

This document contains key information you should know about Palos Equity Income Fund. You can find more detailed information in the fund's simplified prospectus. Ask your adviser for a copy, or contact Palos Management Inc. toll-free at (855) 725-6788 or info@palosmanagement.com or visit www.palosmanagement.com.

Quick Facts

Date Fund Created: February 18, 2011. Prior to this date and commencing on January 3, 2008, the Fund was a private mutual fund which distributed its securities on a private placement basis.

Total Value on February 21, 2012: \$15,235,224

Management Expense Ratio (MER): The MER is not available because the Fund is a new public mutual fund.

Portfolio Manager: Palos Management Inc.

Charles Marleau

Distributions: Quarterly, on last business day of the quarter. Automatically reinvested unless otherwise requested by the unitholder. Target distribution is \$0.20 per unit.

Minimum Investment: \$1,000 initial; \$500 additional.

What Does the Fund Invest In?

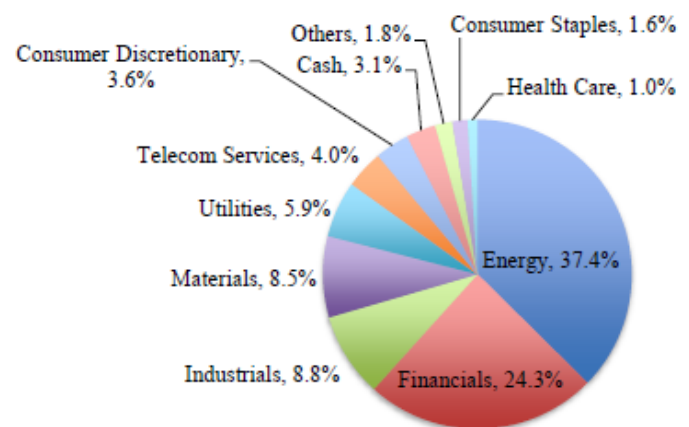
The Fund invests in a portfolio of primarily Canadian income-paying securities, such as equity securities of large-capitalization Canadian issuers that pay dividends or selected debt obligations that pay interest. The fund also employs short-term trading techniques with the aim of enhancing returns. The fund holds no more than 25% of non-Canadian securities.

The charts below give you a snapshot of the fund's investments on February 21, 2012. The fund's investments will change.

Top 10 Investments (February 21, 2012)

1	Toronto-Dominion Bank
2	Gibson Energy Inc
3	Suncor Energy Inc
4	SNC-Lavalin Group Inc
5	Bank of Nova Scotia
6	Keyera Corp
7	Bonavista Energy Corp
8	Progressive Waste Solutions Ltd
9	Baytex Energy Corp
10	TELUS

Investments Mix by Sector (February 21, 2012)



The Fund held a total of 74 investments, the top 10 of those investments made up 29.9% of the fund's net asset value.

How Has the Fund Performed?

This section tells you how the fund has performed over the past year. In this section returns are after expenses have been deducted. These expenses reduce the fund's returns. It's important to note that this doesn't tell you how the fund would perform in the future. Also, your actual after-tax return will depend on your personal tax situation.

Average return

A person who invested \$1,000 in the mutual fund since inception would have had \$953 on February 21, 2012. This works out to an annual compound return of negative 4.0% a year, after fees and expenses have been deducted.

Year-by-year returns

This information is not yet available because the fund has not been public for a full calendar year.

How Risky Is It?

When you invest in a fund, the value of your investment can go down as well as up. Palos Management Inc. rated the risk level for the fund as medium.

For a description of the specific risks of this fund, see the fund's simplified prospectus.

Low	Low to Medium	Medium	Medium to High	High
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Are There Any Guarantees?

Like most mutual funds, this fund doesn't have any guarantees. You may not get back the money you invest.

Who is This Fund For?

Investors who:

- Are seeking a medium to long-term investment
- Want to receive or reinvest quarterly income
- Are interested in the appreciation potential of securities
- Can accept a moderate degree of risk
- Want a fund that can be held within a registered account (Registered Retirement Savings Plan, Registered Education Savings Plan, Tax-Free Savings Plan)

Don't buy this fund if you do not wish to be exposed to any degree of market volatility, or need income on a more frequent basis than quarterly.

Before you invest in any fund, you should consider how it would work with your other investments and your tolerance for risk.

