Units, a Sphere ETF will generally dispose of securities or other assets in order to fund the required redemption proceeds. Pursuant to the Declaration of Trust, a Sphere ETF may allocate and designate as payable any capital gains realized by the Sphere ETF as a result of any disposition of property of the Sphere ETF undertaken to permit or facilitate the redemption or exchange of Units to a Unitholder whose Units are being redeemed or exchanged. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder.

The Manager reserves the right to cause a Sphere ETF to redeem the Units held by a Unitholder at a price equal to the NAV per Unit on the effective date of such redemption if the Manager believes it is in the best interests of the Sphere ETF to do so.

### **Exchange and Redemption through CDS**

The exchange and redemption rights described above must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold Units sufficiently in advance of the cut-off times set by CDS Participants to allow such CDS Participants to notify the Manager or as the Manager may direct prior to the relevant Cut-Off time

### **Suspension of Exchanges and Redemptions**

The Manager may suspend the exchange and/or redemption of Units or the payment of the exchange or redemption price of a Unit of a Sphere ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Sphere ETF are listed and traded, if these securities represent more

than 50% by value or underlying market exposure of the total assets of the Sphere ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Sphere ETF; or (ii) with the prior permission of the Securities Regulatory Authorities where required, for any period not exceeding 30 days during which Sphere Investments determines that conditions exist which render impractical the sale of assets of the Sphere ETF or which impair the ability of the Custodian to determine the value of the assets of the Sphere ETF. The suspension shall apply to all requests for exchange or redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the exchange or redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have, and shall be advised that they have, the right to withdraw their requests for exchange or redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with the official rules and regulations promulgated by any government body having jurisdiction over the Sphere ETFs, any declaration of suspension made by the Manager shall be conclusive.

### **Special Considerations**

The Manager, on behalf of the Sphere ETFs, has obtained exemptive relief from (i) the so-called “early warning” reporting requirements in Canadian Securities Legislation that would otherwise apply if a person or company acquires 10% or more of the Units of a Sphere ETF, and (ii) from the Securities Regulatory Authorities to permit Unitholders to acquire more than 20% of the Units of a Sphere ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian Securities Legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, provides the Manager with an undertaking not to exercise any votes attached to Units that represent more than 20% of the votes attached to all outstanding Units of that Sphere ETF at any meeting of Unitholders.

### **Registration and Transfer through CDS**

Registration of interests in, and transfers of, Units of a Sphere ETF will be made only through the book-entry only system of CDS. Units must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon buying Units of a Sphere ETF, the owner will receive only the customary confirmation. All distributions and redemption proceeds in respect of Units will be made or paid initially to CDS, which payments will be forwarded by CDS to the CDS Participants and, thereafter, by such CDS Participants to the applicable Unitholders. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest of such Units.

Neither a Sphere ETF nor the Manager will have any liability for: (i) any aspect of the records maintained by CDS relating to the beneficial interests in the Units or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS, whether contained in this prospectus or otherwise, or made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Units must look solely to CDS Participants for payment made by the Sphere ETF to CDS.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Each Sphere ETF has the option to terminate registration of Units through the book-entry only system in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

### Short-Term Trading

The Manager does not believe that it is necessary to impose any short-term trading restrictions on the Sphere ETFs at this time, as the Sphere ETFs are exchange-traded funds that are primarily traded in the secondary market.

### PRIOR SALES

#### Trading Price and Volume

The following tables provide the price ranges and volume of Units traded on the TSX for each of the Sphere ETFs from the date of initial listing by calendar month preceding the date of this prospectus.

*Sphere FTSE Canada Sustainable Yield Index ETF (initial listing date: April 15, 2016)*

SHC	Unit Price Range(\$)		Volume of Units Traded
	Low	High	
Apr - 2016	10.14	10.41	596,454
May	10.11	10.63	638,361
Jun	10.22	10.75	574,039
Jul	10.38	10.78	105,907
Aug	10.58	10.89	520,554
Sep	10.83	11.01	39,918
Oct	10.78	11.09	555,645
Nov	10.79	11.53	416,238
Dec	11.43	11.94	99,528
Jan - 2017	11.80	12.18	97,895
Feb	11.90	12.32	299,176

*Sphere FTSE US Sustainable Yield Index ETF (initial listing date: April 18, 2016)*

SHU	Unit Price Range(\$)		Volume of Units Traded
	Low	High	
Apr - 2016	9.98	10.17	41,190
May	9.90	10.10	91,500
Jun	9.93	10.29	42,240
Jul	10.33	10.67	101,150
Aug	10.47	10.63	112,892
Sep	10.28	10.54	348,448
Oct	10.14	10.37	193,814
Nov	9.95	10.48	17,470
Dec	10.38	10.77	23,064
Jan - 2017	10.63	10.78	98,906

Feb	10.79	11.34	196,318
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*Sphere FTSE Europe Sustainable Yield Index ETF (initial listing date: April 19, 2016)*

SHE	Unit Price Range(\$)		Volume of Units Traded
	Low	High	
Apr - 2016	10.08	10.25	11,500
May	9.81	10.24	45,142
Jun	9.31	10.25	83,730
Jul	9.42	10.00	133,750
Aug	9.81	10.17	95,460
Sep	9.85	10.17	51,780
Oct	10.04	10.16	5,450
Nov	9.76	10.03	3,460
Dec	9.88	10.63	205,082
Jan - 2017	10.55	10.77	27,366
Feb	10.61	10.89	97,528

*Sphere FTSE Asia Sustainable Yield Index ETF (initial listing date: April 19, 2016)*

SHA	Unit Price Range(\$)		Volume of Units Traded
	Low	High	
Apr - 2016	9.71	10.49	242,100
May	9.71	10.38	271,885
Jun	9.45	10.30	84,700
Jul	9.59	10.66	228,900
Aug	10.31	11.00	28,375
Sep	10.70	11.08	48,100
Oct	10.98	11.12	3,800
Nov	10.61	11.73	53,915
Dec	11.64	12.12	43,833
Jan - 2017	11.95	12.27	9,028
Feb	9.71	10.49	242,100

*Sphere FTSE Emerging Markets Sustainable Yield Index ETF (initial listing date: October 5, 2016)*

SHZ	Unit Price Range(\$)		Volume of Units Traded
	Low	High	
Oct - 2016	9.85	10.20	356,525

Nov	9.56	10.24	468,157
Dec	9.67	10.26	336,249
Jan - 2017	10.01	10.39	134,660
Feb	10.15	10.45	159,581

## INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of Units of a Sphere ETF by a Unitholder of the Sphere ETF who acquires Units of the Sphere ETF pursuant to this prospectus. This summary only applies to a prospective Unitholder of a Sphere ETF who is an individual (other than a trust) resident in Canada for purposes of the Tax Act who deals at arm's length with the Sphere ETF and any Designated Broker or Dealer and is not affiliated with the Sphere ETF or any Designated Broker or Dealer and who holds Units of the Sphere ETF as capital property (a "**Holder**").

Generally, Units of a Sphere ETF will be considered to be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Assuming that a Sphere ETF is a "mutual fund trust" for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units of the Sphere ETF as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Holder who has entered or will enter into a "derivative forward agreement" as that term is defined in the Tax Act with respect to the Units or any Basket of Securities disposed of in exchange for Units.

This summary assumes that at all times each Sphere ETF will comply with its investment restrictions and that none of the issuers of the securities in the portfolio of a Sphere ETF will be foreign affiliates of the Sphere ETF or of any Holder.

This summary is also based on the assumption that each Sphere ETF will at no time be a "SIFT trust" as defined in the SIFT Rules. Provided that a Sphere ETF does not hold "non-portfolio property" as defined in the SIFT Rules, it will not be a SIFT trust. Based upon its investment restrictions, as described under the heading "Investment Restrictions – Tax Related Investment Restrictions", each Sphere ETF will not hold any "non-portfolio property".

