

PUBLIC

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RESPONSE OF THE OFFICE OF CHIEF
COUNSEL DIVISION OF INVESTMENT
MANAGEMENT

Our Ref. No. 95-399
Lazard Freres Asset
Management
File No. 801-6568

Your letter dated July 20, 1995 requests our assurance that we would not recommend enforcement action to the Commission under the Investment Advisers Act of 1940 ("Advisers Act") if Lazard Freres Asset Management ("LFAM"), a registered investment adviser, charges a performance fee to BPI Capital Management Corporation (BPI Capital) with respect to the performance of the BPI Global Opportunities Fund (the "Fund").

BPI Capital is an investment counsel and portfolio manager registered under the laws of the Province of Ontario and manages 16 publicly offered mutual funds. The Fund is an open-end fund organized under the laws of the Province of Ontario. The Fund has entered into a management agreement with BPI Capital under which BPI Capital is responsible for management of the Fund's investment portfolio and day-to-day management of the Fund.

Units of the Fund are offered to investors in the Provinces of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia pursuant to prospectus exemptions under the laws and regulations of each of these Provinces. Under such prospectus exemptions, minimum investment amounts are CAD \$150,000 for investors in Ontario and Saskatchewan and CAD \$97,000 for investors in Manitoba, Alberta and British Columbia. A lower minimum amount of CAD \$25,000 is available to investors in British Columbia designated as "sophisticated purchasers." No units of the Fund have been offered to any investors residing in the United States and there is no intention to offer any units of the Fund to U.S. investors.

Under the management agreement with the Fund, BPI Capital is entitled to a management fee from the Fund equal to 2.25% per year of the net asset value of the Fund. In addition, BPI Capital is entitled to the payment of a performance fee from each unitholder of the Fund. If the unitholders experience gains in the net asset value of the units held that exceed 10% per year, BPI Capital is entitled to receive, as a performance fee, 20% of any gain in excess of the 10% gain.

BPI Capital has entered into a subadvisory agreement with LFAM to provide investment advice with respect to the assets of the Fund. LFAM, in addition to being registered under the Advisers Act, is registered in the Province of Ontario as an international dealer and investment counsel and is permitted to serve as a subadviser to a Canadian Fund. Under the subadvisory agreement, LFAM will provide recommendations as to the purchase and sale of the Fund's portfolio securities on a basis consistent with the Fund's investment objectives and strategies, provided,

however, that BPI Capital has the right to review and approve such recommendations by LFAM. Pursuant to the subadvisory agreement, BPI Capital pays LFAM an annual fee of 75 basis points of the net assets of the fund.

LFAM and BPI Capital propose to amend the subadvisory agreement to provide that the compensation payable to LFAM would be comprised of a base fee and a performance fee. The base fee would continue to be paid at an annual rate of 75 basis points of the net asset value of the Fund. The performance fee would be equal to 10% of the net income of the Fund in excess of a time weighted return for the Fund of 10%. The net income of the Fund would be equal to the sum of net capital gains (realized and unrealized), dividends, interest and any other items of income, less expenses (including management fees). The performance fee would be paid in arrears upon the completion of a twelve-month period of performance.

You represent that the proposed performance fee to be paid to LFAM satisfies the conditions of Rule 205-3 under the Advisers Act. In particular, you assert that BPI Capital should be viewed as the client of LFAM for purposes of Rule 205-3(b)(1).¹ You state that BPI Capital is a sophisticated financial institution with more than US \$500,000 under management and a net worth of more than US \$1,000,000. You further assert that the payment of a performance fee directly by the unitholders of the Fund to BPI Capital is not relevant to the determination that BPI Capital is the client of LFAM for purposes of Rule 205-3.

In Copeland Financial Services (pub. avail. Sept. 21, 1992) ("Copeland"), the staff granted no-action relief with respect to performance fees paid by a registered adviser to certain subadvisers who provided advice to the adviser regarding a timing program for participants in variable annuity contracts issued by certain separate accounts. The staff deemed the adviser, rather than the participants, to be the subadvisers' client for purposes of Rule 205-3(b)(1) because, among other things, the fees charged by the adviser to the participants did

¹ Rule 205-3(b)(1) limits the clients of a registered investment adviser that may be charged a performance fee to (i) a natural person or company that, immediately after entering in the advisory contract, has at least \$500,000 under the management of the investment adviser or (ii) a person who the investment adviser reasonably believes is a natural person or company whose net worth at the time of contract exceeds \$1,000,000.

not vary with the subadvisers' investment performance.²

In contrast, the fees paid by the unitholders to BPI Capital will vary with the investment performance of LFAM. In addition, a portion of the performance fees paid by the unitholders to BPI Capital will in turn be passed on to LFAM. Given these facts, we believe that it is more appropriate to view the Fund, rather than BPI Capital, as the client of LFAM for purposes of paragraph (b)(1) of Rule 205-3.³ You represent that the Fund constitutes a company as defined in Rule 205-3(b), and is not excluded from such definition pursuant to Rule 205-3(b)(2).⁴

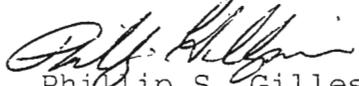
Based on the facts and representations set forth in your

² See, also, Kempner Capital Management, Inc. (pub. avail. Dec. 7, 1987) (granting no-action relief with respect to performance fee paid to a registered investment adviser by the trust department of a national bank for services to fiduciary accounts, where fees charged by bank to such accounts did not vary with the fees or performance of the adviser).

³ We agree that the unitholders should not be viewed as clients of LFAM for purposes of Rule 205-3 simply because they pay performance fees directly to BPI Capital. The investment advice provided by LFAM appears to relate to the Fund's assets and is not tailored to the specific investment needs of the unitholders. The fact that the fees are paid separately by unitholders rather than by a reduction in the value of their units or other charge to their accounts does not affect the nature of the services provided by LFAM.

⁴ Rule 205-3(b)(2) excludes as an eligible client (a) a "private investment company" (i.e., a company that is excluded from the definition of investment company under Section 3(c)(1) of the Investment Company Act of 1940 (the "1940 Act"); (b) an investment company registered with the Commission under the 1940 Act; or (3) a business development company as defined under Section 202(a)(22) of the Investment Advisers Act of 1940, unless each of the equity owners of such company individually meet the qualifications to be an eligible client under Rule 205-3(b)(1). In Rosenberg Institutional Equity Management (pub. avail. Mar. 14, 1990), the staff concluded that a fund organized under the laws of a country other than the United States and not otherwise subject to the provisions of the 1940 Act was not a "private investment company" as defined in Rule 205-3(g)(2).

letter, we would not recommend any enforcement action to the Commission under Section 205 of the Advisers Act or Rule 205-3 thereunder, if LFAM enters into a subadvisory contract with BPI Capital as described in your letter.⁵ You should note that different facts or circumstances may require a different conclusion.⁶


Phillip S. Gillespie
Senior Counsel

⁵ Our response is limited to the issue of whether the Fund is LFAM's client for purposes of Rule 205-3. We express no opinion as to whether the proposed arrangement otherwise would comply with the requirements of Rule 205-3.

⁶ We note that if the Fund were to sell its units to U.S. residents in reliance on the staff's position in Touche Remnant & Co. (pub. avail. Aug. 27, 1984) (granting no-action relief under Section 7(d) of the 1940 Act to an unregistered foreign fund that offered its securities privately in the United States, so long as after the offering the fund had no more than 100 beneficial owners resident in the United States), the Fund would fall within the definition of "private investment company" in Rule 205-3(g)(2). In such a case, under subparagraph (b)(2) of Rule 205-3, each U.S. resident owner of the Fund's units would have to be an eligible client under the rule.

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July 20, 1995

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Securities and Exchange Commission
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IAA - 40
Section 205(b)(2)
File
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Re: BPI Global Opportunities Fund

Dear Mr. Murphy:

Lazard Frères Asset Management ("LFAM") a division of Lazard Frères & Co. LLC ("LF&Co.") hereby requests that the staff of the Division of Investment Management (the "Staff") of the Securities and Exchange Commission (the "Commission") advise that it would not recommend to the Commission any enforcement action under the Investment Advisers Act of 1940 (the "Act") against LFAM if, as described herein, LFAM charges a performance fee to BPI Capital Management Corporation ("BPI Capital") with respect to the performance of the BPI Global Opportunities Fund (the "Fund").

LFAM

LFAM is the investment management division of LF&Co. LF&Co., conducting its investment management business as LFAM, has been registered as an investment adviser with the Commission since 1970. A copy of LFAM's Form ADV is enclosed as Exhibit A. LFAM provides investment management services with respect to domestic and international equity and fixed income securities. As of March 31, 1995, LFAM managed over \$24 billion on a discretionary basis for over 1,100 clients.

LF&Co. provides investment banking, and corporate, municipal and real estate investment finance advice, in addition to the asset management services of LFAM. LF&Co. has its origins in a business that commenced in 1848 and became one of the world's first investment banks. LF&Co. is a New York limited liability company with 85 members, comprised of 64 general members, referred to as Managing Directors, and 21 limited members, referred to as Limited Managing Directors. Eight of the Managing Directors are assigned to LFAM. As of March 31, 1995, LF&Co. had approximately 900 employees, 213 of which were assigned to LFAM.

The Fund

The Fund is an open-end mutual fund established under the laws of the Province of Ontario by BPI Capital by declaration of trust dated March 31, 1995. BPI Capital is the trustee, promoter and manager of the Fund. BPI Capital is a subsidiary of BPI Financial Corporation, a Canadian public company, the shares of which are listed for trading on the Toronto Stock Exchange and the Alberta Stock Exchange. A copy of the offering memorandum of the Fund, dated April 1995 (the "Memorandum"), is enclosed as Exhibit B.

The Fund has entered into a management agreement with BPI Capital under which BPI Capital is responsible for the day to day business of the Fund, including management of the Fund's investment portfolio. BPI Capital is an investment counsel and portfolio manager registered under the laws of Ontario Canada and is the manager of 16 publicly offered mutual funds. Mutual fund assets under administration by BPI Capital as of March 31, 1995 were in excess of CAD 1.2 billion with over 128,000 accounts.

Effective as of March 31, 1995, BPI Capital entered into a subadvisory agreement with LFAM to provide investment advice with respect to the assets of the Fund. Investment decisions as to the purchase and sale of the Fund's portfolio securities are made by the Adviser on a basis consistent with the Fund's investment objective and strategies, provided that BPI Capital has reserved to itself the right to review and approve such investment decisions utilizing the investment recommendations provided by LFAM. LFAM is registered in the Province of Ontario as an International Dealer and Investment Counsel. Pursuant to applicable Ontario regulations, it is permitted to serve as subadvisor to a Canadian mutual fund.

Units of the Fund ("Units") were initially offered at \$10 per Unit from April 17 until May 12, 1995 and thereafter at their net asset value. The Units are offered to investors in the Provinces of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia (the "Provinces"). Units are offered pursuant to prospectus exemptions under the laws and/or regulations of each of the Provinces. Pursuant to such prospectus exemptions, minimum investment amounts in the Fund were CAD 150,000 for investors in Ontario and Saskatchewan and CAD 97,000 for investors in Manitoba, Alberta and British Columbia. A lower minimum investment of CAD 25,000 is available for investors resident in British Columbia designated as "sophisticated purchasers". The definition of "sophisticated purchasers" is set forth in Exhibit C.

Units have not been offered to any investors resident in the U.S. and there is no intention to offer any Units to U.S. investors.

Fees Payable

BPI Capital is entitled to a management fee from the Fund equal to 2.25% per annum of the net asset value of the Fund, calculated and paid as of the last trading day of each month. In addition, BPI Capital is entitled to the payment of a performance fee from each unitholder of the Fund (a "Unitholder"). If a Unitholder experiences gains in the net asset value of the Unitholder's Units

which exceed 10% per annum (determined on an annualized basis for Units purchased during a calendar year), BPI Capital is entitled to receive from the Unitholder 20% of the gain in excess of a 10% gain as a performance fee (the "BPI Performance Fee"). The BPI Performance Fee will be calculated and payable as of the last trading day on the Toronto Stock Exchange of each calendar year.

BPI Capital retained LFAM pursuant to an advisory agreement dated as of March 31, 1995 (the "Subadvisory Agreement"). A copy of the Subadvisory Agreement is set forth in Exhibit D. Pursuant to the Subadvisory Agreement, BPI Capital pays LFAM an annual fee of 75 basis points of the net asset value of the Fund. LFAM currently provides investment advice pursuant to an advisory agreement dated as of January 10, 1992, as amended, in respect of the portfolios of the following Canadian mutual funds sponsored by BPI Capital: BPI American Small Companies Fund, BPI American Equity Value Fund, BPI Global Equity Fund, BPI Global Small Companies Fund, BPI Global Real Estate Securities Fund and the BPI International Equity Fund. LFAM receives a management fee equal to a percentage of the assets of each fund under its management.

