

## INFORMATION STATEMENT DATED MAY 26, 2005

*This Information Statement has been prepared solely for assisting prospective purchasers in making an investment decision with respect to the Notes. This Information Statement is confidential and should not be reproduced or disseminated in whole or in part without the permission of BNP Paribas (Canada). This Information Statement constitutes a public offering of these Notes only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell the Notes. 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. The Notes offered under this Information Statement have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities law and may not be offered or sold in the United States or to U.S. persons.*



# A.G.A.I.N.<sup>TM</sup>

## ABRIA GUARANTEED ALTERNATIVE INCOME NOTES, SERIES 1

### GUARANTEED PRINCIPAL REPAYMENT

### Due May 31, 2015

### Principal Amount of \$100 per Note

A.G.A.I.N., the Abria Guaranteed Alternative Income Notes, Series 1 (the “Notes”) issued by BNP Paribas (Canada) (the “Bank” or “BNP”) will mature on May 31, 2015 (“Maturity” or “Maturity Date”). This offering consists of the Notes at a price of \$100 per Note (the “Principal Amount”).

**From the Closing Date to, and including, the Maturity Date, each holder of Notes (a “Holder”) will receive, in respect of each Note held by such Holder, a quarterly repayment of capital in an amount of \$1.75 on the last Business Day of each of February, May, August and November (the “Quarterly Capital Repayment”). The initial Quarterly Capital Repayment will be payable on August 31, 2005.**

The return on the Notes, if any, will be linked to the economic performance of a basket (the “Basket”) of leveraged notional investments in Class A shares (the “Shares”) of the Abria Alternative Strategies Fund Ltd. (the “Fund”) managed by Abria Capital Management Inc. (“Abria” or the “Investment Manager”) and will be equal to the Final Basket Value, being the Basket Value on the last Fund Dealing Day of March 2015 (the “Final Basket Valuation Day”). To create leverage, the Basket will (i) notionally borrow funds bearing interest at an annual rate equal to the One Month CAD-BA-CDOR plus 1.5% and (ii) use such borrowed funds to notionally purchase additional Shares. The Basket’s notional investment in the Shares will be based on the Leverage Factor, being the quotient of (i) the value of the Basket’s notional investments in the Shares, and (ii) the Basket Value. The Leverage Factor will initially be 4 (the “Target Leverage Factor”) and will thereafter be monitored on a monthly basis by the Calculation Agent during the term of the Notes. If on a Basket Valuation Day, the Leverage Factor differs from the Target Leverage Factor by 12% or more, the outstanding borrowings of the Basket will either be reduced (by the Basket notionally selling Shares and applying the proceeds to repay outstanding borrowings) or increased (in which case the Basket will notionally purchase additional Shares), in order that the Leverage Factor correspond as closely as possible to the Target Leverage Factor. Interest on notional borrowings will reduce the Final Basket Value and, therefore, the return on the Notes. See “Risk Factors”.

The Fund is a fund of hedge funds the objective of which is to deliver consistent capital appreciation with low volatility and low correlation to traditional markets by investing on a global basis in alternative strategy funds (often referred to as “hedge funds”) managed by managers utilizing specialized investment strategies (the “Managers”). Abria, as investment manager of the Fund, will utilize a multi-manager, multi-strategy, diversified approach on behalf of the Fund and will invest the assets of the Fund in accordance with the investment strategy of the Fund. See “The Fund”.

At Maturity, each Holder will receive in respect of each Note held by such Holder, in addition to the final Quarterly Capital Repayment, the Redemption Price, being the sum of (i) the portion of the Principal Amount then remaining unpaid, being \$30.00 (the “Final Capital Repayment”), and (ii) the Final Basket Value, being the Basket Value on the last Fund Dealing Day of March 2015 (the “Final Basket Valuation Day”). No interest or other return will be paid on the Notes, except at Maturity if and to the extent that the Final Basket Value is greater than \$0. The Initial Basket Value is \$12. If an Extraordinary Event occurs, a Holder will receive at Maturity an amount determined by the Calculation Agent as set forth below under “Description of the Notes – Extraordinary Event”.