This summary is based on the facts described herein, the current provisions of the Tax Act, counsel's understanding of the current publicly available administrative policies and assessing practices of the CRA published in writing prior to the date hereof and a certificate of the Manager. This summary takes into account the Tax Amendments. This description is not exhaustive of all Canadian federal income tax consequences and does not take into account or anticipate changes in the law or in administrative policy or assessing practice, whether by legislative, governmental or judicial action other than the Tax Amendments in their present form, nor does it take into account provincial, territorial or foreign tax considerations which may differ significantly from those discussed herein. There can be no assurance that the Tax Amendments 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 of a Sphere ETF. This summary does not address the deductibility of interest on any funds borrowed by a Holder to purchase Units of a Sphere ETF. The income and other tax consequences of investing in 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, nor should it be construed to be, legal or tax advice to any holder of Units of a Sphere ETF. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units of a Sphere ETF based on their particular circumstances.**

### Status of the Sphere ETFs

This summary is based on the assumptions that each Sphere ETF will qualify or be deemed to qualify at all times as a "mutual fund trust" within the meaning of the Tax Act, that each Sphere ETF has validly elected under the Tax

Act to be a mutual fund trust from the date it was established, and that each Sphere ETF has not been established and will not be maintained primarily for the benefit of non-residents unless, at that time, substantially all of its property consists of property other than property that would be “taxable Canadian property” within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

To qualify as a mutual fund trust (i) a Sphere ETF must be a Canadian resident “unit trust” for purposes of the Tax Act, (ii) the only undertaking of the Sphere ETF must be (a) the investing of its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Sphere ETF, or (c) any combination of the activities described in (a) and (b), and (iii) the Sphere ETF must comply with certain minimum requirements respecting the ownership and dispersal of Units (the “**Minimum Distribution Requirements**”). In this connection, (i) the Manager intends to cause each Sphere ETF to qualify as a unit trust throughout the life of the Sphere ETF, (ii) each Sphere ETF’s undertaking conforms with the restrictions for mutual fund trusts, and (iii) the Manager has advised counsel that it has filed the necessary election so that each Sphere ETF qualified as a mutual fund trust from its inception in 2016 and that it has no reason to believe that any of the Sphere ETFs will not comply with the Minimum Distribution Requirements at all material times.

If a Sphere ETF were not to qualify or be deemed to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different in respect of that Sphere ETF.

Provided that a Sphere ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, or the Units of that Sphere ETF are listed on a “designated stock exchange” (within the meaning of the Tax Act), Units of that Sphere ETF will be qualified investments under the Tax Act for a trust governed by an RRSP, a RRIF, a DPSP, an RDSP, an RESP or a TFSA (the “**Plans**”).

### **Taxation of the Sphere ETFs**

The Manager has advised counsel that each of the Sphere ETFs has elected to have a taxation year that ends on December 15 of each calendar year. A Sphere ETF must pay tax on its net income (including net realized taxable capital gains) for a taxation year, less the portion thereof that it deducts in respect of the amount paid or payable to its Unitholders in the calendar year in which the taxation year ends. An amount will be considered to be payable to a Unitholder of a Sphere ETF in a calendar year if it is paid to the Unitholder in that year by the Sphere ETF or if the Unitholder is entitled in that year to enforce payment of the amount. The Declaration of Trust requires that sufficient amounts be paid or made payable each year so that no Sphere ETF is liable for any non-refundable income tax under Part I of the Tax Act.

A Sphere ETF will be required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a security held in its portfolio.

To the extent a Sphere ETF holds trust units issued by a trust resident in Canada that is not at any time in the relevant taxation year a “SIFT trust” and held as capital property for purposes of the Tax Act, the Sphere ETF will be required to include in the calculation of its income for a taxation year the net income, including net taxable capital gains, paid or payable to the Sphere ETF by such trust in the calendar year in which that taxation year ends, notwithstanding that certain of such amounts may be reinvested in additional units of the trust. Provided that appropriate designations are made by such trust, net taxable capital gains realized by the trust, foreign source income of the trust and taxable dividends from taxable Canadian corporations received by the trust that are paid or payable by the trust to the Sphere ETF will effectively retain their character in the hands of the Sphere ETF. The Sphere ETF will be required to reduce the adjusted cost base of units of such trust by any amount paid or payable by the trust to the Sphere ETF except to the extent that the amount was included in calculating the income of the Sphere ETF or was the Sphere ETF’s share of the non-taxable portion of capital gains of the trust, the taxable portion of which was designated in respect of the Sphere ETF. If the adjusted cost base to the Sphere ETF of such units becomes a negative amount at any time in a taxation year of the Sphere ETF, that negative amount will be deemed to be a capital gain realized by the Sphere ETF in that taxation year and the Sphere ETF’s adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

Each issuer in a Sphere ETF’s portfolio that is a “SIFT trust” (which will generally include Canadian resident income trusts, other than certain REITs, the units of which are listed or traded on a stock exchange or other public

market) will be subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains in respect of “non-portfolio properties” (collectively, “**Non-Portfolio Income**”). Non-Portfolio Income that is distributed by a SIFT trust to its unitholders will be taxed at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial tax. Non-Portfolio Income that becomes payable by an issuer that is a SIFT trust will generally be taxed as though it were a taxable dividend from a taxable Canadian corporation and will be deemed to be an “eligible dividend” eligible for the enhanced gross-up and tax credit rules.

In general, a Sphere ETF will realize a capital gain (or capital loss) upon the actual or deemed disposition of a security included in its portfolio to the extent the proceeds of disposition net of any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such security unless the Sphere ETF were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Sphere ETF has acquired the security in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Manager has advised counsel that each Sphere ETF takes the position that gains and losses realized on the disposition of its securities are capital gains and capital losses. The Manager has also advised counsel that each Sphere ETF has made an election under subsection 39(4) of the Tax Act, if applicable, so that all securities held by the Sphere ETF that are “Canadian securities” (as defined in the Tax Act) will be deemed to be capital property to the Sphere ETF.

Each Sphere ETF will be entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year (the “**Capital Gains Refund**”). The Capital Gains Refund in a particular taxation year may not completely offset the tax liability of a Sphere ETF for such taxation year which may arise upon the sale or other disposition of securities included in the portfolio in connection with the redemption of Units.

In general, gains and losses realized by a Sphere ETF from derivative transactions will be on income account except where such derivatives are used to hedge portfolio securities held on capital account provided there is sufficient linkage, subject to the DFA Rules discussed below, and such gains and losses will be recognized for tax purposes at the time they are realized by the Sphere ETF. Pursuant to Tax Amendments released on March 22, 2017, an election to realize gains and losses on “eligible derivatives” (as defined in such Tax Amendments) of a Sphere ETF on a mark-to-market basis may be available. The Manager will consider whether such election, if available, would be advisable for any Sphere ETF.

A loss realized by a Sphere ETF on a disposition of capital property will be a suspended loss for purposes of the Tax Act if the Sphere ETF, or a person affiliated with the Sphere ETF, acquires a property (a “**Substituted Property**”) that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Sphere ETF, or a person affiliated with the Sphere ETF, owns the Substituted Property 30 days after the original disposition. If a loss is suspended, a Sphere ETF cannot deduct the loss from the Sphere ETF’s capital gains until the Substituted Property is disposed of and is not reacquired by the Sphere ETF, or a person affiliated with the Sphere ETF, within 30 days before and after the disposition.

The Sphere ETFs may enter into transactions denominated in currencies other than the Canadian dollar. The cost and proceeds of disposition of securities, dividends, and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars using the appropriate exchange rates determined in accordance with the detailed rules in the Tax Act in that regard. The amount of income, gains and losses realized by a Sphere ETF may be affected by fluctuations in the value of other currencies relative to the Canadian dollar. Subject to the DFA Rules discussed below, gains or losses in respect of currency hedges entered into in respect of amounts invested in the portfolio of a Sphere ETF will constitute capital gains and capital losses to the Sphere ETF if the securities in the Sphere ETF’s portfolio are capital property to the Sphere ETF and provided there is sufficient linkage. Certain proposed amendments to the Tax Act, if enacted as proposed, would clarify that the DFA Rules generally would not apply to such foreign currency hedges.

The DFA Rules target certain financial arrangements (described in the DFA Rules as “derivative forward agreements”) that seek to deliver a return based on an “underlying interest” (other than certain excluded underlying interests) for purposes of the DFA Rules. The DFA Rules are broad in scope and, as enacted, could apply to other agreements or transactions (including certain forward currency contracts, subject to the proposed amendments to the Tax Act discussed in the preceding paragraph, and other derivatives). If the DFA Rules were to apply in respect of



any derivatives to be utilized by a Sphere ETF, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

The Sphere ETFs may derive income or gains from investments in countries other than Canada, and as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid by a Sphere ETF exceeds 15% of the amount included in the Sphere ETF's income from such investments, such excess may generally be deducted by the Sphere ETF in computing its net income for the purposes of the Tax Act. To the extent that such foreign tax paid does not exceed 15% of the amount included in the Sphere ETF's income from such investments and has not been deducted in computing the Sphere ETF's income, the Sphere ETF may designate in respect of a Holder a portion of its foreign source income that can reasonably be considered to be part of the Sphere ETF's income distributed to such Holder so that such income and a portion of the foreign tax paid by the Sphere ETF may be regarded as foreign source income of, and foreign tax paid by, the Holder for the purposes of the foreign tax credit provisions of the Tax Act.