The Proposal

LFAM and BPI Capital have proposed to amend the Subadvisory Agreement (the "Proposal") to provide that the compensation payable by BPI Capital to LFAM would be comprised of a base fee and a performance fee. The base fee would be at an annual rate of 75 basis points of the net asset value of the Fund, and would be payable quarterly in arrears. The performance fee would be equal to 10% of the Net Income of the Fund in excess of a time weighted rate of return for the Fund of 10%. The Net Income of the Fund would be equal to the sum of net capital gains (both realized and unrealized), dividends, interest and any other items of income, less expenses (inclusive of management fees). The performance fee would be paid annually, in arrears, based upon the completion of a twelve-month period of performance.

Analysis

(a) Overview. The Fund is the type of fund for which performance fees are usually charged. The Fund has an aggressive investment style, including the use of short selling, leveraging and investment in derivatives, with a concomitant level of risk and volatility. Payment of a performance fee typically recognizes the greater level of commitment necessary for the investment manager to select appropriate investments for this type of fund.

LFAM believes that the Proposal satisfies the requirements of Rule 205-3 under the Act as promulgated by the Commission. BPI Capital satisfies the definition of an eligible client and the performance will be measured over a twelve-month period and will include realized losses and unrealized depreciation as well as expenses. LFAM seeks the concurrence of the Staff that the Proposal would not be considered to violate Rule 205-3.

(b) BPI Capital is an Eligible Client Under Rule 205-3. Rule 205-3 permits an investment advisor to charge a fee based upon a share of the capital gains upon, or capital appreciation of, a client's funds provided that (i) the client is a natural person or company that has at least US \$500,000

under the management of the investment advisor or (ii) a person who the investment advisor reasonably believes is a natural person or company whose net worth at the time of contract formation exceeds US \$1,000,000. In addition, the advisory fee must be based on a formula which includes realized capital losses and unrealized capital depreciation of the securities and be based upon the gains less the losses in the client's account for a period of at least one year.

Pursuant to the Subadvisory Agreement, BPI Capital is LFAM's Client. LFAM's fees are currently paid by BPI Capital and, under the Proposal, will continue to be paid by BPI Capital. BPI Capital is a sophisticated financial institution that satisfies the eligible client conditions of Rule 205-3. BPI Capital is a company with more than US \$500,000 under the management of LFAM and has a net worth exceeding US \$1 million.

The Fund could also be interpreted as LFAM's client, although we do not believe that this is the correct interpretation. Assuming arguendo that, for purposes of applying Rule 205-3, the Fund were considered LFAM's client, the Fund would also satisfy the definition of an eligible client. As of June 15, 1995, approximately CAD 3.5 million of the Fund's assets were under management by LFAM. The Fund constitutes a company as defined in Rule 205-3(b) and is not excluded from such definition pursuant to Rule 205-3(b)(2). The Staff has previously opined, in its response to Rosenberg Institutional Equity Management (avail March 14, 1990, hereinafter "Rosenberg"), that the exclusion of Rule 205-3(b)(2) did not apply to investment funds organized under the laws of a country other than the U.S. and which, therefore, were not subject to the jurisdiction of the Investment Company Act of 1940, as amended.

In addition, under the Proposal, the fee payable by BPI Capital to LFAM would be determined based upon the performance of the Fund over twelve-month periods and performance would be calculated inclusive of realized losses and unrealized depreciation.

(c) Previous Staff No-Action Advice. The Staff has previously provided no action advice with respect to the payment of a performance fee to a subadviser. In each case, the Staff took the position that the primary advisor was the client of the subadviser for purposes of applying Rule 205-3. In its response to Copeland Financial Services (avail. Sept. 21, 1992, hereinafter "Copeland") the Staff provided no-action advice with respect to the payment of a performance fee to subadvisors participating in a timing program available to participants in variable annuity contracts issued by insurance company separate accounts. The investment management services provided by the subadvisors related solely to the aggregate assets of all Copeland clients and not to any particular participant in the timing service.

In its response in Copeland, the Staff specifically considered Copeland as the client for purposes of applying Rule 205-3, noting that the subadvisory agreements with Copeland had to satisfy the requirements of the rule and noting Copeland's representation that it qualified as an eligible client.

In response to an earlier no action request from Kempner Capital Management, Inc. (avail Dec. 7, 1987, hereinafter "Kempner"), the Staff provided no action advice with respect to the receipt of a performance fee by Kempner for providing investment management services to the trust department of a national bank. The Staff granted the no action request to consider the Bank,

This Offering Memorandum constitutes an offering of the securities described herein only in those jurisdictions where they may be lawfully offered for sale and is not, and under no circumstances is to be construed as, a prospectus or public offering of such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

BPI GLOBAL OPPORTUNITIES FUND



Offering Memorandum

April 1995

INVESTMENT MANAGER: BPI CAPITAL MANAGEMENT CORPORATION

INVESTMENT ADVISOR: LAZARD FRÈRES ASSET MANAGEMENT

SUMMARY OF THE OFFERING

Prospective investors are encouraged to consult their own professional advisors as to the tax and legal consequences of investing in the Fund. The following is a summary only and is qualified by the more detailed information contained in this Offering Memorandum.

The Fund

BPI Global Opportunities Fund (the "Fund") is an open-end mutual fund established under the laws of the Province of Ontario by BPI Capital Management Corporation ("BPI Capital") by a declaration of trust (the "Declaration of Trust") dated as of March 31, 1995, as may be amended from time to time. BPI Capital is the trustee (the "Trustee"), the promoter (the "Promoter") and the manager (the "Manager") of the Fund and is a wholly-owned subsidiary of BPI Financial Corporation. See "BPI Global Opportunities Fund".

Investment Objective of the Fund

The objective of the Fund is to achieve long-term capital appreciation by investing in a globally diversified portfolio of stocks, bonds and other securities likely to benefit in the near term from structural change affecting specific companies, industries and national economies.

Investment Strategies of the Fund

To achieve its investment objective:

- the Fund will focus on restructuring and cost-cutting undertaken by companies in different regions of the world to improve profitability, where the valuation of the company's improvements are not yet fully recognized by the marketplace.
- the Fund will look for low absolute valuations, growth stocks that have impaired valuations caused by temporary events and companies selling at substantial discounts to private market value where private market value is growing.
- the Fund will look for opportunities in rapidly growing sectors where key market participants may be undervalued and sectors where profitability of industry participants may benefit from favourable regulatory reform.
- the Fund will seek out companies where international accounting analysis has identified assets and/or cash flows in the financial statements which are not generally recognized in their home markets.
- the Fund will include in its portfolio securities from emerging markets where political volatility has led to deeply discounted stock and bond prices, and "pre-emerging" markets where a lack of brokerage research coverage has left many productive assets undervalued.

To enhance returns, the Fund may utilize leverage, not exceeding 25% of the value of the investment portfolio, and may invest in higher risk listed securities, hold options or may take short sale positions.

See "Investment Objective and Strategies of the Fund".

Risk Factors

Investment in the Fund is subject to certain risks. See "Investment Objective and Strategies of the Fund — Risk Factors".

Investment Manager

The Fund has entered into a management agreement with BPI Capital under which BPI Capital is responsible for the day-to-day business of the Fund, including management of the Fund's investment portfolio. BPI Capital is an investment counsel and portfolio manager and is the manager of 16 publicly offered mutual funds. Mutual fund assets under administration by the Manager as at March 31, 1995 were in excess of \$1.2 billion with over

128,000 accounts. The Manager also acts as registrar and transfer agent of the units of the Fund (the "Units"). See "Management of the Fund — Investment Manager".

Investment Advisor

The Manager has retained Lazard Frères Asset Management (the "Advisor") to provide investment advice and recommendations for the investment of the assets of the Fund. See "Management of the Fund — Investment Advisor".

Management and Performance Fees

The management fee is 2.25% per annum of the net asset value of the Fund, calculated and paid monthly by the Fund. If a unitholder of the Fund experiences gains in the net asset value of his Units which exceed 10% per annum (determined on an annualized basis for Units not held for a full calendar year) the Manager will be entitled to receive from the unitholder 20% of the gain in excess of 10% (the "Performance Fee"). The Performance Fee will be calculated and payable as at the last Valuation Day of each calendar year. For Units which are redeemed during a calendar year, the Performance Fee will be calculated on an annualized basis and paid as of the Valuation Day upon which the redemption is effected. See "Management of the Fund — Management, Performance and Administration Fees and Expenses of the Fund".

Administration Fees and Expenses of the Fund

The Fund will pay all expenses relating to its operation, including Trustee's fees and expenses, registrar and transfer agent fees and expenses, audit, accounting, record keeping and legal fees and expenses, custody and safekeeping charges, all costs and expenses associated with the qualification for sale of Units in the provinces in which Units will be offered to investors, providing reports to unitholders and convening and conducting meetings of unitholders, all taxes, assessments or other governmental charges levied against the Fund and all brokerage and other fees relating to the purchase and sale of the assets of the Fund. See "Management of the Fund — Management, Performance and Administration Fees and Expenses of the Fund".

Units

All Units are of one class, have equal voting, distribution and other rights and may only be issued as fully-paid and non-assessable upon receipt of the full consideration for which they are to be issued. The Manager may, at any time, direct the registrar and transfer agent to subdivide or consolidate all Units outstanding.

Units are transferable on the register only by a registered unitholder or his legal representative, subject to compliance with applicable securities laws. See "Units of the Fund".

The Offering

Units of the Fund are being offered (the "Initial Offering") at \$10 per Unit during the period from April 17, 1995 to May 12, 1995, subject to extension at the option of the Manager (the "Initial Offering Period"), to investors resident in the Provinces of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia (the "Offering Provinces") pursuant to the exemptions to the prospectus and registration requirements contained in the securities legislation of the Offering Provinces. The Manager will not accept subscriptions for Units for a period of 60 days following the expiry of the Initial Offering Period (the "Black-Out Period"), during which time the proceeds of the Initial Offering will be invested. Following the Black-Out Period, Units will be offered on a continuous basis (the "Continuous Offering") at a price equal to the net asset value per Unit at the time of purchase.

The Fund is initially authorized to issue Units having a maximum subscription amount (net of redemptions) of \$100 million, provided that this limit shall not affect the Fund's right to issue Units on the reinvestment of distributions from the Fund. After December 31, 1997, the Manager is authorized, in its discretion, to re-establish an upper limit on subscriptions (net of redemptions) for the Fund or determine that no limit is appropriate.

The Manager reserves the right to accept or reject orders. Any monies received with a rejected order will be refunded immediately. See "Investing in Units of the Fund — the Offering".

Minimum Investment

The minimum investment in the Fund by an investor in Ontario and Saskatchewan is generally \$150,000 and in Manitoba, Alberta and British Columbia is generally \$97,000. The minimum investment by an investor in British Columbia who qualifies as a "sophisticated purchaser" (as such term is defined in the regulation to the *Securities Act* (British Columbia)) is \$25,000.

During the Initial Offering Period, an investor may elect to purchase his Units (an "Instalment Purchase") over a 24-month period, and pay for the Units in three instalments. See "Investing in Units of the Fund — Instalment Purchases".

Additional Investment

Subject to the approval of the securities regulators in the Offering Provinces, additional investments in the Fund in amounts less than the minimum investment thresholds applicable in the Offering Provinces are permitted, provided that the minimum investment amount required by the securities legislation of the relevant Offering Province has not been redeemed. Additional investments must be at least \$5,000.

Valuation Day

The Fund will be valued on the last trading day of each week (each, a "Valuation Day"). A trading day is a day on which The Toronto Stock Exchange is open for business.

Redemption of Units

Units may be redeemed on each Valuation Day by a written request for redemption delivered to the Manager. A request for redemption received prior to the close of business on a Valuation Day will be effected on such Valuation Day. The Units will be redeemed at a price equal to the net asset value per Unit on the Valuation Day as of which Units are to be redeemed. See "Redemption of Units".

A redemption fee will be charged on Units tendered for redemption which were acquired subject to a redemption fee. See "Investing in Units of the Fund — Sales Charges". In addition, a redemption fee of 5%, payable to the Manager, will be charged on Units tendered for redemption within 180 days of purchase or in respect of any Units purchased as an Instalment Purchase where any of the instalment payments is unpaid. See "Redemption of Units".

Net Asset Value

The net asset value per Unit is the quotient obtained by dividing the net asset value of the Fund on a Valuation Day by the number of Units outstanding on that day. The net asset value of the Fund on a Valuation Day is the value of the assets of the Fund at that time less the amount of the liabilities of the Fund determined and accrued to that time in accordance with generally accepted accounting principles. See "Net Asset Value Calculation".