A Word About Tax

In general, you will have to pay tax on any money you make in a fund. How much you pay depends on the tax laws where you live and whether or not you hold the fund in a registered plan such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your fund in a non-registered account, fund distributions are included in your taxable income, whether you get them in cash or have them reinvested.

How Much Does it Cost?

The following tables show the fees and expenses you could pay to buy, own and sell Series A units of the fund.

1. Sales Charges

Neither the fund nor Palos Management Inc. charge you any sales charges. Your dealer may charge you an initial sales charge of up to 5% of the value of your investment. This is equivalent to up to \$50 per \$1,000 invested. The initial sales charge is deducted from the amount you buy. Palos Management Inc. does not receive any of these initial sales charges – they go directly to your dealer. Discuss any sales charges directly with your dealer.

Sales Charge Option	What You Pay		How it Works
	In Percent (%)	In Dollars (\$)	
Initial sales charge	5%	\$50	<ul style="list-style-type: none"> ▪ Your dealer may charge you an initial sales charge of up to 5% of the value of your investment ▪ The amount payable is negotiable ▪ The initial sales charge is deducted from the amount you buy ▪ Palos Management Inc. does not receive any of these initial sales charges – they go directly to your dealer.

2. Fund Expenses

You don't pay these expenses directly. They affect you because they reduce the fund's returns.

The fund's expenses are made up of the management fee, operating expenses and trading costs. The Series A units' annual management fee is 1.5% of the fund's value. Because this fund has recently become public, its operating expenses and trading expenses are not yet available.

Trailing Commission

Palos Management Inc. may pay your dealer a trailing commission for as long as you own the fund. It is for the services and advice your dealer provides to you. Dealers may pay a part of the trailing commission to their representatives. The trailing commission is paid out of the management fee. The current rate is 0.75% of the amount of your investment in the fund. This equals \$7.50 for each \$1,000 that you invest in the fund.

Performance Fee

The fund pays an incentive fee to Palos Management Inc. equal to 20% of the amount by which the fund outperforms its benchmark, the S&P/TSX Composite Index.

3. Other Fees

You may have to pay other fees when you sell units of the fund. The fund may charge a short-term trading fee of up to 2% of the value of the units you sell within 90 days of buying them. This fee goes to the fund. You may have to pay your Dealer a transfer fee

of up to 2.00% of the value of the units you are transferring to a different fund, if any. You can negotiate this fee with your Dealer. We do not charge you a transfer fee if you transfer your Series A Units to a different series of units of the Fund, or if you are transferring to a different fund, if any. You may have to pay other fees when you sell or switch units of the fund.

Fee	What you pay
Short-term trading fee	Up to 2%, payable on units you sell within 90 days of buying them
Transfer fee	Up to 2% of the value of the units you are transferring to a different fund

What if I Change My Mind?

Under securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual fund units within two business days after you receive the simplified prospectus, or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, annual information form or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

For More Information

Contact Palos Management Inc. or your adviser for a copy of the fund's simplified prospectus and other disclosure documents. These documents and the Fund Facts make up the fund's legal documents.

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Quick Facts

Date Fund Created: February 24, 2012.

Total Value on February 21, 2012: \$15,235,224

Management Expense Ratio (MER): The MER is not available because the Fund is a new public mutual fund.

Portfolio Manager: Palos Management Inc.
Charles Marleau

Distributions: Quarterly, on last business day of the quarter. Automatically reinvested unless otherwise requested by the unitholder. Target distribution is \$0.20 per unit.

Minimum Investment: \$1,000 initial; \$500 additional.*

*Series F units of the Fund are only available for investors that have entered into a fee-based program with their Dealer, and that Dealer has entered into a Series F Agreement with Palos.

What Does the Fund Invest In?