A Sphere ETF will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units. Such issue expenses paid by a Sphere ETF and not reimbursed will be deductible by the Sphere ETF ratably over a five-year period subject to reduction in any taxation year which is less than 365 days. In computing its income under the Tax Act, a Sphere ETF may deduct reasonable administrative and other expenses incurred to earn income.

Losses incurred by a Sphere ETF in a taxation year cannot be allocated to Holders, but may be deducted by the Sphere ETF in future years in accordance with the Tax Act.

### **Taxation of Holders**

A Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income of a Sphere ETF, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder in that particular taxation year (whether in cash or in Units, or whether as a management fee distribution). Amounts paid or payable by a Sphere ETF to a Holder after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the Holder on December 15.

Under the Tax Act, a Sphere ETF is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions of income for the calendar year, to the extent necessary to enable the Sphere ETF to use, in that year, losses from prior years without affecting the ability of the Sphere ETF to distribute its income annually. In such circumstances, the amount distributed to a Holder of a Sphere ETF but not deducted by the Sphere ETF will not be included in the Holder's income. However, the adjusted cost base of the Holder's Units of the Sphere ETF will be reduced by such amount. The non-taxable portion of a Sphere ETF's net realized capital gains for a taxation year, the taxable portion of which was designated in respect of a Holder for the year, that is paid or becomes payable to the Holder for the year will not be included in computing the Holder's income for the year. Any other amount in excess of a Holder's share of the net income of a Sphere ETF for a taxation year that is paid or becomes payable to the Holder in the calendar year in which that taxation year ends (i.e. returns of capital) will not generally be included in the Holder's income for the year, but will reduce the adjusted cost base of the Holder's Units of the Sphere ETF. To the extent that the adjusted cost base of a Unit of a Sphere ETF to a Holder would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Holder will be increased by the amount of such deemed capital gain to zero.

Provided that appropriate designations are made by a Sphere ETF, such portion of the net realized taxable capital gains of the Sphere ETF, the taxable dividends received or deemed to be received by the Sphere ETF on shares of taxable Canadian corporations and foreign source income as is paid or becomes payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply. Where a Sphere ETF makes designations in respect of its foreign source income, for the purpose of computing any foreign tax credit that may be available to a Holder, the Holder will generally be deemed to have paid as tax to the government of a foreign country that portion of taxes paid by the Sphere ETF to that country that is equal to the Holder's share of the Sphere ETF's income from sources in that country.

Any loss of a Sphere ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Holder.

On the disposition or deemed disposition of a Unit of a Sphere ETF, including on a redemption, a Holder will realize a capital gain (or capital loss) to the extent that the Holder's proceeds of disposition (which do not include any amount of capital gains payable by the Sphere ETF to the Holder which represents capital gains realized by the Sphere ETF in connection with dispositions to fund the redemption), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit. For the purpose of determining the adjusted cost base of a Holder's Units of a Sphere ETF, when additional Units of the Sphere ETF are acquired by the Holder, the cost of the newly acquired Units of the Sphere ETF will be averaged with the adjusted cost base of all Units of the Sphere ETF owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units that have been issued on a distribution will generally be equal to the amount of the distribution. A consolidation of Units of a Sphere ETF following a distribution paid in the form of additional Units of the Sphere ETF as described under "Distribution Policy" will not be regarded as a disposition of Units of the Sphere ETF and will not affect the aggregate adjusted cost base to a Holder.

In the case of an exchange of Units for a Basket of Securities, a Holder's proceeds of disposition of Units of a Sphere ETF would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the Sphere ETF on the disposition of such distributed property. The cost to a Holder of any property received from the Sphere ETF upon the exchange will generally be equal to the fair market value of such property at the time of the distribution. In the case of an exchange of Units for a Basket of Securities, the investor may receive securities that may or may not be qualified investments under the Tax Act for Plans. If such securities are not qualified investments for Plans, such Plans (and, in the case of certain Plans, the annuitants, beneficiaries or subscribers thereunder or holders thereof) may be subject to adverse tax consequences including, in the case of RESPs, revocation of such Plans. However, pursuant to Tax Amendments released on March 22, 2017, an RESP would no longer be revocable if it holds securities that are not a qualified investment for the RESP. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Plans.

Pursuant to the Declaration of Trust, a Sphere ETF may allocate and designate as payable any capital gains realized by the Sphere ETF as a result of any disposition of property of the Sphere ETF undertaken to permit or facilitate the redemption or exchange of Units to a Holder whose Units are being redeemed or exchanged. Any such allocations and designations will reduce the redemption price otherwise payable to the Holder and therefore the Holder's proceeds of disposition.

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder on the disposition of Units of a Sphere ETF or a taxable capital gain designated by the Sphere ETF in respect of the Holder for a taxation year of the Holder will be included in computing the Holder's income for that year and one-half of any capital loss (an "**allowable capital loss**") realized by the Holder in a taxation year of the Holder generally must be deducted from taxable capital gains realized by the Holder in the taxation year or designated by the Sphere ETF in respect of the Holder for the taxation year in accordance with the detailed provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

Each Holder who delivers subscription proceeds consisting of a Basket of Securities will be disposing of securities in exchange for Units. Assuming that such securities are held by the Holder as capital property for purposes of the Tax Act, the Holder will generally realize a capital gain (or a capital loss) in the taxation year of the Holder in which the disposition of such securities takes place to the extent that the proceeds of disposition for such securities, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such securities to the Holder. For this purpose, the proceeds of disposition to the Holder of securities disposed of will equal the aggregate of the fair market value of the Units received for the securities. The cost to a Holder of Units acquired in exchange for a Basket of Securities and cash (if any) will be equal to the aggregate of the cash paid (if any) to a Sphere ETF plus the fair market value of the securities disposed of in exchange for Units at the time of disposition, which sum would generally be equal to or would approximate the fair market value of the Units received as consideration in exchange for a Basket of Securities and cash (if any).

Amounts designated by a Sphere ETF to a Holder of the Sphere ETF as taxable capital gains or dividends from taxable Canadian corporations, and taxable capital gains realized on the disposition of Units of the Sphere ETF may increase the Holder's liability for alternative minimum tax.

## **Taxation of Registered Plans**

Distributions received by Plans on Units and capital gains realized by Plans on the disposition of Units are generally not taxable under Part I of the Tax Act provided the Units are “qualified investments” for the Plan for purposes of the Tax Act.

Holders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Plan.

Notwithstanding the foregoing, the holder of a TFSA or the annuitant under an RRSP or RRIF will be subject to a penalty tax in respect of Units held by such TFSA, RRSP or RRIF, as the case may be, if such Units are a “prohibited investment” for such Plans for the purposes of the Tax Act. The Units of a Sphere ETF will not be a “prohibited investment” for a trust governed by a TFSA, RRSP or RRIF unless the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, (i) does not deal at arm’s length with the Sphere ETF for purposes of the Tax Act, or (ii) has a “significant interest” as defined in the Tax Act in the Sphere ETF. Generally, a holder or annuitant, as the case may be, will not have a significant interest in a Sphere ETF unless the holder or annuitant, as the case may be, owns interests as a beneficiary under the Sphere ETF that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Sphere ETF, either alone or together with persons and partnerships with which the holder or annuitant, as the case may be, does not deal at arm’s length. In addition, the Units of a Sphere ETF will not be a prohibited investment if such Units are “excluded property” as defined in the Tax Act for trusts governed by a TFSA, RRSP or RRIF. Pursuant to Tax Amendments released on March 22, 2017, the rules in respect of “prohibited investments” are also proposed to apply to (i) RDSPs and the holders thereof and (ii) RESPs and the subscribers thereof.

Holders, annuitants or subscribers should consult their own tax advisors with respect to whether Units of a Sphere ETF would be prohibited investments, including with respect to whether such Units would be excluded property.