Distributions

Net income and net realized capital gains of the Fund for each year will be calculated as of the last day in a fiscal year of the Fund. Net income and net realized capital gains calculated as of the last day in a year will be paid to unitholders of record on the last day in each year and automatically reinvested in additional Units at the net asset value per Unit on the date of distribution.

unless a unitholder elects, by notice to the Manager, to receive such distributions in cash. See "Income and Capital Gains Distributions".

Income Tax Considerations

The Fund is required to include in computing its income in respect of each calendar year dividends received by it, accrued interest and the taxable portion of net realized capital gains. The Fund may deduct in computing its income reasonable expenses incurred by it for the purposes of earning income. In addition, the Fund may deduct amounts of Fund income (including net taxable capital gains) paid or payable to unitholders. Net income and net realized taxable capital gains of the Fund paid or payable to unitholders generally will be required to be included in computing the income of the unitholder.

Unless and until the Fund qualifies as a mutual fund trust for the purposes of the *Income Tax Act* (Canada) (the "Tax Act"), units of the Fund are not a qualified investment for a trust governed by a registered retirement savings plan, registered retirement income fund or deferred profit sharing plan. In addition, the Fund will invest primarily in "foreign property", but will not be subject to tax under Part XI of the Tax Act. A Unit will constitute "foreign property" to a unitholder which is a registered pension plan or fund or registered investment. Such unitholders will be required to make their own determination with respect to the applicability to them of tax in respect of excessive holdings of foreign property. See "Certain Income Tax Considerations".

Contractual Rights

Investors are entitled to the benefit of certain contractual rights of action which are described in Schedule "A" hereto.

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GLOSSARY OF TERMS

"Advisor" means Lazard Frères Asset Management;

"Advisory Agreement" means an agreement between the Advisor and the Manager dated as of March 31, 1995 whereby the Manager retained the Advisor to provide investment advice in respect of the portfolio of the Fund;

"Approved Salesperson" means a salesperson employed by an approved Dealer who has invested client assets of \$250,000 or more in Units of the Fund and the BPI Family of Funds and any other BPI funds which may be offered;

"Black-Out Period" means the 60 days following the expiry of the Initial Offering Period during which the Manager will not accept subscriptions for Units;

"BPI Capital" means BPI Capital Management Corporation;

"BPI Family of Funds" means BPI American Small Companies Fund, BPI American Equity Value Fund, BPI Canadian Balanced Fund, BPI Canadian Bond Fund, BPI Canadian Equity Value Fund, BPI Canadian Resource Fund Inc., BPI Canadian Small Companies Fund, BPI Global Balanced RSP Fund, BPI Global Equity Fund, BPI Global Real Estate Securities Fund, BPI Global Small Companies Fund, BPI Income Fund, BPI International Equity Fund, BPI North American Balanced RSP Fund, BPI T-Bill Fund and BPI World TAA RSP Fund;

"Dealers" means qualified dealers in the Offering Provinces;

"Declaration of Trust" means the declaration of trust dated as of March 31, 1995 establishing the Fund;

"Fund" means BPI Global Opportunities Fund;

"Initial Offering" means the offering of the Units of the Fund during the period from April 17, 1995 to May 12, 1995, subject to extension of the option of the Manager, to investors resident in the Provinces of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia;

"Initial Offering Period" means the period from April 17, 1995 to May 12, 1995, subject to extension at the option of the Manager;

"Instalment Purchase" means the purchase method available to an investor during the Initial Offering Period whereby the investor may elect to purchase his or her Units over a 24-month period and pay for the Units in three instalments;

"Management Agreement" means an agreement between the Fund and the Manager dated March 31, 1995;

"Manager" means BPI Capital Management Corporation;

"Offering Provinces" means the provinces of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia;

"Outstanding Units" means the Units of the Fund sold by an Approved Salesperson which are held by the clients of the Approved Salesperson on the Valuation Day of each month;

"Performance Fee" means 20% of the gain in the net asset value of the Units of a unitholder in excess of 10% per annum calculated and payable as at the last Valuation Day of each calendar year and, for Units which are redeemed during a calendar year, calculated on an annualized basis and paid as of the Valuation Day upon which the redemption is effected;

"Promoter" means BPI Capital Management Corporation;

"Purchases With Sales Charges" means the purchase of Units with a negotiable sales charge;

"Purchases Without Sales Charges" means the purchase of Units without a sales charge, but subject to a negotiable declining redemption fee;

"Servicing Commission" means the servicing commission which the Manager has agreed to pay to approved Dealers in respect of each Approved Salesperson employed by the Dealer who has invested client assets of \$250,000 or more in Units of the Fund and the BPI Family of Funds and any other BPI Funds which may be offered;

"Tax Act" means the *Income Tax Act* (Canada);

"Trustee" means BPI Capital Management Corporation;

"Units" means units of the Fund; and

"Valuation Day" means the last trading day of each week on which The Toronto Stock Exchange is open for business or as such other business days or days as the Manager may determine..

BPI GLOBAL OPPORTUNITIES FUND

The Fund is an unincorporated open-end mutual fund created under the laws of the Province of Ontario by BPI Capital Management Corporation ("BPI Capital") by a declaration of trust (the "Declaration of Trust") dated as of March 31, 1995, as may be amended from time to time. BPI Capital is the trustee¹ (the "Trustee"), the promoter (the "Promoter") and the manager (the "Manager") of the Fund. The address of the head office of the Fund, as well as of BPI Capital, is 161 Bay Street, Suite 3900, Toronto, Ontario M5J 2S1. BPI Capital is a wholly-owned subsidiary of BPI Financial Corporation, a Canadian public company the shares of which are listed for trading on The Toronto Stock Exchange and the Alberta Stock Exchange.

All units of the Fund ("Units") are of one class, have equal voting, distribution and other rights and may only be issued as fully paid and non-assessable upon receipt of the full consideration for which they are to be issued. See "Units of the Fund".

INVESTMENT OBJECTIVE AND STRATEGIES OF THE FUND

Investment Objective

The objective of the Fund is to achieve long-term capital appreciation by investing in a globally diversified portfolio of stocks, bonds and other securities likely to benefit in the near term from structural change affecting specific companies, industries and national economies.

Investment Strategies

To achieve the Fund's investment objective:

- the Fund will focus on restructuring and cost-cutting undertaken by companies in different regions of the world to improve profitability, where the valuation of the company's improvements are not yet fully recognized by the marketplace.
- the Fund will look for low absolute valuations, growth stocks that have impaired valuations caused by temporary events and companies selling at substantial discounts to private market value where private market value is growing.
- the Fund will look for opportunities in rapidly growing sectors where key market participants may be undervalued and sectors where profitability of industry participants may benefit from favourable regulatory reform.
- the Fund will seek out companies where international accounting analysis has identified assets and/or cash flows in the financial statements which are not generally recognized in their home markets.
- the Fund will include in its portfolio securities from emerging markets where political volatility has led to deeply discounted stock and bond prices, and "pre-emerging" markets where a lack of brokerage research coverage has left many productive assets undervalued.
- the Fund may utilize leverage, not exceeding 25% of the value of the investment portfolio, to enhance returns.

Consistent with the Fund's investment objective, the Fund's investments will include approximately 70 companies. In addition to a core basket of equity and bond securities representing the Advisor's selection of higher value, more secure investments, the Fund's portfolio may also include:

- listed securities which, due to risk, liquidity or custodial concerns, may not be suitable for traditional mutual fund investment.
- options on stocks, bonds, currencies or market indices which allow the Fund to leverage its returns from specific securities or timely market calls, in limited instances.
- options which hedge against sudden fluctuations in markets.
- where financial analysis has identified companies which are believed to be overvalued, short sale equity positions to a maximum of up to 50% (at the time of investment) of the net asset value of the Fund.

¹ The appointment of BPI Capital is subject to regulatory approval. If such approval has not been granted by the expiry of the Initial Offering Period, BPI Capital will arrange to have a registered trust company appointed as trustee of the Fund.

- securities of unquoted companies or other illiquid entities, with an emphasis on emerging markets where listed equity opportunities are limited, provided that there is believed to be a means to dispose of the investment within one year of its acquisition and further provided that no more than 10% of the Fund's portfolio may be invested on this basis.
- closed-end funds that offer exposure to regions and individual emerging stock markets and that often sell at sizeable discounts to net asset values, limited to 10% (at the time of investment) of the net asset value of the Fund.

Except as identified above, the investments of the Fund will not be subject to restrictions. From time to time the relative proportions of the investment portfolio of the Fund invested in any one geographic region may vary in order to take advantage of international stock market cycles, to obtain a greater degree of geographic diversification for the portfolio or for other investment considerations determined by the Manager.

Risk Factors

An investment in the Fund is subject to a number of risks including, but not limited to those described in this section.

Investment in the Fund. To fully implement the investment strategies of the Fund, the Fund requires a substantial pool of capital. There can be no assurance that the Fund will be successful in attracting desired levels of investment from investors.

Net Asset Value. The value of the Fund will fluctuate with changes in the market value of the investments made by the Fund. Such changes in market value may occur as a result of various factors, including material changes in the Fund, general economic conditions, securities markets or international developments. There can be no guarantee against loss resulting from an investment in Units of the Fund and there can be no assurance that the Fund's investment approach will be successful or that its investment objective will be attained.

Local Market Conditions. Investments in issuers of emerging market countries, either directly or through the use of derivative instruments, and investments denominated or traded in currencies other than Canadian dollars involve certain considerations not typically associated with investments in Canadian issuers or securities denominated or traded in Canadian dollars. These considerations include (a) the potential effect of foreign exchange controls (including suspension of the ability to transfer currency from a given country or to realize on Fund investments) and changes in the rate of exchange between the Canadian dollar (the currency in which the Fund will calculate its net asset value and distributions) and other currencies in which the Fund's investments are denominated, which changes will affect the Canadian dollar value of the Fund; (b) the effect of local market conditions on the availability of public information, the liquidity of securities traded on local exchanges and transaction costs and administrative practices of local markets; (c) the fact that the Fund's assets will be held in accounts by custodians, or pledged to creditors of the Fund, in jurisdictions outside of Canada so that there can be no assurance that judgments obtained in Canadian courts will be enforceable in any of those jurisdictions; and (d) in some countries, political or social instability or diplomatic developments could adversely affect, or result in the complete loss of, such investments. The possibility of expropriation, confiscatory taxation or nationalization of foreign bank deposits or other assets, lack of comprehensive legal systems, which may result in the Fund being unable to enforce its legal rights or protect its investments and the imposition of foreign governmental laws or restrictions could affect investments in securities of issuers in those nations. In addition, the income and gains of the Fund may be subject to withholding taxes imposed by foreign governments for which investors may not receive a full foreign tax credit.

The Fund has the unlimited right to purchase both listed and unlisted securities in any emerging market country. There may be less publicly available information about issuers in emerging market countries which are generally not subject to uniform accounting, auditing and financial reporting standards and other disclosure requirements comparable to those applicable to Canadian issuers. Stock markets in emerging market countries may have substantially less volume of trading and securities of some companies in emerging market countries may be less liquid and more volatile than securities of comparable Canadian companies. There may be less government regulation of stock exchanges, brokers and listed companies in emerging market countries. The economies of certain of these countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have high levels of debt or inflation. Where Fund assets are invested in narrowly-defined markets or sectors of a given economy, risk is increased by the inability to broadly diversify investments and by

potentially adverse developments within those markets or sectors. In addition, investments of the Fund may not be listed on any stock market or may be offered solely through foreign stock markets.

Low Rated or Unrated Debt Obligations. At any one time, a portion of the debt component of the Fund's portfolio may consist of instruments that are low rated or unrated. Debt obligations of the type in which the Fund will invest a portion of its assets are generally considered to have a credit quality rated below investment grade by internationally recognized credit rating organizations. Non-investment grade securities are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. Low rated and unrated debt instruments generally offer a higher current yield than that available from higher grade issuers, but typically involve greater risk.

Interest Rate Fluctuations. In the case of interest rate sensitive securities, the value of a security may change as the general level of interest fluctuates. When interest rates decline, the value of such securities can be expected to rise. Conversely, when interest rates rise, the value of such securities can be expected to decline.

Use of Derivatives. Derivatives for hedging and other investment purposes will be used by the Fund only to the extent that the Advisor considers appropriate. Hedging involves special risks including the possible default by the other party to the transaction, illiquidity and, to the extent the Advisor's assessment of certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if hedging had not been used. Hedging against changes in the value of currency does not eliminate fluctuations in the prices of portfolio securities and does not prevent losses if the prices of such securities decline. Hedging may also limit the opportunity for gain if the value of the hedged currency should rise. Moreover, it may not be possible for the Fund to enter into transactions which hedge against generally anticipated changes in currencies.

