

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

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

Quick Facts

Fund code: PAL102

Date series F started: February 24, 2012

Total Value of the Fund on April 30, 2022: \$ 29,058,625

Management Expense Ratio (MER): 1.77%

Fund Manager: Palos Management Inc.

Portfolio Manager: Palos Management Inc., Charles Marleau

Distributions: Quarterly

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

What Does the Fund Invest In?

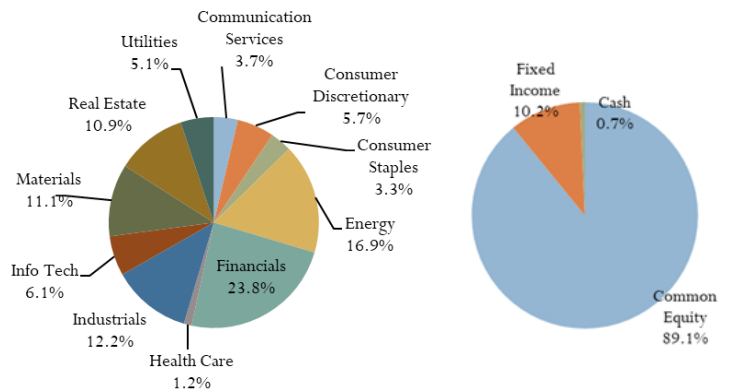
The Fund invests in a portfolio of primarily Canadian income-paying securities, such as equity securities of large-capitalization Canadian issuers that pay dividends or selected debt obligations that pay interest. The Fund also employs short-term trading techniques with the aim of enhancing returns.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

The charts below give you a snapshot of the Fund’s investments on April 30, 2022. The Fund’s investments will change.

Top 10 Investments (April 30, 2022)

| | | |
|--|---|--------|
| 1 | Bank of Montréal | 4.47% |
| 2 | Royal bank of Canada | 3.84% |
| 3 | Toronto-Dominion Bank | 3.76% |
| 4 | Bank of Nova Scotia | 3.67% |
| 5 | IShares 1–5 year Laddered government Bond ETF | 3.03% |
| 6 | IShares 1-5 year Laddered Corporate Bond ETF | 2.84% |
| 7 | National Bank of Canada | 1.98% |
| 8 | Tourmaline Oil Corp. | 1.92% |
| 9 | Quebecor Inc. – CL B | 1.64% |
| 10 | Canadian Natural Resources | 1.59% |
| Total percentage of top 10 investments | | 28.75% |
| Total number of investments | | 94 |

Investment mix (April 30, 2022)



How Risky Is It?

The value of the Fund can go down as well as up. You could lose money.

One way to gauge risk is to look at how much a fund’s returns change over time. This is called “volatility”.

In general, funds with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. Funds with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

Risk rating

Palos Management Inc. has rated the volatility of this Fund as **medium**.

This rating is based on how much the Fund’s returns have changed from year to year. It doesn’t tell you how volatile the Fund will be in the future. The rating can change over time. A fund with a low risk rating can still lose money.



For more information about the risk rating and specific risks that can affect the fund’s returns, see the “What is a mutual fund and what are the risks of investing in a mutual fund?” section of the fund’s simplified prospectus.

No guarantees

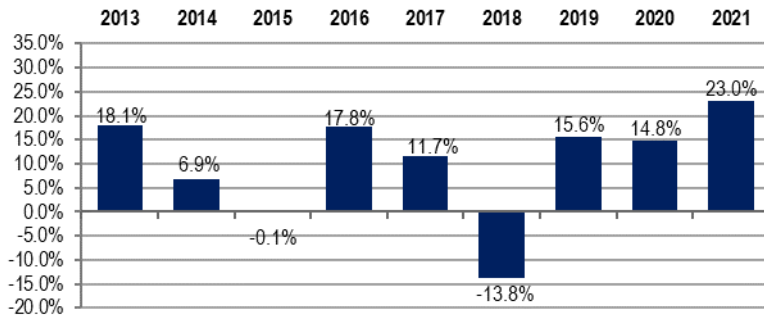
Like most mutual funds, this fund doesn’t have any guarantees. You may not get back the amount of money you invest.

How has the Fund Performed?

This section tells you how the Series F units of the Fund have performed over the past nine years. Returns are after expenses have been deducted. These expenses reduce the Fund's returns.

Year-by-year returns

The following chart shows how the Series F units of the Fund have performed in each of the past nine calendar years. The series dropped in value in two of the nine years. The range of returns and change from year to year can help you assess how risky the Fund has been in the past. It does not tell you how the Fund will perform in the future.



Best and worst 3-month returns

This table shows the best and worst returns for series F units of the Fund in a 3-month period since inception. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

| | Return | 3 months ending | If you invested \$1,000 at the beginning of the period |
|---------------------|----------|-----------------|--|
| Best Return | 19.53% | June 30, 2020 | Your investment would rise to \$1,195 |
| Worst return | (24.33%) | March 31, 2020 | Your investment would drop to \$757 |

Average return

The annual compounded return of Series F units of the Fund was 8.87% since inception. If you had invested \$1,000 in the fund at inception, your investment would now be worth \$ 2,339.

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 medium 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.

A Word About Tax

In general, you will have to pay tax on any money you make on 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. The fees and expenses – including any commission – can vary among series of a fund and among funds. Higher commissions can influence representatives to recommend one investment over another. Ask about other funds and investments that may be suitable for you at a lower cost.

1. Sales Charges

There are no sales charges to purchase Series F units.

2. Fund Expenses

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

As of December 31, 2021, the Series F units Fund expenses were 1.96% of its value. This equals \$19.60 for every \$1,000 invested.

| Annual rate (as a % of the fund's value) | |
|--|--------------|
| Management expense ratio (MER) December 31, 2021 This is the total of the fund's management fee and operating expenses. Palos Management Inc. waived some of the fund's expenses. If it had not done so, the MER would have been higher. | 1.77% |
| Trading Expense ratio (TER) These are the Series F trading costs. | 0.19% |
| Fund expenses | 1.96% |

More about the trailing commission

Palos Management Inc. does not pay your representative 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 over a calendar year. Such fee will not be payable if the cumulative total return of the fund is negative.

3. Other Fees

You may have to pay other fees when you buy, hold, sell or switch units of the fund.

| Fee | What you pay |
|-------------------------|--|
| Short-term trading fee | Up to 2% of the value of the units, payable on units you sell or switch within 90 days of buying them. This fee goes to the fund. |
| Transfer fee | You may have to pay your representative a fee of up to 2% of the value of the units you are transferring to a different Palos fund (in the event Palos offers other funds). The transfer fee is negotiable with your representative. |
| Investment Advisory Fee | You may be charged an investment advisory fee by your representative (which usually does not apply to Discount Brokers). The amount of the investment advisory fee is to be negotiated between you and your representative. |

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 Fund Facts document, 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, Fund Facts document 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 representative 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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To learn more about investing in mutual funds, see the brochure **Understanding mutual funds**, which is available on the website of the Canadian Securities Administrators at www.securities-administrator.ca.