## **Tax Implications of the Sphere ETF’s Distribution Policy**

The net asset value per Unit of a Sphere ETF will, in part, reflect any income and gains of the Sphere ETF that have accrued or have been realized, but have not been made payable at the time Units of the Sphere ETF were acquired. Accordingly, a Holder of a Sphere ETF who acquires Units of the Sphere ETF, including on a distribution of Units, may become taxable on the Holder’s share of such income and gains of the Sphere ETF. In particular, an investor who acquires Units of a Sphere ETF at any time in the year but prior to a distribution being paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) notwithstanding that such amounts may have been reflected in the price paid by the Holder for the Units. Further, where a Holder acquires Units in a calendar year after December 15 of such year, such Holder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the Units were acquired.

## **ORGANIZATION AND MANAGEMENT DETAILS OF THE SPHERE ETFs**

### **Manager**

Sphere Investment Management Inc. (“**Sphere Investments**”) is a wholly-owned subsidiary of Sphere Exchange Traded Investments Ltd. Sphere Investments provides innovative investment products that offer a tailored risk/return experience on a cost-effective basis. Sphere Investments is the investment fund manager, trustee and portfolio adviser of the Sphere ETFs and its principal office is at 161 Bay Street, Suite 2820, Toronto, Ontario M5J 2S1. The Manager will perform or arrange for the performance of management services for the Sphere ETFs, and will be responsible for the administration of the Sphere ETFs. The Manager will also provide investment advisory and portfolio management services to the Sphere ETFs with respect to their respective portfolios. The Manager will be entitled to receive fees as compensation for management services rendered to the Sphere ETFs.

The Manager is registered as an investment fund manager, portfolio manager and exempt market dealer with the applicable securities regulatory authorities in Canada.

### ***Duties and Services to be Provided by the Manager***

The Manager has been appointed to act as the manager and investment manager of the Fund and has been given the authority to provide investment management services to the Fund, manage the activities and day to day operations of the Fund, including providing and arranging for the provision of marketing and administrative services required by the Fund. The Manager may delegate certain of its duties to third parties but such delegation shall not detract from the Manager's liability for carrying out such duties. The Manager's duties include:

- (i) negotiating contracts with certain third-party service providers, including, but not limited to, investment managers, sub-advisors, custodians, registrars, transfer agents, auditors and printers;
- (ii) authorizing the payment of operating expenses incurred on behalf of the Sphere ETFs;
- (iii) maintaining accounting records;
- (iv) preparing the reports to Unitholders and to the applicable Securities Regulatory Authorities;
- (v) calculating the amount and determining the frequency of distributions by the Sphere ETFs;
- (vi) preparing financial statements, income tax returns and financial and accounting information as required;
- (vii) ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law;
- (viii) ensuring that the Sphere ETFs comply with all other regulatory requirements including continuous disclosure obligations under applicable securities laws;
- (ix) administering purchases, redemptions and other transactions in Units;
- (x) arranging for any payments required upon termination of the Sphere ETFs;
- (xi) dealing and communicating with Unitholders;
- (xii) providing office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the Sphere ETFs; and
- (xiii) monitoring the investment strategy of each Sphere ETF to ensure that each Sphere ETF complies with its investment objective, investment strategies and investment restrictions and practices.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Unitholders of the Sphere ETFs, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Manager will not be liable to a Sphere ETF or to any Unitholder or any other person for any loss or damage relating to any matter regarding that Sphere ETF, including any loss or diminution of value of the assets of the Sphere ETF if it has satisfied its standard of care set forth above.

The administration and management services of the Manager under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Sphere ETFs) or from engaging in other activities.

The Manager and each of its directors, officers, employees and agents may be indemnified out of the assets of a Sphere ETF from and against all claims whatsoever, including costs, charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done or omitted in or in relation to the execution of its duties to the Sphere ETF as long as the person acted honestly and in good faith with a view to the best interests of the Sphere ETF.

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice period as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Manager is deemed to have resigned if the Manager ceases to (i) be resident in Canada for the purposes of the Tax Act; or (ii) carry out its functions of managing the Sphere ETFs in Canada. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation.

## Officers and Directors of the Manager

The name and municipality of residence of each of the directors and executive officers of the Manager and their principal occupations are as follows:

<b>Name and Municipality of Residence</b>	<b>Position with Manager</b>	<b>Principal Occupation</b>
Lewis Bateman, Thornhill, Ontario	Chief Executive Officer and Director	Same
Keith McLean Toronto, Ontario	President, Chief Investment Officer and Director	Same
John Durfy Oakville, Ontario	Chief Financial Officer, Chief Compliance Officer and Corporate Secretary	Same
Stuart Raftus Toronto, Ontario	Director	Chief Administrative Officer, Canaccord Genuity Group Inc.
Gerry Throop Toronto, Ontario	Director	Retired
Max Torokvei Toronto, Ontario	Director	Vice President of Axis Holdings Ltd.

**Lewis Bateman.** Lewis is the Founder and Chief Executive Officer of Sphere Investment Management Inc. With over 17 years of capital markets experience prior to founding Sphere Investments, Lewis held positions at Merrill Lynch USA, Merrill Lynch Canada, Midland Walywn and Toronto Stock Exchange. Lewis is a recognized leader in the global ETF industry having previously held senior roles with two major Canadian-based ETF providers. Lewis has extensive experience in trading, product development, business development and sales management roles. Lewis received Hon B.A. from the University of Toronto (1996).

**Keith McLean, CFA.** Keith is President and Chief Investment Officer of Sphere Investment Management Inc. With over 20 years of investment experience prior to joining Sphere Investments, Keith has developed a broad portfolio management expertise and held a number of senior portfolio management positions. As Managing Director and Head of Equities of CQI Capital Management (formerly GMP Investment Management), Keith was responsible for the overall positioning and investments of the CQI portfolios. Prior to joining GMP Investment Management, Keith held the position of Vice President and Portfolio Manager at Investors Group where he managed a broad range of mutual fund products and was an Equity Analyst and Portfolio Manager at McLean Budden Limited. Keith has an MBA from Dalhousie University (1993), a BA from the University of Western Ontario (1991) and was awarded the Chartered Financial Analyst designation in 1996.

Keith will be principally responsible for the day-to-day portfolio management of the Sphere ETFs.

**John Durfy, CFA.** John is the Chief Financial Officer and Chief Compliance Officer of Sphere Investment Management Inc. and has 28 years of senior investment and financial management experience. Prior to joining Sphere Investments, John was Chief Investment Officer for Spartan Fund Management Inc. and was responsible for overseeing all of Spartan's portfolio management activities and personnel, including investment strategy, trading and risk management. John was Managing Director of Global Equities for the Ontario Municipal Employees Retirement System (OMERS) from 2008 to 2011, where he launched a global equities fund and aided in the development and build-out of a global research team. Prior to OMERS, he was a Senior Portfolio Manager with the Canada Pension Plan Investment Board and a Vice President and Portfolio Manager with MFS McLean Budden. Prior to his work in the asset management industry, Mr. Durfy was Head of Finance and Strategy with the Global Private Banking group of the Royal Bank of Canada. John is a graduate of the MBA program at the DeGroote School of Business

(McMaster University) and received a Bachelor of Commerce degree from Memorial University of Newfoundland. John is a Chartered Financial Analyst (CFA) and a Chartered Professional Accountant (CPA, CMA).

**Stuart Raftus.** Stuart was appointed Chief Administration Officer of Canaccord Genuity Group Inc. in October, 2015, which comprises oversight of the firm's global operations, information technology, human resources and marketing. He continues to serve as President of Canaccord Genuity Wealth Management in Canada, an appointment he has held since January 2014. Stuart brings three decades of experience in the securities industry in Canada and the U.S. Prior to joining Canaccord Genuity Group Inc., Stuart held various executive leadership and operations roles, including CEO of Seamark Asset Management and Managing Director and Head of Wealth Management and US Distribution for CIBC Oppenheimer. In addition, as President and COO of Blackmont Capital, he led the strategic repositioning of the firm's wealth management business. Stuart also spent 16 years with Merrill Lynch Canada/Midland Walwyn, where he held increasingly senior roles, including SVP Wealth Management in Canada and the US. Stuart holds a BA (Eco) from Saint Mary's University (1985).