The use of options entails certain special risks. Call options will not protect the Fund from declines in the value of the underlying security and may limit the Fund's potential to realize a gain on the value of the underlying security. Put options may expose the Fund to losses if the value of the underlying security has declined in its principal markets when compared to the transaction price at which the Fund is required to purchase the security. In addition, the Fund may write put and call options which, in the discretion of the Advisor, may not be "covered" options. The use of currency transactions could result in the Fund incurring losses as a result of the imposition of exchange controls, suspension of settlements, or the inability to deliver or receive a specified currency. In addition, options markets could be illiquid in some circumstances and certain over-the-counter options could have no markets. There can be no assurance that a market will exist to permit the Fund to realize its profits or limit its losses by closing out certain positions.

If a Fund is unable to close out a position, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires or the forward contract terminates, as the case may be. The ability of the Fund to close out its position may be affected by exchange imposed daily trading limits on options. In addition, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty.

Short Sale Equity Positions. The Fund may take short sale positions without maintaining an equivalent quantity, or a right to acquire an equivalent quantity, of the underlying securities in its portfolio. While the Advisor will engage in these transactions only in circumstances where it has concluded that a particular security is overvalued in its principal markets, there can be no assurance that the security will experience declines in market value and this could result in the Fund incurring losses if it has agreed to deliver securities at a price which is lower than the market price at which such securities may be acquired at the time the transaction is to be completed. The Advisor may selectively engage in transactions which limit the potential liability of the Fund for unanticipated shifts in the market value of these securities.

Use of Leverage. The Fund may purchase securities on margin or may borrow money in order to purchase securities. The Fund may incur losses if the Fund's interest costs exceed the return on the investments acquired with borrowed funds, or if the investments acquired with borrowed funds decline in value. In addition, there is the risk of loss by the Fund of margin deposits in the event of bankruptcy of a dealer with whom the Fund has an open position.

Investment in Closed-End Funds. Investments in closed-end funds are non-redeemable and are subject to the same risks as other publicly traded equity securities. There may be no public market for units if closed-end funds, which often trade at a discount from their net asset values.

The Advisor. Given that the Advisor is resident outside Canada and all or substantially all of the assets of the Advisor are located outside of Canada, there may be difficulty in enforcing any legal remedies against the Advisor. However, the Manager will be responsible to indemnify the Fund and the unitholders in the event that there is any difficulty in enforcing legal remedies against the Advisor. The Fund relies on the good faith, experience and expertise of the Advisor. The professional services provided by the Advisor are not exclusive to the Fund. Where the investment objectives and policies of other funds or companies for which the Advisor provides its services are substantially similar to those of the Fund, there is a potential conflict of interest arising by reason of the Advisor providing similar services to those funds or companies and the Fund. In particular, where the Advisor provides its services to the Fund and other funds or clients with respect to a limited investment opportunity, the Advisor generally pro-rates each client's participation in the limited investment opportunity based upon the amount each client would otherwise have invested, taking into consideration each client's investment portfolio and other factors at the time.

Unitholder Liability. The Declaration of Trust provides that no unitholder shall be subject to any liability whatsoever, in tort, contract or otherwise, to any person in connection with the investment obligations, affairs or assets of the Fund and all such persons shall look solely to the Fund's assets for satisfaction of claims of any nature arising out of or in connection therewith and the Fund's assets only shall be subject to levy or execution. There is a risk, which is considered by the Manager to be remote in the circumstances, that a unitholder could be held personally liable, notwithstanding the foregoing statement in the Declaration of Trust, for obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund. It is intended that the operations of the Fund will be conducted in such manner so as to minimize such risk. The risk of personal liability of unitholders is minimal in any event in view of the large anticipated equity of the Fund relative to its anticipated indebtedness and liabilities, the Fund's investment approach and the intention that any agreement which is related to the borrowing of money by the Fund or the creation of potential liabilities of the Fund include an express disavowal of liability of unitholders. In the event that a unitholder should be required to satisfy any obligation of the Fund, such unitholder will be entitled to reimbursement from any available assets of the Fund.

MANAGEMENT OF THE FUND

Investment Manager

BPI Capital is an investment counsel and portfolio manager and is the Manager of the Fund. In addition to the Fund, BPI Capital currently manages sixteen publicly offered mutual funds: BPI American Small Companies Fund, BPI American Equity Value Fund, BPI Canadian Balanced Fund, BPI Canadian Bond Fund, BPI Canadian Equity Value Fund, BPI Canadian Resource Fund Inc., BPI Canadian Small Companies Fund, BPI Global Balanced RSP Fund, BPI Global Equity Fund, BPI Global Real Estate Securities Fund, BPI Global Small Companies Fund, BPI Income Fund, BPI International Equity Fund, BPI North American Balanced RSP Fund, BPI T-Bill Fund and BPI World TAA RSP Fund (collectively, the "BPI Family of Funds"). BPI Capital expects to offer a new fund in the Spring of 1995 to be known as BPI Global RSP Bond Fund. Mutual Fund assets under administration by the Manager, as at March 31, 1995, were in excess of \$1.2 billion with over 128,000 accounts.

The Fund has entered into an agreement with the Manager (the "Management Agreement") dated March 31, 1995. Under the Management Agreement, the Manager is responsible for the day-to-day business of the Fund, including management of the Fund's investment portfolio. The Management Agreement may be assigned by the Manager at any time on 30 days' written notice to the Trustee.

Investment Advisor

The Manager has retained Lazard Frères Asset Management (the "Advisor") to provide investment advice in respect of the portfolio of the Fund pursuant to an advisory agreement (the "Advisory Agreement") dated as of March 31, 1995. For providing such services, the Advisor is paid a fee by the Manager based on the net asset value of the Fund from time to time. Investment decisions as to the purchase and sale of the Fund's portfolio securities are made by the Advisor on a basis consistent with the Fund's investment objective and strategies, provided that the Manager has reserved to itself the right to review and approve such investment decisions utilizing the investment recommendations provided by the Advisor.

The Advisor is a division of Lazard Frères & Co., a New York limited partnership. As of December 31, 1994, the Advisor employed 202 people and 9 of the 78 general partners of Lazard Frères & Co. are assigned to the

Advisor. In addition to portfolio management, the services of Lazard Frères & Co. include investment banking, corporate financial consulting, municipal finance and real estate investment. The Advisor, which is based in New York City, had assets under administration in excess of U.S. \$22 billion as at December 31, 1994.

The Advisor currently provides investment advice pursuant to an advisory agreement dated as of January 10, 1992, as amended, in respect of the portfolios of the BPI American Small Companies Fund, BPI American Equity Value Fund, BPI Global Equity Fund, BPI Global Small Companies Fund, BPI Global Real Estate Securities Fund and BPI International Equity Fund.

Lazard Frères & Co. is registered as an advisor under the *Securities Act* (Ontario) in the category of international advisor. As an international advisor, the Advisor, through Lazard Frères & Co., is not fully subject to the regulatory requirements of the *Securities Act* (Ontario) and Regulations thereunder concerning proficiency, capital, insurance, record keeping, segregation of funds and securities, statements of account and portfolio, and conflicts of interest. As the Advisor is resident outside Canada and all or substantially all of its assets are located outside Canada, unitholders may have difficulty enforcing any legal rights which they may have against the Advisor. See "Investment Objective and Strategies of the Fund — Risk Factors". The name and address of the agent for service of process of the Advisor in Ontario is available from the Ontario Securities Commission.

The Advisory Agreement may be terminated by either the Manager or the Advisor on three months' written notice.

The Manager, in consultation with the Advisor, will seek to ensure that any investments made in respect of the portfolio of the Fund which are the same as those made for any other fund for which they have decision making authority will be effected on an equitable basis.

Management, Performance and Administration Fees and Expenses of the Fund

Management Fee

For providing its services pursuant to the Management Agreement, the Manager receives a management fee from the Fund equal to 2.25% per annum of the net asset value of the Fund, calculated and paid as of the last Valuation Day of each month.

Performance Fee

If a unitholder of the Fund experiences gains in the net asset value of his Units which exceed 10% per annum (determined on an annualized basis for Units purchased during a calendar year) the Manager will be entitled to receive from the unitholder 20% of the gain in excess of 10% as a performance fee (the "Performance Fee"). The Performance Fee will be calculated and payable as of the last Valuation Day of each calendar year.

The Performance Fee will be paid first from cash distributions which are paid to investors in respect of a completed calendar year. If these cash distributions are insufficient to pay the Performance Fee in full the Manager will redeem Units (without charging redemption or other fees), on behalf of the investor, to satisfy any remaining balance owing.

The Performance Fee in respect of redemptions which take place during the calendar year will also be determined on an annualized basis as of the Valuation Day upon which the net asset value is calculated for the Units being redeemed and will be payable as of such Valuation Day from the redemption proceeds. See "Redemption of Units".

Administration Fees and Expenses of the Fund

The Fund will pay all expenses relating to its operation, including the Trustee's fees and expenses, registrar and transfer agent fees and expenses, audit, accounting, record keeping and legal fees and expenses, custody and safekeeping charges, all costs and expenses associated with the qualification for sale of the Units in the Offering Provinces, providing reports to unitholders and convening and conducting meetings of unitholders, all taxes, assessments or other governmental charges levied against the Fund and all brokerage and other fees relating to the purchase and sale of the assets of the Fund.

The Management Fee, the Performance Fee and most administration fees and expenses of the Fund are subject to federal goods and services tax at the rate of 7% of the amount thereof.

INVESTING IN UNITS OF THE FUND

The Offering

Units of the Fund are being offered (the "Initial Offering") at \$10 per Unit during the period from April 17, 1995 to May 12, 1995, subject to extensions at the option of the Manager (the "Initial Offering Period"), to investors resident in the Provinces of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia (the "Offering Provinces") pursuant to the exemptions to the prospectus and registration requirements contained in section 72(1)(d) of the *Securities Act* (Ontario) and section 27 of the Regulation made thereunder, section 19(3) of *The Securities Act* (Manitoba), section 81(1)(d) of *The Securities Act, 1988* (Saskatchewan), section 107(1)(d) of the *Securities Act* (Alberta) and section 122(d) of the Regulation made thereunder, and section 55(2)(4) of the *Securities Act* (British Columbia) and section 117(b) of the Regulation made thereunder. The Manager will not accept subscriptions for Units for a period of 60 days following the expiry of the Initial Offering Period (the "Black-Out Period"), during which time the proceeds of the Initial Offering will be invested. Following the Black-Out Period, Units will be offered on a continuous basis (the "Continuous Offering") at a price equal to the net asset value per Unit at the time of purchase. **The Initial Offering is not subject to any minimum subscription level.**

The Fund is initially authorized to issue the number of Units having a maximum subscription amount (net of redemptions) of \$100,000,000 provided that this limit shall not affect the Fund's right to issue Units on the re-investment of distributions from the Fund. After December 31, 1997, the Manager is authorized, in its discretion, to re-establish an upper limit on subscriptions for the Fund or determine that no limit is appropriate.

Units of the Funds are offered for sale with or without a sales charge or a combination of both and are distributed by qualified dealers ("Dealers") in the Offering Provinces.

Purchase of Units

Subscriptions for Units may be placed by investors through Dealers in the Offering Provinces. Dealers will transmit orders to the Manager at its principal office on the day such orders are placed by courier or telecommunications facilities without charge to the investor. Prospective investors who wish to subscribe for Units must complete, execute and deliver the Investment Application which accompanies this Offering Memorandum to a Dealer, together with a certified cheque or bank draft in an amount equal to the purchase price (together, if applicable, with the amount of any commission payable by the investor to the Dealer). During the Initial Offering Period, the purchase price is an amount equal to \$10 per Unit subscribed for. After the Black-Out Period, the purchase price is an amount equal to the net asset value per Unit subscribed for. The net asset value per Unit for subscriptions which are received and accepted by the Manager prior to 4:00 p.m. (Toronto time) on a Valuation Day will be calculated as of that Valuation Day. The net asset value per Unit for subscriptions received and accepted after 4:00 p.m. (Toronto time) will be calculated on the next Valuation Day. See "Net Asset Value Calculation". The Manager reserves the right to accept or reject orders, provided that any decision to reject an order must be made promptly and any monies received with a rejected order will be refunded immediately after such determination has been made by the Manager.

Minimum Investment

The minimum investment in the Fund is \$150,000 for investors resident in Ontario and Saskatchewan and \$97,000 for investors resident in Manitoba, Alberta and British Columbia. The minimum investment for investors resident in British Columbia who qualify as "sophisticated purchasers" (as such term is defined in the regulation to the *Securities Act* (British Columbia)) is \$25,000. British Columbia investors should consult their Dealers and other advisors to determine whether they satisfy the necessary eligibility requirements to be classified as a "sophisticated purchaser".