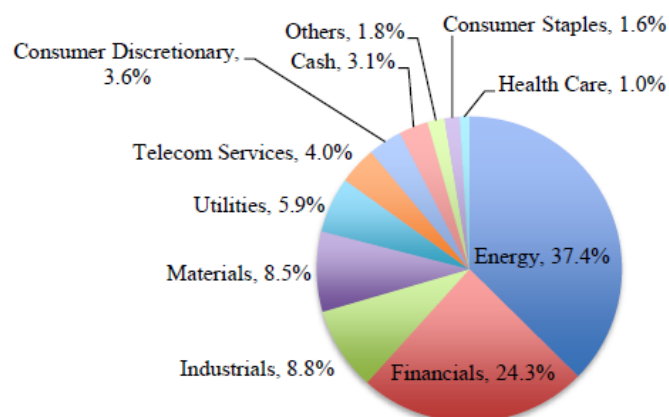
The Fund invests in a portfolio of primarily Canadian income-paying securities, such as equity securities of large-capitalization Canadian issuers that pay dividends or selected debt obligations that pay interest. The fund also employs short-term trading techniques with the aim of enhancing returns. The fund holds no more than 25% of non-Canadian securities.

The charts below give you a snapshot of the fund's investments on February 21, 2012. The fund's investments will change.

Top 10 Investments (February 21, 2012)

1	Toronto-Dominion Bank
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Investments Mix by Sector (February 21, 2012)



The Fund held a total of 74 investments, the top 10 of those investments made up 29.9% of the fund's net asset value.

How Has the Fund Performed?

In accordance with securities legislation, we are not permitted to report the Series F performance until the securities of this series have been distributed under a simplified prospectus for 12 consecutive months.

How Risky Is It?

When you invest in a fund, the value of your investment can go down as well as up. Palos Management Inc. rated the risk level for the fund as medium.

For a description of the specific risks of this fund, see the fund's simplified prospectus.

Low	Low to Medium	Medium	Medium to High	High
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Are There Any Guarantees?

Like most mutual funds, this fund doesn't have any guarantees. You may not get back the money you invest.

Who is This Fund For?

Investors who:

- Are seeking a medium to long-term investment
- Want to receive or reinvest quarterly income
- Are interested in the appreciation potential of securities
- Can accept a moderate degree of risk
- Want a fund that can be held within a registered account (Registered Retirement Savings Plan, Registered Education Savings Plan, Tax-Free Savings Plan)

Don't buy this fund if you do not wish to be exposed to any degree of market volatility, or need income on a more frequent basis than quarterly.

Before you invest in any fund, you should consider how it would work with your other investments and your tolerance for risk.

A Word About Tax

In general, you will have to pay tax on any money you make in a fund. How much you pay depends on the tax laws where you live and whether or not you hold the fund in a registered plan such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your fund in a non-registered account, fund distributions are included in your taxable income, whether you get them in cash or have them reinvested.

How Much Does it Cost?

The following tables show the fees and expenses you could pay to buy, own and sell Series F units of the fund.

1. Sales Charges

There are no sales charges for Series F units of the Fund.

2. Fund Expenses

You don't pay these expenses directly. They affect you because they reduce the fund's returns.

The fund's expenses are made up of the management fee, operating expenses and trading costs. The Series F Units' annual management fee is 0.75% of the fund's value relating to that series of units. Because this fund has recently become public, its operating expenses and trading expenses are not yet available.

Trailing Commission

Palos Management Inc. does not pay your dealer a trailing commission for Series F units.

Performance Fee

The fund pays an incentive fee to Palos Management Inc. equal to 20% of the amount by which the fund outperforms its benchmark, the S&P/TSX Composite Index.

3. Other Fees

You may have to pay other fees when you sell units of the fund. The fund may charge a short-term trading fee of up to 2% of the value of the units you sell within 90 days of buying them. This fee goes to the fund. You may have to pay your Dealer a transfer fee of up to 2.00% of the value of the units you are transferring to a different fund, if any. You can negotiate this fee with your Dealer. We do not charge you a transfer fee if you transfer your Series F Units to a different series of units of the Fund, or if you are transferring to a different fund, if any. You may have to pay other fees when you sell or switch units of the fund.

Fee	What you pay
Short-term trading fee	Up to 2%, payable on units you sell within 90 days of buying them
Transfer fee	Up to 2% of the value of the units you are transferring to a different fund
Investment Advisory Services	You may have to pay your dealer a fee for services provided to you by your dealer.

What if I Change My Mind?

Under securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual fund units within two business days after you receive the simplified prospectus, or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, annual information form or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

For More Information

Contact Palos Management Inc. or your adviser for a copy of the fund's simplified prospectus and other disclosure documents. These documents and the Fund Facts make up the fund's legal documents.

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