**Gerry Throop.** Prior to joining as a director of Sphere Investment Management Inc., Gerry was a Managing Executive and/or Partner at a number of investment dealers including National Bank Financial, Merrill Lynch Canada, Blackmont Capital and Gordon Capital. Gerry retired in 2011, and since then has invested in and/or advised a number of early stage private companies. Prior to his time in the financial services industry, Gerry held the executive position of Chief Financial Officer for two Canadian public companies. Earlier in his career he worked as Senior Strategy Consultant and Partner at Monitor Company, and Audit Manager at KPMG. Gerry has served as a director on a number of public and private company boards, including Toronto Stock Exchange from 1999 to 2004. He holds a BMath from the University of Waterloo, an MBA from Harvard University and is a Chartered Accountant.

**Max Torokvei, CFA.** Max is Vice President of Axis Holdings Ltd, a privately owned holding company located in Toronto, Ontario, and is also Vice President, Operations for Scepter. Max holds an Honours B.A in Business Administration from the University of Western Ontario. Max was awarded the Chartered Financial Analyst designation in 2013.

### **Brokerage Arrangements**

The Manager may utilize various brokers to effect securities transactions on behalf of the Sphere ETFs. These brokers may directly provide the Manager with research and related services, as outlined below, in addition to executing transactions. Although each Sphere ETF may not benefit equally from each research and related service received from a broker, the Manager will endeavour to ensure that all of the Sphere ETFs receive an equitable benefit over time.

The Manager will monitor and evaluate the execution performance of its brokers with a view to determining whether steps should be taken to improve the quality of trade execution obtained. When determining whether a broker should be added to the Manager's list of approved brokers there are numerous factors that are considered including transaction cost, value of research, type and size of an order, speed and certainty of execution, responsiveness and trade matching quality.

Approved brokers will be monitored on a regular basis to ensure that the value of the goods and services, as outlined above, provides a reasonable benefit as compared to the amount of brokerage commissions paid for the goods and services. In conducting this analysis, the Manager will consider the use of the goods and services, execution quality in terms of trade impact and the ability to achieve the target benchmark price, as well as the amount of brokerage commissions paid relative to other brokers and the market in general. The selection and monitoring processes will be the same regardless of whether the broker is affiliated with the Manager or is an unrelated third party. Any arrangements entered into with an affiliate of the Manager, including Canaccord Genuity Corp. ("**Canaccord Genuity**") or an affiliate thereof, will be subject to market terms and conditions and the consideration of the IRC of the applicable Sphere ETFs.

### **Conflicts Of Interest**

The Manager and its affiliates are engaged in a wide range of investment management, investment advisory and other business activities. The services provided by the Manager under the Declaration of Trust are not exclusive

and nothing in such agreements prevents the Manager any of its respective affiliates from providing similar services to other investment funds and other persons (whether or not their investment objectives, strategies and policies are similar to those of the Sphere ETFs) or from engaging in other activities. The Manager's investment decisions for the Sphere ETFs will be made independently of those made for other persons and independently of its own investments.

Whenever the Manager proposes to make an investment, the investment opportunity will be allocated, on an equitable basis, generally pro rata based on available capital, between the applicable Sphere ETF and any other fund for which the proposed investment would be within such fund's investment objectives.

Where the Manager or its affiliates otherwise perceive, in the course of its business, that it is or may be in a material conflict of interest position, the matter will be referred to the IRC.

An affiliate of Canaccord Genuity holds an indirect minority interest in the Manager. These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in a Sphere ETF. In particular, by virtue of these relationships, Canaccord Genuity may profit from the sale and trading of Units. Canaccord Genuity has not been involved in the preparation of this prospectus nor has it performed any review of the contents of this prospectus. Canaccord Genuity and its affiliates may, at present or in the future, engage in business with the Sphere ETFs, the issuers of securities making up the investment portfolio of the Sphere ETFs, or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between Canaccord Genuity and its affiliates, and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

The IRC will consider all matters referred to it and provide its recommendations to the Manager as soon as possible. See "Organization and Management Details of the Sphere ETFs – Independent Review Committee".

### **Independent Review Committee**

NI 81-107 requires all publicly offered investments funds, including the Sphere ETFs, to establish an independent review committee to whom the Manager must refer each conflict of interest matter for review or approval. NI 81-107 also requires the Sphere ETFs to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the independent review committee in carrying out its functions. The independent review committee is required to be comprised of three independent members and will be subject to requirements to conduct regular assessments and provide reports to the Manager and to Unitholders in respect of its functions.

The Manager has established an independent review committee for its mutual funds and other investment funds, including the Sphere ETFs (the "**Independent Review Committee**" or "**IRC**") in accordance with NI 81-107. The fees and expenses of the IRC are borne and shared by all of the Manager's investment funds for which the IRC acts as the independent review committee on a pro rata basis (based on relative net asset values).

Each member of the IRC is independent of the Manager, the Sphere ETFs and any other party related to the Manager as the term is defined under NI 81-107. The current members of the IRC, and their principal occupations, are as follows:

<b>Name and Municipality of Residence</b>	<b>Principal Occupation</b>
Audrey Robinson (Chair) Burlington, Ontario	Managing Principal, ALR Group
Geoff Salmon Barrie, Ontario	Managing Director, Independent Review Inc.
Michael Boyd Toronto, Ontario	Corporate Director

The IRC will prepare a report, at least annually, of its activities for Unitholders. Such reports will be available upon the Unitholder's request at no cost by calling the Manager at 1(800)764-0526, or by request to the

Unitholder's dealer. Unitholders can also get a copy of such reports at [www.sphereetfs.com](http://www.sphereetfs.com) or by sending an email request to [info@sphereetfs.com](mailto:info@sphereetfs.com).

Each member of the IRC receives an annual retainer of \$4,500 plus expenses (\$6,000 plus expenses in the case of the Chair) of the IRC. IRC members are also reimbursed for travel expenses in connection with meeting attendance. Other fees and expenses payable in connection with the IRC include insurance costs, legal fees, and attendance fees for educational seminars.

### **Trustee**

Pursuant to the Declaration of Trust, the Manager is also the trustee of the Sphere ETFs. The trustee may resign upon 90 days' notice to Unitholders and the Manager. The address of the Trustee where it principally provides services to the Fund is Toronto, Ontario.

The Declaration of Trust provides that the trustee shall act honestly, in good faith and in the best interests of each Sphere ETF and shall perform its duties to the standard of care that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the trustee and indemnifying the trustee in respect of certain liabilities incurred by it in carrying out the trustee's duties.

The Trustee must be removed if the Trustee ceases to (i) be resident in Canada for purposes of the Tax Act; (ii) carry out its function of managing the Sphere ETFs in Canada; or (iii) exercise the main powers and discretions of the trustee in respect of the Sphere ETFs in Canada. If the trustee resigns or if it becomes incapable of acting as trustee, the trustee may appoint a successor trustee prior to its resignation, and its resignation shall become effective upon the acceptance of such appointment by its successor. If no successor has been appointed within 90 days after the Trustee has provided the Manager with 90 days' notice of its intention to resign, the Sphere ETFs will be terminated, and the property of the Sphere ETF shall be distributed in accordance with the terms of the Declaration of Trust.

At any time during which the Manager is the trustee, the Manager will receive no fee in respect of the provision of services as trustee.

### **Custodian**

State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is Custodian of the assets of the Sphere ETFs pursuant to the Custodian Agreement. The Custodian has a qualified foreign sub-custodian in each jurisdiction in which the Sphere ETFs have securities. The Manager or the Custodian may terminate the Custodian Agreement at any time upon 90 days' notice.

The Custodian is entitled to receive fees from the Manager as described under "Fees and Expenses" and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Sphere ETFs.

### **Auditors**

Ernst & Young LLP is the auditor of the Sphere ETFs. The office of the auditors is located in Toronto, Ontario.

### **Transfer Agent and Registrar**

State Street Trust Company Canada, at its principal office in Toronto, Ontario, is the Registrar and Transfer Agent for the Units of the Sphere ETFs. The register of the Sphere ETFs is kept in Toronto. In addition to maintaining the register, the Registrar and Transfer Agent is also responsible for certain aspects of the day-to-day administration of the Sphere ETFs, including the processing of purchases, redemptions and exchanges of Units.



## **Fund Administrator**

State Street Fund Services Toronto Inc., at its principal offices in Toronto, Ontario, is the Fund Administrator. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the Sphere ETFs, including NAV calculations, accounting for net income and net realized capital gains of the Sphere ETFs and maintaining the books and records of the Sphere ETFs.