Instalment Purchases

During the Initial Offering Period, investors may elect to purchase their Units (an "Instalment Purchase") over a 24-month period, at the times and in the amounts set out below:

Ontario and Saskatchewan Purchasers

When purchased on this basis, the aggregate instalment price totals \$165,000, payable as follows:

<u>Instalment Date</u>	<u>Amount</u>
Closing Date of Initial Purchase	\$ 55,000
12 months thereafter	\$ 55,000
24 months thereafter	\$ 55,000
Total	<u>\$165,000</u>

Manitoba, Alberta and British Columbia Purchasers

When purchased on this basis, the aggregate instalment price totals \$110,000, payable as follows:

<u>Instalment Date</u>	<u>Amount</u>
Closing Date of Initial Purchase	\$ 40,000
12 months thereafter	\$ 40,000
24 months thereafter	\$ 30,000
Total	<u>\$110,000</u>

British Columbia "Sophisticated Purchasers"

When purchased on this basis, the aggregate instalment price totals \$27,500, payable as follows:

<u>Instalment Date</u>	<u>Amount</u>
Closing Date of Initial Purchase	\$ 10,000
12 months thereafter	\$ 10,000
24 months thereafter	\$ 7,500
Total	<u>\$ 27,500</u>

A subscription on this basis irrevocably obliges the investor to purchase Units for the full aggregate instalment price during the relevant subscription period.

Units purchased under an Instalment Purchase will only be issued following receipt of the corresponding instalment payment. The number of Units purchased will be based upon the net asset value of Units determined on the Valuation Day next following the date that an instalment payment is due and paid and the Units will be issued as of that Valuation Day.

If an investor defaults in paying any instalment payment, the Manager will be authorized to redeem all Units purchased under the Instalment Purchase by the investor at the net asset value of the Units applicable on the first or any subsequent Valuation Date following the default, as the Manager may determine in its discretion. This may result in the investor paying redemption fees in respect of the Units redeemed. See "Investing in Units of the Fund — Sales Charges — Purchases Without Sales Charges" and "Redemption of Units".

Additional Investments

Subject to the approval of the securities regulators in the Offering Provinces, additional investments in the Fund in amounts less than the minimum investment thresholds applicable in the Offering Provinces are permitted, provided that the minimum investment amount required by the relevant Offering Province has not been redeemed. Additional investments must be at least \$5,000.

Following each purchase of Units, unitholders will receive a written confirmation indicating details of the purchase transaction including the dollar amount of the purchase order, the net asset value per Unit and the number of Units purchased. For subsequent purchases, the written confirmation will indicate the cumulative total of all Units held by the unitholder.

Sales Charges

An investor may purchase Units (i) without a sales charge, but subject to a negotiable declining redemption fee (see "Purchases Without Sales Charges" below), (ii) with a negotiable sales charge (see "Purchases With Sales

Charges” below) or (iii) some of which are subject to a negotiable sales charge and some of which are subject to a negotiable declining redemption fee. The Manager may terminate or restrict the option to purchase Units without a sales charge at any time.

Purchases Without Sales Charges

An investor who chooses to purchase Units subject to a redemption fee may negotiate the commission with his Dealer which the Manager will pay, or cause to be paid, to the Dealer which may be up to 9% of the aggregate subscription amount of the Units purchased. The percentage of commission paid to the Dealer will then determine the redemption fee which may become payable by the investor, as described below. The Manager may from time to time pay, or cause to be paid, an additional fee of up to 1% to Dealers as a bonus fee during special selling periods selected by the Manager. However, any additional fee will not affect the redemption fees payable by an investor.

On the redemption of any Unit acquired without a sales charge including Units acquired upon a reinvestment of distributions on Units, a declining redemption fee will be deducted from the total redemption proceeds of the Units and will be payable by the unitholder to the Manager or the distribution agent that paid the Dealer a sales commission. The redemption fee payable, which is a percentage of the aggregate net asset value of the Units redeemed at the time of redemption, will vary according to when the Units were purchased and is based on the fee paid by, or caused to be paid by, the Manager to the Dealer (excluding bonus fees). The redemption fee applicable at any time, which is expressed as a percentage of the net asset value of the Units subject to this fee at the time of redemption, is reflected in the following table:

PERCENTAGE DECLINING REDEMPTION FEE

<u>If Redeemed During the Following Period After the Date of Issue</u>	<u>Percentage Commission Paid to Dealer</u>								
	<u>1%</u>	<u>2%</u>	<u>3%</u>	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>	<u>8%</u>	<u>9%</u>
During the 1st Year	2	3	4	5	6	7	8	9	10
During the 2nd Year	1	2	3	4	5	6	7	8	9
During the 3rd Year	nil	1	2	3	4	5	6	7	8
During the 4th Year	nil	nil	1	2	3	4	5	6	7
During the 5th Year	nil	nil	1	2	3	4	5	6	7
During the 6th Year	nil	nil	nil	1	2	3	4	5	6
After the 6th Year	nil	nil	nil	nil	nil	nil	nil	nil	nil

For example, if a 5% one time sales commission is paid by the Manager to a Dealer, the declining redemption fee would commence at 6% and decline to nil in 6 years.

Purchases With Sales Charges

An investor may choose to purchase Units subject to a sales charge payable by the investor to the Dealer. The amount of the sales charge, which is negotiable between the investor and the Dealer, may not exceed 9% of the aggregate subscription price of the Units purchased.

Sequence of Redemptions

Any redemption of Units by the investor will first be applied to the Units which are not subject to redemption fees. In order to minimize redemption fees, Units subject to redemption fees are redeemed on a “first in, first out” basis. Units acquired through the reinvestment of distributions on Units which are subject to redemption fees will be deemed to have been issued as of the date of issue of the Units to which such reinvested Units are attributable.

Dealer Compensation

Units are distributed by Dealers in the Offering Provinces. The Manager provides the compensation programs described below to Dealers placing orders for the purchase of Units to assist them in their distribution efforts.

An investor may purchase Units with or without a sales charge, or a combination of both, and Dealers will be entitled to receive commissions and, in certain circumstances, bonus commissions on the purchase of Units by investors. See “Investing in the Funds — Sales Charges”. The option to purchase without a sales charge may be cancelled at any time by the Manager.

The Manager will pay to approved Dealers a servicing commission (the "Servicing Commission") in respect of each salesperson employed by the Dealer who has invested client assets of \$250,000 or more (an "Approved Salesperson") in Units of the Fund and the BPI Family of Funds and any other BPI funds which may be offered. The Servicing Commission is based on the total net asset value of Units of the Fund sold by such Approved Salesperson (the "Outstanding Units") which are held by the clients of such Approved Salesperson on the last Valuation Day of each month. The Servicing Commission is based on the net asset value per Unit of the Fund on the applicable Valuation Day multiplied by the number of the Outstanding Units, and multiplied by $\frac{1}{12}$ th of 1.0% for Outstanding Units sold subject to a sales charge, and 0.5% for Outstanding Units sold subject to a redemption fee, in each case, paid monthly. See "Net Asset Value Calculation".

The Servicing Commission is intended to reimburse Dealers for ongoing expenses relating to the servicing of their clients who are unitholders.

INCOME AND CAPITAL GAINS DISTRIBUTIONS

The net income and sufficient net realized capital gains of the Fund for each year will be calculated and paid or payable to unitholders as of the last day in a fiscal year of the Fund so that no income tax under Part I of the Tax Act will be payable by the Fund (after taking into account any applicable capital gains refunds of the Fund). The record date with respect to any such distribution will be the business day preceding the payment date.

Distributions will be automatically reinvested in additional Units, without charge, at the net asset value per Unit determined as of the date of distribution, unless a unitholder has requested in writing that his distribution be made in cash. Cash distributions will be made by cheque payable to the unitholder or by direct deposit to the bank account of the unitholder. No commission or fees are payable with respect to any purchase of Units made under the reinvestment program. However, distributed Units issued under this automatic reinvestment program will be subject to a redemption fee if such Units are attributable to Units originally acquired subject to a redemption fee. See "Investing in Units of the Fund — Sales Charges".

The Fund will distribute net income and net realized capital gains on an annual basis. Unitholders will be advised each year in an annual statement of the amount of income and capital gains distributions, if any, paid or payable.

NET ASSET VALUE CALCULATION

As of every Valuation Day, the Manager will determine the net asset value of the Fund and of each Unit. A "Valuation Day" is the last business day of each week on which The Toronto Stock Exchange is open for business or such other business day or days as the Manager may determine. The net asset value of the Fund is determined in accordance with the provisions of the Declaration of Trust by valuing the assets of the Fund and deducting all expenses and liabilities of the Fund. The net asset value of the Fund is divided by the number of Units outstanding (before redemptions and subscriptions) at the close of business on that Valuation Day in order to ascertain the net asset value of a Unit as at the relevant Valuation Day. The net asset value will be reported in Canadian currency and may also be reported in such other currencies as the Manager may from time to time determine, based on the rate or rates of exchange, as the case may be, reported by any report in common use.

REDEMPTION OF UNITS

Units may be redeemed at a price equal to the net asset value of a Unit on a Valuation Day upon receipt by the Manager of a redemption request in writing, signed by a unitholder or his duly authorized representative or, in the case of unitholders who are not individuals, an authorized officer of the unitholder. A redemption request received by the Manager prior to 4:00 p.m. (Toronto time) on a Valuation Day will be effected on such Valuation Day. Redemption requests received by the Manager after 4:00 p.m. (Toronto time) will be effected on the next Valuation Day. Units may not be redeemed during the Black-Out Period. The Manager shall notify the Trustee of redemptions in sufficient time for the Trustee to pay the redemption price within a reasonable period of time after the relevant Valuation Day. The right of unitholders to redeem their Units is contained in the Trust Agreement. See "Net Asset Value Calculation". The Manager will be authorized to redeem all Units purchased by a unitholder on an instalment basis if that unitholder defaults in paying any instalment payment. See "Investing in Units of the Fund — Instalment Purchases".

A redemption fee may be charged on Units redeemed if those Units were purchased subject to a redemption fee. See "Investing in Units of the Fund — Sales Charges". In addition, a redemption fee, payable to the Manager, equal to 5% of the net asset value of the redeemed Units will be charged to the unitholder if: (i) Units are redeemed within 180 days of such Units having been acquired; and (ii) the Units are redeemed more than 180 days after the date of such Units having been acquired but were part of an Instalment Purchase and any of the instalment payments is unpaid. See "Investing in Units of the Fund — Instalment Purchases".

Notwithstanding any other provision hereof, the Trustee may temporarily suspend the right of unitholders to redeem Units, and may postpone the date of payment of redemption proceeds (i) for any period when normal trading is suspended on any stock, options or other exchange or market within or outside Canada on which securities are listed and traded, or on which derivatives are traded, which represent more than 50% by value or underlying market exposure of the total assets of the Fund without allowance for liabilities, or (ii) with the consent of the Ontario Securities Commission. Any redemption request of a unitholder which has been deferred because of a suspension of redemptions of the Fund will be completed by the Trustee on the first Valuation Day following the termination of the suspension unless earlier withdrawn by the unitholder.

UNITS OF THE FUND

The Fund is authorized to issue Units of one class representing an equal and ratable share in the assets of the Fund without distinction, preference or priority. All Units have equal voting, distribution and other rights and may only be issued as fully-paid and non-assessable upon receipt of the full consideration for which they are to be issued. The Manager may, at any time, direct the registrar and transfer agent to sub-divide or consolidate all Units outstanding. Fractions of Units may be issued. No certificates representing Units shall be issued by the Manager or the Trustee, except upon request by the unitholder.

The rights of unitholders of the Fund are contained in the Declaration of Trust which may be modified, amended or varied only in accordance with the provisions contained in the Declaration of Trust.

Units are transferable on the register only by a registered unitholder or his legal representative, subject to compliance with securities laws. Unitholders are entitled to redeem their Units, subject to the Manager's right to suspend the right of redemption. See "Redemption of Units".

CERTAIN INCOME TAX CONSIDERATIONS

The following summary outlines certain income tax considerations under the *Income Tax Act* (Canada) (the "Tax Act") relevant to the Fund and to unitholders of the Fund who, for the purposes of the Tax Act, are resident in Canada, hold their Units as capital property and deal with the Fund at arm's length. The tax consequences to a unitholder of acquiring, owning and disposing of Units (including the tax treatment of any fees or other expenses incurred by the unitholder in connection with an investment in Units) will depend on many factors including whether the unitholder is an individual, corporation, trust or other entity, the unitholder's province of residence and the manner and frequency in which Units are acquired and disposed of by the unitholder. **Unitholders are urged to consult their own tax advisors regarding the tax treatment to them of acquiring, holding and disposing of Units in their particular circumstances, including the tax treatment of any fees or other expenses incurred by the unitholder. This outline is not, and is not intended to be, tax advice to any particular unitholder.**

The Fund intends to distribute to unitholders in each year its net income and net realized capital gains, if any, and will deduct amounts in computing its income for purposes of the Tax Act, to such an extent that it will not be liable in any year for income tax under Part I of the Tax Act. The Fund is required to compute its net income and net realized capital gains in Canadian dollars for purposes of the Tax Act and may, as a consequence, realize a foreign exchange gain or loss by virtue of changes in the value of any foreign currencies acquired or disposed of by the Fund, relative to the Canadian dollar.

