

Term Sheet

PALOS

Palos Income Fund L.P.

This Term Sheet provides a summary of the key terms and conditions of the Palos-Mitchell Alpha Fund as of June 30, 2025. The trust agreement and other important information are available upon request.

Organization Overview

Palos Income Fund L.P. (the “Fund”) is a limited partnership formed in Canada on September 1st, 2001. Palos Wealth Management Inc. (“Palos”, or the “Firm”), a Canadian wealth and investment management company, acts as the investment fund manager and portfolio manager of the Fund.

Investment Objectives

The Fund's primary objectives are: 1) to provide an attractive and steady stream of income; and 2) to deliver trading-enhanced returns. The Fund seeks to outperform the S&P/TSX Composite Total Return Index (on a total return basis) with less risk.

Investment Strategy

The Fund is a Canadian focused, long-bias, actively managed fund that invests in a core portfolio of select high-grade and undervalued dividend-paying stocks, preferred stocks, bonds, and convertible bonds. The Fund seeks to enhance the returns of its core portfolio by opportunistically engaging in syndication trades, merger arbitrage, pair trades, statistical pair trades, and selling covered calls. In making investment decisions, management employs a fundamental approach, while sector exposure is broadly driven by industry themes and market exposure is affected by macro analysis.

Portfolio Characteristics	
Loan Facility	Not to exceed 25% on NAV
Strategy	Long Bias, multi-strategy
Region	Canadian focused
Valuation Currency	Canadian dollars
Currency Hedging	Strategic hedging
Market cap	No bias

Summary of Terms			
	Series A	Series F	Series X (Grandfathered)
Fundserv Code	PAL110: Front Load	PAL111: No Load	PAL100: No Load
Management fee	1.75% of NAV	0.75% of NAV	1% of Series X Book Value
Trailer fee	1%	n/a	0.25%
High water mark	Perpetual, no reset		Perpetual, no reset
Preferred return (Hurdle rate)	1.25% per quarter (5% annually)		2.5% per quarter (10% annually)
Performance fee	20% over preferred return and high water mark		20% over preferred return and high water mark
Redemption	Last business day of each week		Last business day of each quarter
Redemption notice period	7 days' notice		30 days' notice before quarter end
Early redemption fees	5% if units are held less than 120 days		1% fees for early redemption
Distribution	\$0.20 per unit targeted quarterly		\$0.20 per unit targeted quarterly
Minimum Investment	Initial \$5,000, subsequent \$1,000		Initial \$1,000, subsequent: \$500
NAV frequency	Daily		Daily
Eligibility	Accredited investor or \$150K minimum exemption, or BC, NL, NB, NS exemption Canadian residents only; Not eligible for registered (RRSP) accounts		

Note 1: Series X - new investors may be allowed in the series at the discretion of the manager

Note 2: Series I - for large investments by institutional investors

Note 3: Series O - for large investments by multiple individual investors (from 1 advisor)

Fund Information	
Prime Broker:	National Bank Independent Network
Legal Counsel:	Fasken Martineau DuMoulin LLP
Auditor:	PricewaterhouseCoopers LLP
Transfer Agent &	SGGG Fund Services Inc.
Record Keeper:	
Portfolio Manager:	Charles Marleau, CIM®

Firm Information	
Firm:	Palos Wealth Management Inc.
Role:	Investment Fund Manager & Portfolio Manager
Web Site:	www.palos.ca
Address:	1670-1 Place Ville-Marie, Montreal, QC H3B 2B6 Canada
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