## **Securities Lending Agent**

State Street Bank and Trust Company may act as the securities lending agent for the Sphere ETFs pursuant to a securities lending authorization agreement (a “**Securities Lending Agreement**”) to be entered into between the securities lending agent and Sphere Investments, in its capacity as manager of each of the Sphere ETFs. The Lending Agent is not an affiliate or associate of the Manager.

Under the Securities Lending Agreement, the collateral posted by a securities borrower to the Sphere ETFs will be required to have an aggregate value of not less than 102% of the market value of the loaned securities. In addition to the collateral held by the Sphere ETFs, the Sphere ETFs will also benefit from a borrower default indemnity provided by each Lending Agent. The Lending Agent’s indemnity will provide for the replacement of a number of securities equal to the number of unreturned loaned securities.

## **Promoter**

The Manager is a promoter of the Sphere ETFs within the meaning of the securities legislation of certain provinces and territories of Canada by reason of its initiative in organizing the Sphere ETFs. The promoter will not receive any benefits, directly or indirectly, from the issuance of securities offered hereunder other than as described under “Fees and Expenses”.

## **CALCULATION OF NET ASSET VALUE**

The NAV on a particular date will be equal to the aggregate fair value of the assets of the Sphere ETF less the aggregate fair value of the liabilities of the Sphere ETF, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV per Unit for each class is calculated by adding up the assets of the Sphere ETF attributable to that class, subtracting the liabilities attributable to that class, and dividing the difference by the total number of Units of that class outstanding.

The NAV per Unit of a class is calculated in Canadian in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Fund may obtain.

## **Valuation Policies and Procedures of the Sphere ETFs**

The determination of NAV at any time will take into account the following:

- a) cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received or receivable and interest accrued and not yet received, shall be deemed to be the face value thereof unless the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend received or receivable or interest is not worth the full face value, in which event the value thereof shall be deemed to be such value as the Manager determines to be reasonable;
- b) bonds, debentures, notes, money market instruments and other obligations shall be valued by taking the average of the most recently available bid and asked quotations at the Valuation Time on the Valuation Date;
- c) any security which is listed or dealt in upon a stock exchange shall be valued at its current market value;
- d) any security which is not listed or dealt in upon a stock exchange shall be valued at the most recently available sale price on the Valuation Date, or if such sale price is unavailable, the average of the bid and asked quotations immediately prior to the Valuation Time on the Valuation Date shall be used;

- e) restricted securities shall be valued at the lesser of:
  - i. the value thereof based on reported quotations in common use; and
  - ii. that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Sphere ETF's acquisition cost was of the market value of such securities at the time of acquisition, as applicable, provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restrictions will be lifted is known;
- f) purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
- g) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Sphere ETF shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at their current market value;
- h) the value of a futures contract, forward contract or other derivatives, such as swap contracts or options on financial futures, shall be the gain or loss with respect thereto that would be realized if, at the Valuation Time, the position in the futures contract, or the forward contract, as the case may be, were to be closed out in accordance with its terms, unless "daily limits" are in effect, in which case fair value shall be based on the current market value of the underlying interest;
- i) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- j) translating amounts in other currencies to Canadian currency shall be based on the noon rate of exchange in effect on the Valuation Date as quoted by the Bank of Canada;
- k) if any Valuation Date is not a business day in any jurisdiction which is relevant for the purposes of valuing investments of the Sphere ETFs, the prices or quotations as of the preceding business day in such jurisdiction shall be used for the purposes of such valuation;
- l) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, shall be treated as a liability of the Sphere ETF;
- m) any security sold, but not delivered, pending receipt of the proceeds, shall be excluded for valuation purposes as a security held, and the selling price, net of brokers' commissions and other expenses, shall be treated as an asset of the Sphere ETF; and
- n) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Manager shall make such valuation as it considers fair and reasonable.

Unless otherwise indicated, for purposes hereof, "current market value" means the most recently available sale price applicable to the relevant security on the principal exchange on which it is traded immediately preceding the Valuation Time on the Valuation Date, provided that, if no sale has taken place on a Valuation Date, the average of the bid and asked quotations immediately prior to the Valuation Time on the Valuation Date shall be used.

For the purposes of the foregoing valuation policies, quotations may be obtained from any report in common use, or from a reputable broker or other financial institutions, provided always that the Manager shall retain sole discretion to use such information and methods as it deems to be necessary or desirable for valuing the assets of the Sphere ETFs, including the use of a formula computation.

If any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules,

the Manager shall make such valuation as it considers fair and reasonable under the circumstances and, if there is an industry practice, in a manner consistent with such industry practice for valuing such investment.

Pursuant to NI 81-106, investment funds calculate their net asset value using fair value for purposes of securityholder transactions. The Manager considers the policies above to result in fair valuation of the securities held by the Sphere ETFs in accordance with NI 81-106 and such policies have been approved by the Board of Directors of the Manager. Net assets of the Sphere ETFs will continue to be calculated in accordance with the rules and policies of the Canadian Securities Administrators or any exemption therefrom that the Sphere ETFs may obtain.

### **Reporting of Net Asset Value**

The NAV and NAV per Unit of a class will be calculated as of 4:00 p.m. (Toronto time) (the “**Valuation Time**”) on every Trading Day (each, a “**Valuation Date**”). Such information will be provided by the Manager to Unitholders on request by calling toll-free 1(800)764-0526 or via the Internet at [www.sphereetfs.com](http://www.sphereetfs.com).

## **ATTRIBUTES OF THE SECURITIES**

### **Description of the Securities Distributed**

Each Sphere ETF is authorized to issue an unlimited number of redeemable, transferable Units, each of which represents an undivided interest in the net assets of that Sphere ETF. The Units of the Sphere ETFs are denominated in Canadian dollars.

On December 16, 2004, the *Trust Beneficiaries' Liability*, 2004 (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of Ontario. Each Sphere ETF is a reporting issuer under the *Securities Act* (Ontario) and each Sphere ETF is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

### ***Certain Provisions of the Units***

Each Unit entitles the owner to one vote at meetings of Unitholders and is entitled to participate equally with all other Units of the same class of the Sphere ETF with respect to all payments made to Unitholders, other than management fee distributions, including distributions of net income and net realized capital gains and, on liquidation, to participate equally in the net assets of the Sphere ETF attributable to that class remaining after satisfaction of any outstanding liabilities that are attributable to Units of that class of the Sphere ETF. Notwithstanding the foregoing, a Sphere ETF may allocate and designate as payable any capital gains realized by the Sphere ETF as a result of any disposition of property of the Sphere ETF undertaken to permit or facilitate the redemption or exchange of Units to a Unitholder whose Units are being redeemed or exchanged. All Units will be fully paid, with no liability for future assessments, when issued and will not be transferable except by operation of law. Unitholders are entitled to require the Sphere ETF to redeem their Units of the Sphere ETF as outlined under the heading “Information for Unitholders - Redemption of Units in any Number for Cash” and “Information for Designated Brokers - Exchange of Prescribed Number of Units”.

### ***Exchange of Units for Baskets of Securities***

As set out under “Information for Designated Brokers - Exchange of Prescribed Number of Units”, Unitholders may exchange the applicable PNU (or an integral multiple thereof) of a Sphere ETF on any Trading Day for Baskets of Securities and/or cash, subject to the requirement that a minimum PNU be exchanged.

### ***Redemptions of Units for Cash***

On any Trading Day, Unitholders may redeem Units of any Sphere ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption. Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer

subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Units for cash.

### ***Modification of Terms***

All rights attached to the Units may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. See “Unitholder Matters – Amendments to the Declaration of Trust”.

The Manager may amend the Declaration of Trust from time to time to redesignate the name of a Sphere ETF or to create a new class or series of units of a Sphere ETF without notice to existing Unitholders of the Sphere ETFs.

### ***Voting Rights in the Portfolio Securities***

Holders of Units will not have any voting rights in respect of the securities in a Sphere ETF’s portfolio.

## **UNITHOLDER MATTERS**

### **Meetings of Unitholders**

Except as otherwise required by law, meetings of Unitholders of a Sphere ETF will be held if called by the Manager upon written notice of not less than 21 days nor more than 50 days before the meeting.