Unitholders of the Fund are generally required to include in their income for tax purposes for a particular year the amount (computed in Canadian dollars) of net income and net taxable capital gains, if any, paid or payable to them in the year and deducted by the Fund in computing its income, including such amounts reinvested in additional Units. To the extent that distributions by the Fund in any year exceed the net income and the net realized capital gains of the Fund for the year, such distributions will generally be a return of capital and will not be taxable but will reduce the adjusted cost base of a unitholder's Units. Also, to the extent that the appropriate amount of

distributions is not deducted by the Fund in computing its income, such distributions will not be taxable but will reduce the adjusted cost base of a unitholder's Units. However, the Fund anticipates that it will generally deduct the appropriate amount of all distributions.

The Fund intends to designate, to the extent permitted and in the manner required by the Tax Act, the portion of the net income distributed to unitholders as may reasonably be considered to consist of taxable dividends received by the Fund on shares of taxable Canadian corporations. Any such designated amount will be deemed for tax purposes to be a taxable dividend on the shares received by unitholders in the year and generally will be subject to the ordinary tax rules applicable to taxable dividends received from taxable Canadian corporations.

Generally, unitholders of the Fund will be entitled to the benefit, if any, of a foreign tax credit referable to foreign source income of the Fund distributed to the unitholders to the extent designated by the Fund. The taxable portion of net realized capital gains of the Fund distributed to unitholders and designated by the Fund will be treated as taxable capital gains of the unitholders. The Fund intends to make such designations in respect of foreign source income and taxable capital gains to the extent permitted and in the manner required by the Tax Act.

Upon the actual or deemed disposition of a Unit, including any redemption of a Unit by the Fund, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the Units (computed in Canadian dollars) exceed (or are exceeded by) the aggregate of the adjusted cost base (computed in Canadian dollars) to the unitholder of the Unit and any costs of disposition (computed in Canadian dollars). The proportion of a capital gain to be included in a taxpayer's income is three-quarters. The Tax Act provides for an alternative minimum tax on individuals and certain trusts and estates. To compute income subject to the alternative minimum tax, various adjustments are made to the taxpayer's income including adjustments with respect to realized capital gains and taxable dividends received from taxable Canadian corporations. Accordingly, such income may affect the taxpayer's liability for alternative minimum tax.

Unless and until the Fund qualifies as a mutual fund trust for the purposes of the Tax Act, Units of the Fund are not qualified investments for trusts governed by a registered retirement savings plan, registered retirement income fund or deferred profit sharing plan. In addition, the Fund will invest primarily in "foreign property", but will not be subject to tax under Part XI of the Tax Act. A Unit will constitute "foreign property" to a unitholder which is a registered pension plan or fund or registered investment. Such unitholders will be required to make their own determination with respect to the applicability to them of tax in respect of excessive holdings of foreign property.

REPORTING TO UNITHOLDERS

The Manager will furnish to each unitholder semi-annually a statement setting forth the Units held by each unitholder and any transactions by the unitholder for the preceding period. Such statements will contain any amounts reinvested for the unitholder during the preceding period, the number of additional Units purchased on behalf of the unitholder and the net asset value of a Unit determined on the immediately preceding Valuation Day.

The fiscal year end of the Fund is December 31. Unitholders will be sent unaudited semi-annual financial statements within 60 days of June 30 and audited annual financial statements within 140 days of year end.

DIRECTORS AND OFFICERS OF THE MANAGER

The names and municipalities of residence of the directors and officers of the Manager and the positions and offices held with the Manager are as follows:

<u>Name and Municipality of Residence</u>	<u>Position with the Manager</u>
MARK S. BONHAM Toronto, Ontario	Director, Chairman, President and Chief Executive Officer
JAMES L. MCGOVERN Toronto, Ontario	Director and Executive Vice-President, Sales
STEPHEN J. GRIGGS Mississauga, Ontario	Director and Executive Vice-President, Chief Operating Officer and Secretary*
GARFIELD R. MITCHELL Toronto, Ontario	Director

<u>Name and Municipality of Residence</u>	<u>Position with the Manager</u>
ROBERT C. PILON..... Willowdale, Ontario	Director
FREDERICK F. DALLEY Toronto, Ontario	Executive Vice-President, Portfolio Management
STEVEN MISENER..... Toronto, Ontario	Senior Vice-President, Portfolio Management*
MICHAEL LABANOWICH Toronto, Ontario	Vice-President, Portfolio Management*
JOHN A. COOK Toronto, Ontario	Vice-President, Sales
DAVID W. ENNS..... Vancouver, British Columbia	Vice-President, Sales*
DAVID B. SHEEDY Toronto, Ontario	Vice-President, Sales*
PETER TSAFATINOS Toronto, Ontario	Vice-President, Sales*
J. BRIAN SHEEDY..... Toronto, Ontario	Chief Financial Officer*
JOANNA T. LICZYK Toronto, Ontario	Vice-President and Controller*

* Subject to regulatory approval.

The principal occupation of each director and officer for the last five years is as follows: Mark S. Bonham has held his position with the Manager and has concurrently held the position of President of BPI Financial Corporation or its predecessor (the parent corporation of the Manager). James L. McGovern has held his position with the Manager and has concurrently held the position of Executive Vice-President, Sales of BPI Financial Corporation or its predecessor. Stephen J. Griggs has been employed by the Manager since September 1, 1994, prior to which he practised law with the law firm of Smith, Lyons, Torrance, Stevenson & Mayer. Garfield R. Mitchell has been employed by George Weston Limited or Wittington Investments, Limited (investment companies) since November, 1991 providing research and advice on charitable giving and special projects and is currently Vice-President, Community Projects, prior to which he was an Associate with the law firm of DelZotto, Zorzi. Robert C. Pilon is in the entertainment industry and was, prior to February 1995, associated with Live Entertainment Corporation of Canada, prior to October 1992 he was associated with Mirvish Productions and, prior to January 1991 he was an administrator of Enterprise H.R.P. Inc. and an officer of Les Immeubles H. Pilon Inc. (both of which are commercial real estate development and leasing companies). Frederick F. Dalley has been employed by the Manager since January, 1991, prior to which he was employed in the investment business with Burns Fry Limited. Steven E. Misener has been employed by the Manager since August 8, 1994, prior to which he was Vice-President, Canadian Equities with the investment management firm Canagex Associates Inc. and prior to June 14, 1993 was Senior Portfolio Manager of Pension Equities for The Co-Operators Investment Counselling Ltd., a subsidiary of The Co-Operators Insurance Group. Michael Labanowich has been an employee of the Manager since July 4, 1994, prior to which he was a fixed income trading officer with the investment firm Nesbitt Thomson Inc. John A. Cook has been an employee of the Manager since March, 1992, prior to which he was a commercial leasing agent with J.J. Barnicke Limited. David W. Enns has been an employee of the Manager since January 1, 1995, prior to which he was Vice-President, Sales at United Financial Services Management Ltd. (a mutual fund management company). David B. Sheedy has been an employee of the Manager since August 1, 1993, prior to which he was a foreign exchange dealer in the treasury of Swiss Bank Corporation of Canada, prior to February 1991 he was division manager of Auto Mart Magazine Ltd. (a classified magazine publishing company), and prior to May 1990 he was a sales representative of Cable & Wireless Canada (a telecommunications equipment and systems distributor). Peter Tsafatinos has been an employee of the Manager since June 30, 1994, prior to which

he was a Regional Sales Manager with Bolton Tremblay Funds Inc. (a mutual fund management company which amalgamated with the Manager on June 30, 1994) and prior to January 1, 1993 was a Corporate Banking Manager with The Bank of Nova Scotia. J. Brian Sheedy has been an employee of the Manager since February 1, 1995, prior to which he was a partner of the accounting firm Deloitte & Touche. Joanna T. Liczyk has been an employee of the Manager since June 30, 1994, prior to which she was the Vice-President and Controller of Bolton Tremblay Funds Inc. (a mutual fund management company which amalgamated with the Manager on June 30, 1994) and prior to November 22, 1993 she was a General Practice Audit Manager with the accounting firm Coopers & Lybrand.

AMENDMENT OF THE DECLARATION OF TRUST AND TERMINATION OF THE FUND

The Manager and the Trustee may amend the Declaration of Trust at any time, without notice to unitholders, if such amendment is necessary or desirable to bring the Declaration of Trust into conformity with any law, regulation or policy requirement applicable to the Fund, to facilitate the administration of the Fund, to safeguard the interest of unitholders, or to correct any ambiguity, error or omission in the Declaration of Trust.

Any amendment which cannot be made in accordance with the above may be made, at any time, by the Manager and the Trustee to take effect after not less than 60 days' written notice of such amendment to the unitholders, or with the consent of unitholders as provided for in the Declaration of Trust.

The Fund and the Trust may be terminated on the occurrence of certain events stipulated in the Declaration of Trust. The Manager may resign as manager of the Fund and if no successor is appointed the Fund will be terminated. On termination of the Fund, the Trustee will distribute the assets of the Fund in cash or in kind in accordance with the Declaration of Trust.

MATERIAL CONTRACTS

Except for the Declaration of Trust, the Management Agreement and the custodian agreement which are referred to in this Offering Memorandum, no material contract has been entered into by or on behalf of the Fund.

A copy of the Declaration of Trust, the Management Agreement and the custodian agreement may be inspected at the office of the Manager during normal business hours. To the extent there is any inconsistency or conflict between the Declaration of Trust, the Management Agreement or the custodian agreement and this Offering Memorandum, the provisions of the Declaration of Trust, the Management Agreement or the custodian agreement, as the case may be, shall prevail.

PROMOTER

The Manager may be said to be the promoter of the Fund, having taken the initiative in its establishment.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the Units is BPI Capital, 161 Bay Street, Suite 3900, Toronto, Ontario M5J 2S1. The Unit transfer registers of the Funds will be kept by BPI Capital at its principal office in Toronto.

CUSTODIAN

The custodian of the assets of the Fund is Toronto-Dominion Bank, 55 King Street West, Toronto, Ontario M5K 1A2 pursuant to a custodian agreement dated as of March 31, 1995.

AUDITORS

The auditors of the Fund are Coopers & Lybrand, 145 King Street West, Toronto, Ontario M5H 1V8.

CONTRACTUAL RIGHTS OF ACTION

Securities legislation in the Offering Provinces provides that purchasers of Units pursuant to this Offering Memorandum must be granted a contractual right of action for rescission or damages if this Initial Offering Memorandum and any amendment to it contains a misrepresentation. Contractual rights of action for each of the Offering Provinces are described in Schedule "A" hereto.

CERTIFICATE OF ISSUER

Dated: April 5, 1995

The foregoing Offering Memorandum contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made and does not omit to state a material fact that is necessary to be stated in order for the statement not to be misleading.

BPI CAPITAL MANAGEMENT CORPORATION

as Manager and Trustee of the Fund

(Signed) MARK S. BONHAM
Chairman of the Board, President and
Chief Executive Officer

(Signed) J. BRIAN SHEEDY
Chief Financial Officer

On behalf of the Board of Directors

(Signed) JAMES L. MCGOVERN
Director

(Signed) STEPHEN J. GRIGGS
Director

CERTIFICATE OF PROMOTER

Dated: April 5, 1995

The foregoing Offering Memorandum contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

BPI CAPITAL MANAGEMENT CORPORATION

as Promoter of the Fund

(Signed) MARK S. BONHAM

(Signed) STEPHEN J. GRIGGS

SCHEDULE "A"

PURCHASERS' CONTRACTUAL RIGHTS OF ACTION

Securities legislation in certain of the provinces of Canada provides purchasers or requires purchasers to be provided with a remedy for rescission or damages where an offering memorandum and any amendment to it contains a Misrepresentation. As used herein, "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement in the Offering Memorandum not misleading in light of the circumstances in which it was made. These remedies, or notice with respect thereto, must be exercised, or delivered, as the case may be, by the purchaser within the time limit prescribed by the applicable securities legislation.

Each purchaser should refer to provisions of the applicable securities legislation for the particulars of these rights or consult with a legal advisor.

Rights for Purchasers in Ontario and British Columbia

In the event that this Offering Memorandum, together with any amendments hereto used in connection herewith, delivered to a purchaser of Units resident in Ontario or British Columbia contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will be deemed to have relied upon the Misrepresentation and will, as provided below, have a right of action against the Fund for damages or, while still the owner of the Units purchased by that purchaser, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Fund, provided that:

- (a) the right of action for rescission or damages will be exercisable by a purchaser resident in Ontario or British Columbia only if the purchaser gives notice to the Fund, not later than 90 days after the date on which the payment is made for the Units, that the purchaser is exercising this right;
- (b) the Fund will not be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, the Fund will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Units as a result of the Misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the Units were sold to the purchaser.

Rights for Purchasers in Alberta

In Alberta, every purchaser of Units pursuant to this Offering Memorandum shall have a right of action for damages and/or rescission against the Fund if this Offering Memorandum or any amendment thereto contains a Misrepresentation.

In Alberta, no action shall be commenced to enforce a contractual right of action unless the right is exercised:

- (a) in the case of rescission, on notice given to the Fund not later than 180 days; or
- (b) in the case of damages, on notice given to the Fund not later than one year,

from the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Saskatchewan

In the event that this Offering Memorandum and any amendment hereto or advertising or sales literature used in connection therewith delivered to a purchaser of Units resident in Saskatchewan contains a Misrepresentation and it was a Misrepresentation at the time of purchase of the Units, the purchaser will be deemed to have relied upon that Misrepresentation and will have a right of action for damages against the Fund and the seller of the Units or may elect to exercise a right of rescission against the Fund and the seller of the Units, in which case he has no right of action for damages, provided that:

- (a) no person or company is liable where the person or company proves that the purchaser purchased the Units with knowledge of the Misrepresentation;

- (b) no person or company, other than the Fund, is liable with respect to this Offering Memorandum, an amendment to this Offering Memorandum or advertising or sales literature used in connection with a distribution or trade of the Units pursuant to an exemption contained in *The Securities Act, 1988* (Saskatchewan) unless that person or company: (i) failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation; or (ii) believed there had been a Misrepresentation; and
- (c) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves does not represent the depreciation in the value of the Units as a result of the Misrepresentation;

but no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action, other than an action for rescission, the earlier of 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action or three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Manitoba

Pursuant to *The Securities Act* (Manitoba), purchasers of Units:

- (a) will not be bound by a contract for the purchase of Units if the person or company from whom the Units was purchased or his agent receives written or telegraphic notice evidencing the purchaser's intention not to be bound not later than midnight on the second business day after receipt or deemed receipt by the purchaser or his agent of this Offering Memorandum or any amendments thereto; and
- (b) has the right to rescind a contract for the purchase of the Units, while still the owner thereof, if this Offering Memorandum and any amendment thereto, as of the date of receipt or deemed receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right may be commenced by a purchaser after the expiration of the later of 180 days from the date of receipt or deemed receipt of this Offering Memorandum or any amendment thereto by the purchaser or the agent of the purchaser, or the date of the contract for the purchase of the Units.

In the event that this Offering Memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made, a purchaser also has a right of action for damages against every person or company who signed this Offering Memorandum and any amendment thereto as required by *The Securities Act* (Manitoba) and against every director who, on the date this Offering Memorandum or any amendment thereto was signed, was a director of each such person or company for any loss or damage that the purchaser has sustained as a result of the purchase of the security, unless it is proved:

- (a) that this Offering Memorandum or any amendment thereto was delivered to prospective purchasers of the security without the director's knowledge or consent;
- (b) that, after the delivery of this Offering Memorandum or any amendment thereto to the purchaser and before the purchase of the security by the purchaser, on becoming aware of any false statement in this Offering Memorandum or any amendment thereto, the director withdrew his consent to the delivery of this Offering Memorandum or any amendment thereto to prospective purchasers and gave reasonable public notice of such withdrawal and of the reason therefor;
- (c) that, with respect to every false statement, the director had reasonable grounds to believe and did believe that the statement was true;
- (d) that where a false statement was that of an expert, the director had no reasonable grounds to believe that the expert who made the statement in this Offering Memorandum or any amendment thereto or whose report or valuation was produced or fairly summarized therein was not competent to make such statement, valuation or report; or

- (e) that, with respect to every false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, it was a correct and fair representation of the statement or copy of or extract from the document,

but no action to enforce these rights of action for damages against the signatories of this Offering Memorandum or any of their directors may be commenced by a purchaser after the expiration of the later of one year from the date of receipt or deemed receipt of this Offering Memorandum or any amendment thereto by the purchaser or the agent of the purchaser or the date of the contract for the purchase of the security.

General

The foregoing summaries are subject to the express provisions of the *Securities Act* (Ontario), *The Securities Act* (Manitoba), *The Securities Act, 1988* (Saskatchewan), the *Securities Act* (Alberta) and the *Securities Act* (British Columbia) and the regulations and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described herein are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

SECURITIES REGULATION

*B.C. Reg. 270/86, as amended by B.C. Regs. 24/87; 94/88; 245/88;
305/88; 306/88; 307/88; 378/88; 66/89; 163/89; 316/89; 134/91;
130/92; 39/94*

PART 1

INTERPRETATION

Interpretation**1. In this regulation**

"Act" means the *Securities Act*, S.B.C. 1985, c. 83;

"auditor" means a person who is qualified under section 4(4.1) to make an auditor's report referred to in section 4(4);

[S. 1 "auditor" en. B.C. Reg. 316/89, s. 1.]

"debt security" means a bond, debenture, note or similar instrument representing indebtedness, whether secured or unsecured;

[S. 1 "exchange issuer" and "government incentive security" repealed B.C. Reg. 305/88, s. 1(a).]

"industrial issuer" includes an issuer designated by the superintendent as an industrial issuer;

"investment issuer" means an issuer whose principal business is or will be the acquisition of or investment in securities and includes an issuer that issues any of the following:

- (a) investment certificates;
- (b) savings certificates;
- (c) savings contracts;
- (d) investment contracts;
- (e) other similar securities;

[S. 1 "investment issuer" am. B.C. Reg. 305/88, s. 1(b).]

"natural resource issuer" means a mining, gas, oil or exploration issuer designated by the superintendent as a natural resource issuer.

"sophisticated purchaser" means a purchaser who

- (a) in connection with a distribution of a security makes the acknowledgment and gives the undertaking referred to in section 128, and
- (b) by virtue of his net worth and investment experience or his consultation with or advice from a person who is not an insider of the issuer, but who is a registered adviser or a registered dealer, is able to evaluate the prospective investment on the basis of information respecting the investment provided by the issuer;

"spouse" includes a man or woman not married to a person but who is living with that person and has lived with that person as husband or wife for a period of not less than 6 months.

[S. 1 "sophisticated purchaser" and "spouse" en. B.C. Reg. 305/88, s. 1(c).]

Finance issuer defined

2. (1) In subsection (2) "issuer" includes its subsidiaries and affiliates.

(2) Subject to subsection (3), in this regulation "finance issuer" means an issuer

- (a) who, as a material part of its business activities,
 - (i) acquires or discounts acceptances, accounts receivable, bills of sale, chattel mortgages, conditional sales contracts, drafts and promissory notes and other obligations representing part or all of the sales price of merchandise or services,

- (b) contain a right of action against the issuer for rescission or damages that
- (i) is available to a purchaser to whom an offering memorandum containing a misrepresentation has been delivered,
 - (ii) is enforceable on notice being given to the issuer not later than 90 days after the date
 - (A) on which payment was made for the securities, or
 - (B) on which the initial payment was made for the securities, where payments subsequent to the initial payment are made under a contractual commitment entered into prior to, or concurrently with, the initial payment,
 - (iii) reasonably corresponds to the rights provided in section 114 of the Act applicable to a prospectus,
 - (iv) is subject to the defence that the purchaser had knowledge of the misrepresentation, and
 - (v) is in addition to and not in derogation from any other right the purchaser may have, and
- (c) be in the required form.

[S. 126 am. B.C. Reg. 316/89, s. 7.]

The required form is Form 43 with respect to an offering memorandum required under s. 55(2)(4) of the Act or s. 117(a), (b) or (i) of the Regulation. For offering memoranda under the immigrant investor program Form 43A sets out that the offering memorandum must be in the form required by the Federal and Provincial Immigration departments. See BOR 89/10 "In the matter of the Required Form of Offering Memorandum", and NIN 89/32 "Required Form of Offering Memorandum".

Distribution through advertisement

127. Where a person advertises in connection with a distribution of a security under section 55(2)(4) of the Act, the person shall deliver to each purchaser an offering memorandum in compliance with section 126.

Division (5) Filings

Acknowledgment

128. Where a person distributes a security under section 117(a), (b) or (i), the person shall file an acknowledgment and undertaking by the purchaser in the required form not later than 10 days after the distribution.

The required form is Form 20A. See NIN 88/43 "Form 20A - Clarification of Requirements".

Notice by control person

129. (1) A notice of intention to sell and declaration in connection with a distribution under section 117(c) or (d) shall be

- (a) in the required form,
- (b) certified as follows:

"The seller for whose account the securities to which this certificate relates are to be sold hereby represents that he has no knowledge of any material change that has occurred in the affairs of the issuer of the securities which has not been generally disclosed and reported to the Commission, nor has he any knowledge of any other material adverse information in regard to the current and prospective operations of the issuer which have not been generally disclosed."

- (a) the Purchaser is by virtue of his net worth and investment experience or his consultation with or advice from a person who is not an insider of the Issuer, but who is a registered adviser or a registered dealer, is able to evaluate the prospective investment on the basis of information respecting the investment provided by the Issuer;
 - (b) the Purchaser is a spouse, parent, brother, sister or child of a senior officer or director of the Issuer, or of an affiliate of the Issuer; or
 - (c) the Purchaser is a company, all the voting securities of which are beneficially owned by one or more of a spouse, parent, brother, sister or child of a senior officer or director of the Issuer, or of an affiliate of the Issuer.
4. If the securities were issued to the Purchaser under section 117(b) of the Regulation, the Purchaser, by circling this item 4, acknowledges that by virtue of his net worth and investment experience or his consultation with or advice from a person who is not an insider of the Issuer, but who is a registered adviser or a registered dealer, he is able to evaluate the prospective investment on the basis of information respecting the investment provided by the Issuer.
5. If the Securities were issued to the Purchaser under section 117(i) of the Regulation, by circling (a) or (b) and *underlining* the applicable relationship, the Purchaser acknowledges that:
- (a) the Purchaser is a spouse, parent, brother, sister, child or a close personal friend of a senior officer or director of the Issuer, or of an affiliate of the Issuer; or
 - (b) the Purchaser is a company, all of the voting securities of which are beneficially owned by one or more of a spouse, parent, brother, sister, child or close personal friend of a senior officer or director of the Issuer, or of an affiliate of the Issuer.
6. The Purchaser further acknowledges that as a result of the Securities being distributed under an exemption from the requirements of Section 42 of the Securities Act, S.B.C. 1985, c.83 (the "Act"):
- (a) the Purchaser is restricted from using most of the civil remedies available under the Act and the Regulation; and
 - (b) the Purchaser may not receive information that would otherwise be required to be provided to the Purchaser under the Act and the Regulation.
7. If the Purchaser is a company, each of the undersigned shareholders of the Purchaser, being all the shareholders of the Company (the "Undersigned Shareholders"), undertakes not to effect a transfer of beneficial ownership of any shares of the Purchaser, except to an Undersigned Shareholder or to the Purchaser, and not to permit the Purchaser to issue additional shares of the Purchaser, except to an Undersigned Shareholder, for 12 months from the following date [circle appropriate provision]:
- (a) if the Issuer is not an exchange issuer, from the later of the date of the issue of the Securities and the date the Issuer became a reporting issuer; or
 - (b) if the Issuer is an exchange issuer, from the earlier of the date of the issue of the Securities and the date a written agreement committing the Purchaser to acquire the Securities, subject only to any required regulatory approval, has been executed by all parties to the agreement.

The undersigned hereby certifies that the statements made in this report are true and correct.

DATED at _____ this _____ day of _____, 19 ____

Signature of the Purchaser
or, if the Purchaser is a
company, signature of
authorized signatory

Name of Purchaser, or if the
Purchaser is a company, name
and office of authorized
signatory

Address of the Purchaser

IT IS AN OFFENCE FOR A PERSON TO MAKE A STATEMENT IN A DOCUMENT
REQUIRED TO BE FILED OR FURNISHED UNDER THE SECURITIES ACT THAT,
AT THE TIME AND IN THE LIGHT OF CIRCUMSTANCES UNDER WHICH IT IS
MADE, IS A MISREPRESENTATION.