### **Matters Requiring Unitholder Approval**

NI 81-102 requires a meeting of Unitholders of a Sphere ETF to be called to approve certain changes as follows:

- (i) the basis of the calculation of a fee or expense that is charged to the Sphere ETF or its Unitholders is changed in a way that could result in an increase in charges to the Sphere ETF or to its Unitholders, except where (a) the Sphere ETF is at arm’s length with the person or company charging the fee; and (b) the Unitholders have received at least 60 days’ notice before the effective date of the change;
- (ii) a fee or expense, to be charged to a Sphere ETF or directly to its Unitholders by the Sphere ETF or the Manager in connection with the holding of Units of the Sphere ETF that could result in an increase in charges to the Sphere ETF or its Unitholders, is introduced;
- (iii) the Manager is changed, unless the new manager of the Sphere ETF is an affiliate of the Manager;
- (iv) the fundamental investment objective of the Sphere ETF is changed;
- (v) the Sphere ETF decreases the frequency of the calculation of its net asset value per Unit;
- (vi) other than a Permitted Merger (as defined below) for which Unitholder approval is not required, the Sphere ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the Sphere ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the Sphere ETF becoming securityholders in the other mutual fund;
- (vii) the Sphere ETF undertakes a reorganization with, or acquires assets from, another mutual fund, if the Sphere ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders, and the transaction would be a material change to the Sphere ETF; or
- (viii) any matter which is required by the constitutive documents of the Sphere ETF; by the laws applicable to the Sphere ETF or by any agreement to be submitted to a vote of the Unitholders.

In addition, the auditors of a Sphere ETF may not be changed unless the IRC of the Sphere ETF has approved the change and Unitholders have received at least 60 days’ notice before the effective date of the change.

Approval of Unitholders of a Sphere ETF of any such matter will be given if a majority of the votes cast at a meeting of Unitholders of the Sphere ETF duly called and held for the purpose of considering the same approve the related resolution.

## Amendments to the Declaration of Trust

The trustee may amend the Declaration of Trust from time to time but may not, without the approval of a majority of the votes of Unitholders of the Sphere ETF voting at a meeting of Unitholders duly called for such purpose, make any amendment relating to any matter in respect of which NI 81-102 requires a meeting, as set out above, or any amendment that will adversely affect the voting rights of Unitholders. All Unitholders of a Sphere ETF shall be bound by an amendment affecting the Sphere ETF from the effective date of the amendment.

## Permitted Mergers

A Sphere ETF may, without Unitholder approval, enter into a merger or other similar transaction (a “**Permitted Merger**”) that has the effect of combining that Sphere ETF with any other investment fund or funds that have investment objectives, valuation procedures and fee structures that are similar to the Sphere ETF, subject to:

- (i) approval of the merger by the IRC;
- (ii) compliance with certain merger pre-approval conditions set out in NI 81-102; and
- (iii) written notice being sent to Unitholders at least 60 days before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values and Unitholders of the Sphere ETF will be offered the right to redeem their Units for cash at the applicable NAV per Unit.

## Reporting to Unitholders

The fiscal year of each Sphere ETF will be the calendar year. The annual financial statements of the Sphere ETFs will be audited by its auditor in accordance with Canadian generally accepted auditing standards. The auditor will be asked to report on the fair presentation of the annual financial statements in accordance with IFRS.

The Manager will ensure that the Sphere ETFs comply with all applicable reporting and administrative requirements, including preparing and issuing unaudited interim financial statements. Each Unitholder, other than a Plan, will be mailed annually, within the first 90 days after its taxation year or such other time as required by applicable law, prescribed tax information with respect to amounts paid or payable by the Sphere ETFs in respect of that taxation year of that Sphere ETF.

The Manager will keep adequate books and records reflecting the activities of the Sphere ETFs. A Unitholder or his or her duly authorized representative will have the right to examine the books and records of the Sphere ETFs during normal business hours at the offices of the Manager. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Fund

## International Information Reporting

Part XVIII of the Tax Act imposes due diligence and reporting obligations on “reporting Canadian financial institutions” in respect of their “U.S. reportable accounts”. Each Sphere ETF is a “reporting Canadian financial institution” but as long as Units continue to be registered in the name of CDS, the Sphere ETFs should not have any “U.S. reportable accounts” and, as a result, a Sphere ETF should not be required to provide information to the CRA in respect of its Unitholders. However, dealers through which Unitholders hold their Units of a Sphere ETF are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Accordingly, Unitholders may be requested to provide information to their dealer to identify U.S. persons holding Units. If a Unitholder is a U.S. person (including a U.S. citizen) or if a Unitholder does not provide the requested information, Part XVIII of the Tax Act will generally require information about the Unitholder’s investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a Plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

Recent amendments to the Tax Act implement the Organization for Economic Co-operation and Development Common Reporting Standard (the “**CRS Legislation**”). Pursuant to the CRS Legislation, “Canadian financial institutions” (as defined in the CRS Legislation) would be required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which

are resident in a foreign country (other than the U.S.) and to report required information to the CRA. Such information would be exchanged on a reciprocal, bilateral basis with countries that have agreed to a bilateral information exchange with Canada under the Common Reporting Standard in which the account holders or such controlling persons are resident. Under the CRS Legislation, after June 30, 2017, Unitholders will be required to provide certain information regarding their investment in an ETF for the purpose of such information exchange (which information exchange is expected to occur beginning in 2018), unless the investment is held within a Plan.

### **TERMINATION OF THE SPHERE ETFs**

A Sphere ETF may be terminated by the Manager on at least 60 days' notice to Unitholders of such termination and the Manager will issue a press release in advance thereof. The Manager may also terminate a Sphere ETF if the Trustee resigns or becomes incapable of acting and is not replaced or if the Index Provider ceases to calculate the applicable Index or the Index License Agreement in respect of the applicable Index is terminated. The rights of Unitholders to exchange and redeem Units described under "Information for Unitholders - Redemption of Units in any Number for Cash" and "Information for Designated Brokers - Exchange of Prescribed Number of Units" will cease as and from the date of termination of that Sphere ETF.

The Trustee shall be entitled to retain out of any assets of a Sphere ETF, at the date of termination of the Sphere ETF, full provision for all costs, charges, expenses, claims and demands incurred or believed by the trustee to be due or to become due in connection with or arising out of the termination of the Sphere ETF and the distribution of its assets to the Unitholders of the Sphere ETF. Out of the moneys so retained, the trustee is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands. Upon such termination, the Constituent Securities, cash and other assets remaining after paying or providing for all liabilities and obligations of the Sphere ETF shall be distributed pro rata based on NAV per Unit among the Unitholders of the Sphere ETF.

### **PLAN OF DISTRIBUTION**

Units are being offered for sale on a continuous basis by this prospectus and there is no maximum number of Units that may be issued. The Units shall be offered for sale at a price equal to the net asset value of such class of Units determined at the Valuation Time on the effective date of the subscription order.

#### **Non-Resident Unitholders**

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of a Sphere ETF (on a number of Units or on a fair market value basis) and the Manager shall inform the Registrar and Transfer Agent of the Sphere ETF of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of a Sphere ETF then outstanding (on a number of Units or on a fair market value basis) are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units of a Sphere ETF (on a number of Units or on a fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of a Sphere ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such

other action or actions as may be necessary to maintain the status of the Sphere ETF as a mutual fund trust for purposes of the Tax Act.

### **RELATIONSHIP BETWEEN THE SPHERE ETFs AND THE DEALERS**

The Manager, on behalf of a Sphere ETF, may enter into various agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for Units of the Sphere ETF as described under “Purchases of Units”.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Brokers and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Sphere ETFs of their Units under this prospectus. Units of a Sphere ETF do not represent an interest or an obligation of any Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by a Sphere ETF to such Designated Brokers or Dealers. See “Organization and Management Details of the Sphere ETFs - Conflicts of Interest”.

An affiliate of Canaccord Genuity holds an indirect minority interest in the Manager. Canaccord Genuity acts or may act as a Designated Broker, a Dealer and/or a registered trader (market maker) of a Sphere ETF. See “Organization and Management Details of the Sphere ETFs - Conflicts of Interest”.

### **PRINCIPAL HOLDERS OF UNITS**

CDS & Co., the nominee of CDS, is the registered owner of the Units of the Sphere ETFs, which it holds for various brokers and other persons on behalf of their clients and others. From time to time, a Designated broker or Dealer, a Sphere ETF or another investment fund managed by the Manager or an affiliate thereof, may beneficially own, directly or indirectly, more than 10% of the Units of a Sphere ETF.