If the Undertaking in item 7 is applicable, the signatures of all shareholders of the
Purchaser are required:

Relationship, if any, of
shareholder to senior
officer or director of the
Issuer or affiliate of the
Issuer

Signature

Name

Signature

Name

Signature

Name

Forms

INVESTMENT ADVISORY AGREEMENT

THIS AGREEMENT, made as of the 31st day of March, 1995, by and between BPI CAPITAL MANAGEMENT CORPORATION (hereinafter called the "Company") and LAZARD FRÈRES ASSET MANAGEMENT (hereinafter called the "Advisor").

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants herein contained, the parties hereby agree as follows:

1. Appointment and Status as Investment Advisor. The Company, in its capacity as Trustee and Manager of the BPI Global Opportunities Fund (the "Fund") hereby appoints the Advisor to act as investment sub-advisor to the Fund, on and subject to the terms and conditions below. The Advisor hereby accepts this appointment and by its execution of this Agreement the Advisor represents and warrants that it is registered as an investment advisor under the *Investment Advisers Act of 1940* (United States of America). The Advisor acknowledges that it is a fiduciary of the Fund and assumes the duties, responsibilities and obligations of a fiduciary.

2. Services. The Advisor shall be responsible for the investment and reinvestment of those assets of the Fund as are designated by the Company as subject to the Advisor's management (which assets, together with all additions, substitutions and alterations thereto are hereinafter called the "Assets"). The Company hereby delegates to the Advisor all of its powers, duties and responsibilities with regard to such investment and reinvestment and hereby appoints the Advisor as the Company's agent in fact with full authority to buy, sell or otherwise effect investment transactions involving the Assets in the Company's name and for the Company's account provided that the Company may, in its discretion, require that the Advisor review with the Company, in advance, purchases and dispositions proposed to be made with respect to the Assets and obtain the Company's consent to such transactions. These powers, duties and responsibilities shall be exercised exclusively by the Advisor in accordance with the terms of this Agreement and Schedule F of the Investment Management Brochure referred to in paragraph 19, as amended from time to time, the provisions of which are incorporated herein by reference as if fully set forth.

In deciding on a proper investment of the Assets, the Advisor shall invest in accordance with the Fund's investment objectives, policies, and restrictions as communicated in writing to the Advisor by the Company from time to time, including the Fund's investment objective and its investment strategies as set forth from time to time in any document under which the units of the Fund are offered, the Declaration of Trust establishing the Fund and any amendments thereto from time to time, and applicable laws. The Advisor shall also invest having regard to the Fund's financial needs including its liquidity requirements.

The Advisor shall have full power and authority to direct the "Custodian" (as defined below) in writing to exercise, personally or by general or by limited power of attorney, any right, including the right to vote, appurtenant to any securities held by the Custodian at any time.

It is acknowledged that the investment strategies of the Fund will permit the Advisor to borrow money in the name of and on behalf of the Fund (whether through the creation of margin accounts with investment dealers and brokers or otherwise) and cause the Fund to enter into transactions which may expose the Fund to other liabilities, (whether through short sale programs or otherwise). The Advisor will use its reasonable best efforts to include in any agreement entered into in the name of and on behalf of the Fund, a provision to the effect that the third party creditor of the Fund or other party that may have a claim against the Fund will be restricted to a claim against the Assets and will have no recourse against any unitholder of the Fund.

3. The Company shall authorize the Advisor to enter into currency hedging arrangements on behalf of the Fund from time to time by executing and delivering the form of authorization attached hereto as Exhibit A.

4. Custodian. The Assets shall be held by a custodian (the "Custodian", which term shall include any sub-custodian that may be appointed), duly appointed by the Company and the Advisor is authorized to give instructions to the Custodian with respect to all investment decisions regarding the Assets. The Advisor shall not propose or effect transactions unless it has ensured that sufficient investments and monies are deposited with the Custodian to effect the transactions.

5. Confidential Information. All information regarding the operations and investments of the Fund shall be regarded as confidential by the Advisor; provided, however, that the Advisor may include the name of the Fund on any listing of representative clients and the performance of the Fund may be included in any composite of the Advisor's performance.

6. Standard of Care. The Advisor shall use its best judgment and shall exercise its powers and authorities under this Agreement and carry out its duties and obligations under this Agreement honestly, in good faith and with a view to the best interests of the Fund and that, in connection therewith, it shall exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

6. Liabilities of the Advisor and the Company. The Advisor acting in good faith shall not be liable for any action, omission, information or recommendation in connection with this Agreement or investment of the Assets, except in the case of the Advisor's actual misconduct or wilful violation of this Agreement or any applicable law, provided, however, that this limitation shall not act to relieve the Advisor from any responsibility or liability for any responsibility, obligation or duty which the Advisor may have under any federal securities acts.

8. Directions to the Advisor. All directions by or on behalf of the Company to the Advisor shall be in writing.

The Advisor shall be fully protected in relying upon any direction in accordance with the previous paragraph with respect to any instruction, direction or approval of the Company.

The Advisor shall be fully protected in acting upon any instrument, certificate or paper believed by it, acting reasonably, to be genuine and to be signed or presented by the proper person or person, and the Advisor shall be under no duty to make any investigation or inquiry as to any statement contained in any such writing but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained.

9. Accounting and Reports. The Advisor shall furnish the Company with quarterly investment reports showing the Assets and market value for each security included in the Assets promptly after the end of each calendar quarter and at such other times as the Company may reasonably request. In addition, the Advisor shall provide to the Company all such assistance as the Company may reasonably require in order to permit the Company to complete the calculation of the net asset value of the Fund and the net asset value per unit of the Fund on each day which is a "Valuation Day" (as defined in the Declaration of Trust). The Company and its duly appointed representatives shall have access at all reasonable times to all books and records maintained by the Advisor for the Fund. The Advisor agrees that all books and records which it maintains for the Fund are the property of the Fund and that it will surrender any of such books and records to the Company promptly upon the Company's request, though the Advisor may keep copies of such books and records for its own internal purposes.

10. Compensation. The Advisor's fees for services provided in accordance with the terms of the Agreement shall be calculated quarterly at a rate of 1/4 of 0.75% on the net asset value of the Fund calculated as of the last Valuation Day of each calendar quarter provided that in respect of any period where the Advisor has not served as Advisor for the full calendar quarter, such fee shall be pro rated based upon the number of days of the calendar quarter (based upon a 91 day calendar quarter) that the Advisor has so served. In respect of the first two months of a calendar quarter, the Company shall pay to the Advisor on the last day of business of each such month, one-third of the Company's reasonable estimate of the amount which shall be so payable at the end of that calendar quarter and an adjusting payment shall be made at the end of the calendar quarter so that the total payments made for that period correspond to the compensation provided for above.

11. Resignation or Removal of the Advisor. At any time following March 31, 1996, the Advisor may be removed by the Company or may resign upon not less than three months' notice in writing. This Agreement may be terminated by either party upon the occurrence of a material breach by the other such party or if the other party shall cease to carry on business, become bankrupt or insolvent, resolve to wind-up or liquidate or if a receiver of any of the assets of the other party is appointed. On the effective date of the removal or resignation of the Advisor or as close to such date as is reasonably possible, the Advisor shall provide the Company with a final report containing the same information as provided in a quarterly investment report described in paragraph 8 and the Advisor shall forthwith deliver to the Company all records, documents and books of account, and all materials and supplies relating to the Assets or the Fund

which are in the possession or control of the Advisor and relate directly or indirectly to the performance by the Advisor of its obligations under this Agreement.

12. Assignment, Changes in Organization of Advisor. Unless the Company expressly consents thereto, any assignment (as defined in the *Investment Advisers Act of 1940*) by the Advisor of this Agreement shall automatically terminate this Agreement. If the Advisor hereunder is converted into, merges or consolidates with or sells or transfers substantially all of its assets or business to another corporation, the resulting corporation or the corporation to which such sale or transfer has been made shall notify the Company of such sale or transfer and shall become the Advisor hereunder only if the Company specifically so consents in writing.

13. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms or provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction.

14. Ownership. The Company represents that it is the duly authorized manager of the Assets and, as such has full authority to delegate to the Advisor the duties provided for herein. As of the date of this Agreement, no officer, director or controlling person of the Company is an officer, director or controlling person of any corporation whose securities are a part of the Assets. The Company further agrees not to make any changes in the Assets of the Fund designated by the Company as subject to the Advisor's management without notifying the Advisor and without having received the Advisor's written acknowledgement of such notification.

15. Brokerage. The Company hereby delegates to the Advisor sole and exclusive authority to designate the broker or brokers, including Lazard Frères & Co. LLC, through whom all purchases and sales on behalf of the Fund will be made. The Advisor will determine the rate or rates to be paid for brokerage services provided to the Fund subject to the requirement that securities are to be purchased through those brokers providing the best combination of price and execution.

16. Non-Exclusive Management. The Company understands that the Advisor will continue to furnish investment management and advisory services to others, and that the Advisor shall be at all times free, in its discretion, to make recommendations to others which may be the same as or may be different from those made to the Fund provided that, where the Manager proposes to make investment purchase or sale decisions for the Fund and other persons for whom it performs similar duties in respect of the same securities such investments or dispositions shall be effected on an equitable basis between the Fund and such other persons. The Company further understands that the Advisor, its affiliates, and any officer, director, stockholder, employee or any member of their families may or may not have an interest in the securities whose purchase and sale the Advisor may recommend. Actions with respect to securities of the same kind may be the same as or different from the action which the Advisor, or any of its affiliates, or any officer, director, stockholder, employee or any member of their families, or other investors may take with respect thereto.

The Advisor confirms that, except with the consent of the Company, it shall not, during the term of this Agreement or for a period of six months following any termination of this Agreement, directly or indirectly, act as an investment advisor or portfolio manager to any other retail mutual fund product of a similar nature to the Fund and which is marketed principally to residents of Canada, where the investment objective for any such product is substantially similar to that of the Fund.

17. Conflict of Interest. The Company agrees that the Advisor may refrain from rendering any advice or services concerning securities of companies of which any of the Advisor's or affiliates of the Advisor, officers, directors, or employees are directors or officers, or companies for which the Advisor or any of the Advisor's affiliates act as financial advisor or in any capacity that the Advisor deems confidential, unless the Advisor determines in its sole discretion that it may be appropriate do so. The Advisor represents that it has established certain procedures regarding the non-disclosure of information, a copy of which has been delivered to the Company, and the Advisor agrees to follow such procedures.

18. Amendment. This Agreement may be amended at any time by action of the Company and the Advisor in writing.

19. Applicable Law. To the extent not inconsistent with applicable federal law, this Agreement shall be construed pursuant to, and shall be governed by, the laws of the State of New York.

20. Investment Management Brochure. The Company hereby acknowledges that it has received from the Advisor a copy of the ADV Form, Part II, as currently filed, at least forty-eight hours prior to entering into this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly appointed officers on the day, month and year first above written.

BPI CAPITAL MANAGEMENT CORPORATION

By: Mark S. Bonham
Mark S. Bonham - President

LAZARD FRÈRES ASSET MANAGEMENT

By: [Signature]

Attest _____

EXHIBIT A

**Addendum to Investment Advisory Agreement
Currency Hedging Authorization**

Lazard Frères Asset Management
One Rockefeller Plaza
New York, New York 10020

Gentlemen:

BPI Capital Management Corporation, as trustee and manager of BPI Global Opportunities Fund (the "Fund") hereby authorizes Lazard Frères Asset Management ("Lazard"), to enter into spot and forward contracts and related transactions, including swaps, with respect to foreign currencies and options on foreign currencies (collectively, the "Transactions") in the name of and on behalf of the Fund and, in connection therewith, authorizes Lazard to: (i) exercise options purchased; (ii) make, direct or receive delivery of U.S. dollars and foreign currencies; (iii) make, direct or receive payments, transfers or delivery of property, including collateral or margin; and (iv) engaged in any other activity related to the Transactions, all in accordance with terms and conditions applicable to such Transactions, provided that, in all cases, all assets of the Fund are to be held by a duly authorized custodian or subcustodian of the Fund and as a result Lazard shall not receive physical possession of any assets of the Fund. The Fund understands, acknowledges and agrees that such Transactions shall be entered into in the name of the Fund and for its account and risk, to the same extent and with the same force and effect as if the Fund had entered into such Transactions directly.

The Fund hereby ratifies and confirms any and all Transactions heretofore or hereafter made by Lazard, and waives notification to itself of any of the Transactions and the delivery of any statements, notices or demands related thereto.

This authorization is continuing and shall remain in full force and effect until two business days following receipt from the Fund of written or facsimile notice of the Fund's revocation thereof, but shall not affect any Transactions entered into prior to the effective date of such revocation.

**BPI Capital Management Corporation,
as trustee and manager of
BPI Global Opportunities Fund**



Mark S. Bonham
President and Chief Executive Officer

May 12, 1995

Date

Lazard Frères Asset Management



Managing Director

Date