### **PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD**

The Manager has established policies and procedures with respect to the voting of proxies (the “**Proxy Voting Policy**”) received from issuers of securities held in a Sphere ETF portfolio. Subject to the Proxy Voting Policy, the Manager will generally determine to vote (or refrain from voting) proxies for each Sphere ETF for which it has voting power on a case-by-case basis, and in the best interests of the Sphere ETF. The Proxy Voting Policy is not exhaustive and due to the variety of proxy voting issues that the Manager may be required to consider, are intended only to provide guidance and are not intended to dictate how proxies are to be voted in each instance. The Manager may depart from the Proxy Voting Policy in order to avoid voting decisions that may be contrary to the best interests of the Sphere ETFs.

The Manager will publish these records on an annual basis on the Manager’s web site at [www.sphereetfs.com](http://www.sphereetfs.com). Each Sphere ETF’s proxy voting record for the annual period from July 1 to June 30 will be available at any time after August 31 following the end of that annual period, to any Unitholder on request, at no cost, and will also be available at [www.sphereetfs.com](http://www.sphereetfs.com).

### **MATERIAL CONTRACTS**

The only contracts material to the Sphere ETFs are the Declaration of Trust, Custodian Agreement and Index License Agreement.

Copies of the agreements referred to above after the execution thereof may be inspected during business hours at the principal office of the Manager during the course of distribution of the Units offered hereby.

### **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

The Sphere ETFs are not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the Sphere ETFs.

## EXPERTS

The matters referred to under “Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon on behalf of the Sphere ETFs by Blake, Cassels & Graydon LLP.

The auditor of the Sphere ETFs, Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants has consented to the use of their report to the Unitholders of the Sphere ETFs. Ernst & Young LLP has advised that it is independent with respect to the Sphere ETFs within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

## EXEMPTIONS AND APPROVALS

The Manager, on behalf of the Sphere ETFs, has obtained exemptive relief from the Canadian Securities Regulatory Authorities:

- (a) to permit a Unitholder to acquire more than 20% of the Units of a Sphere ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian Securities Legislation;
- (b) to relieve the Sphere ETFs from the requirement that a prospectus contain a certificate of the underwriters; and
- (c) to relieve the Sphere ETFs from the requirement to include in an ETF’s prospectus the statement respecting purchasers’ statutory rights of withdrawal and remedies of rescission or damages in substantially the form prescribed in item 36.2 of Form 41- 101F2 – *Information Required in an Investment Fund Prospectus*.

Additionally, certain dealers of the Sphere ETFs, including the Designated Brokers and Dealers, have received exemptive relief from the Canadian Securities Regulatory Authorities from the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement of the securities legislation of the provinces and territories apply, send or deliver to the purchaser or its agent, unless the dealer has previously done so, the latest prospectus and any amendment either before entering into an agreement of purchase and sale resulting from the order or subscription, or not later than midnight on the second business day after entering into that agreement. As a condition of this exemptive relief, the dealer is required to deliver a copy of the ETF Summary Document of the applicable Sphere ETF to a purchaser if the dealer does not deliver a copy of this prospectus.

## OTHER MATERIAL FACTS

### Index Provider Disclaimer

The Sphere FTSE Canada Sustainable Yield Index ETF, Sphere FTSE US Sustainable Yield Index ETF, Sphere FTSE Europe Sustainable Yield Index ETF, Sphere FTSE Asia Sustainable Yield Index ETF and Sphere FTSE Emerging Markets Sustainable Yield Index ETF are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited (“**FTSE**”) or the London Stock Exchange Group companies (“**LSEG**”) (together the “**Licensors Parties**”) and none of the Licensors Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the FTSE Canada Sustainable Yield 150 10% Capped Index (CAD), FTSE USA Sustainable Yield 150 10% Capped 100% Hedge CAD Index, FTSE Developed Europe Sustainable Yield 150 10% Capped 100% Hedge CAD Index, FTSE Developed Asia Sustainable Yield 150 10% Capped 100% Hedge CAD Index and FTSE Emerging Sustainable Yield 150 10% Capped 100% Hedge CAD Index (the “**Indexes**”) (upon which the Sphere ETFs are based, as applicable), (ii) the figure at which the Indexes are said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the Index for the purpose to which it is being put in connection with the Sphere ETFs are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited. None of the Licensors Parties have provided or will provide any financial or investment advice or recommendation in relation to the Indexes to Sphere Investment Management Inc. or to its clients. The Indexes are calculated by FTSE or its agent. None of the Licensors Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the Index or (b) under any obligation to advise any person of any error therein.



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### **PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities offered in a distribution within two (2) business days after receipt of a prospectus and any amendment. In addition, securities legislation in certain of the provinces of Canada provides purchasers of mutual fund securities with a limited right to rescind the purchase within 48 hours after receipt of a confirmation of such purchase. If the purchase of mutual fund securities is made under a contractual plan, the time period during which the right to rescind is exercisable may be longer. In most of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or damages, or, in Québec, revision of the price, if the prospectus and any amendment is not delivered to the purchaser, provided that the remedies for rescission, damages or revision of the price are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory.

Notwithstanding the foregoing, purchasers of Units of a Sphere ETF will not have the right to withdraw from an agreement to purchase the Units after the receipt of a prospectus and any amendment, and will not have remedies for rescission, damages or revision of the price for non-delivery of the prospectus or any amendment, if the dealer receiving the purchase order has obtained an exemption from the prospectus delivery requirement under a decision pursuant to National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (“NP 11-203”). However, purchasers of Units of a Sphere ETF will, in the applicable provinces of Canada, retain their right under securities legislation to rescind their purchase within 48 hours (or, if purchasing under a contractual plan, such longer time period as applicable) after the receipt of a confirmation of purchase.

In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus, together with any amendment to the prospectus, contains a misrepresentation, provided that such remedies are exercised by the purchaser within the time limits prescribed by the securities legislation of the purchaser’s province or territory. Any remedies under securities legislation that a purchaser of Units may have for rescission or damages, if the prospectus and any amendment to the prospectus contains a misrepresentation, remain unaffected by the non-delivery of the prospectus pursuant to reliance by a dealer upon the decision referred to above.

However, the Manager has obtained exemptive relief from the requirement in securities legislation to include an underwriter’s certificate in the prospectus under a decision pursuant to NP 11-203. As such, purchasers of Units of a Sphere ETF will not be able to rely on the inclusion of an underwriter’s certificate in the prospectus or any amendment for the statutory rights and remedies that would otherwise have been available against an underwriter that would have been required to sign an underwriter’s certificate.

Purchasers should refer to the applicable provisions of the securities legislation and the decisions referred to above for the particulars of their rights or consult with a legal advisor.

### **DOCUMENTS INCORPORATED BY REFERENCE**

Additional information about each of the Sphere ETFs is, or will be, available in the following documents:

- (i) the most recently filed ETF Summary Documents of the Sphere ETFs;
- (ii) the most recently filed comparative annual financial statements of the Sphere ETFs, together with the accompanying report of the auditors;
- (iii) any unaudited interim financial statements of the Sphere ETFs of the Sphere ETFs filed after the most recently filed comparative annual financial statements of the Sphere ETFs;
- (iv) the most recently filed annual MRFP of the Sphere ETFs; and
- (v) any interim MRFP of the Sphere ETFs filed after that most recently filed annual MRFP of the Sphere ETFs.

These documents are or will be incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document.

These documents are available on the Manager's website at [www.sphereetfs.com](http://www.sphereetfs.com) or by contacting the Manager at 1(800)764-0526 or by email at [info@sphereetfs.com](mailto:info@sphereetfs.com). These documents and other information about the Sphere ETFs are available on the Internet at [www.sedar.com](http://www.sedar.com).

In addition to the documents listed above, any documents of the type described above that are filed on behalf of the Sphere ETFs after the date of this prospectus and before the termination of the distribution of the Sphere ETFs are deemed to be incorporated by reference into this prospectus.

**CERTIFICATE OF THE SPHERE ETFS, THE MANAGER AND PROMOTER**

Dated: April 4, 2017

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**SPHERE INVESTMENT MANAGEMENT INC.**

(as trustee, promoter and manager and on behalf of the Sphere ETFs)

*(Signed)* “Lewis Bateman”

Lewis Bateman  
Chief Executive Officer

*(Signed)* “John Durfy”

John Durfy  
Chief Financial Officer

On behalf of the Board of Directors of  
Sphere Investment Management Inc.

*(Signed)* “Keith McLean”

Keith McLean  
Director

*(Signed)* “Gerry Throop”

Gerry Throop  
Director