**All payments due under the Notes will be guaranteed by BNP Paribas S.A.**

**Prospective purchasers should take into account various risk factors associated with this offering. See “Risk Factors”**

**In this Information Statement, “\$” refers to Canadian dollars, unless otherwise expressly specified.**

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**PRICE: \$100.00**

Minimum subscription: \$5,000 (50 Notes)

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**The Notes will be direct unconditional deposit obligations of BNP. The Notes will be evidences of deposit of BNP but will not constitute deposits that are insured under the Canada Deposit Insurance Corporation Act or under any other deposit insurance regime. See “Description of the Notes – Rank”. The Notes are not conventional notes or debt securities in that, except for the Quarterly Capital Repayment, they do not provide Holders with a return or income stream prior to Maturity, or a return at Maturity calculated by reference to a fixed or floating rate of interest that is determinable prior to Maturity.**

BNP and Abria Alternative Investments Inc. (“AAII” or the “Note Administrator”), an affiliate of Abria, will, on or before the closing of this offering, enter into an agreement (the “Marketing Services and Administration Agreement”) pursuant to which AAII will agree, *inter alia*, to assist in the marketing of the Notes and the identification of sales channels for the Notes through registered dealers either directly or electronically through the mutual fund order system FundSERV.

The closing of this offering is scheduled to occur on or about May 26, 2005 (the “Closing Date”), provided that the Bank may at any time prior to the Closing Date, in its entire discretion, elect not to proceed, in whole or in part, with the issue of the Notes. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Subscriptions for Notes will be accepted until the Closing Date and may be made through registered dealers either directly or electronically through the mutual fund order system

FundSERV under either of the following mutual fund order codes, depending on the dealer through which the Notes are purchased: (i) “ABR451” for purchases with a deferred sales charge, investors purchasing under this code not having to pay a charge when they purchase the Notes but having to pay an early sales charge to the Note Administrator upon selling the Notes on or before May 31, 2010, and (ii) “ABR450” for purchases with a sales charge, investors purchasing under this code having to pay a charge to the dealer when they purchase the Notes but not having to pay an early sales charge upon selling the Notes after November 30, 2005. See “Description of the Notes – Secondary Market” and “FundSERV”. Funds in respect of all subscriptions shall be paid by an investor within one Business Day of the investor having placed a subscription order. See “Plan of Distribution”. Subscription amounts received on or before the Closing Date, less amounts due by the Bank to AAI on the Closing Date as compensation for selling commissions, servicing fees, start-up costs and administration expenses incurred by AAI in connection with the Notes, will be deposited in an account with Concentra Trust and held for the benefit of subscribers.

The Notes will be evidenced by a single nominative global note held by The Canadian Depository for Securities Limited or its nominee (“CDS”), or on its behalf, as registered holder of the Notes. Subject to certain exceptions, no Holder will be entitled to any certificate or other instrument from the Bank or CDS evidencing ownership thereof and no Holder will be shown on the records maintained by CDS, except through an agent who is a CDS Participant. See “Description of the Notes – Book-Entry Only System”.

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This Information Statement has been prepared for the sole purpose of assisting prospective investors in making an investment decision with respect to the Notes. BNP has taken reasonable care to ensure that the facts stated in this Information Statement with respect to the description of the Notes are true and accurate in all material aspects. BNP makes no assurances, representations or warranties with respect to the accuracy, reliability or completeness of information obtained from AAIL regarding AAIL, Abria , the Fund and Alternative Strategy Funds (Hedge Funds) or regarding FundSERV.

No person has been authorized to give any information or to make any representations other than those that may be contained in this Information Statement or any amendment made from time to time to this Information Statement, in connection with the offering or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorized. Neither the delivery of this Information Statement nor the issue of the Notes nor any sale thereof shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Bank since the date hereof.

### ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Bank, the Notes offered hereby will be, at the date of issue, eligible investments, without resort to the so-called “basket provisions”, or their purchase will not be prohibited, in each case subject to general investment provisions, and in certain cases subject to prudent investment requirements and to additional requirements relating to investment or lending policies or goals, under or by the following statutes:

- (i) *Insurance Companies Act* (Canada);
- (ii) *Trust and Loan Companies Act* (Canada);
- (iii) *Pension Benefits Standards Act, 1985* (Canada);
- (iv) *An Act respecting insurance* (Québec) (in respect of insurers, as defined therein, other than guarantee funds);
- (v) *An Act respecting trust companies and savings companies* (Québec) (in respect of trust companies, as defined therein, investing their own funds and funds received as deposits, and in respect of savings companies, as defined therein, investing their funds);  
and
- (vi) *Supplemental Pension Plans Act* (Québec).

In the opinion of such counsel, the Notes offered hereby will, at the date of issue, also be qualified investments under the *Income Tax Act* (the “ITA”) for trusts governed by Registered Plans (as defined below) and may be held in such plans subject to the terms of the plans.

Furthermore, in the opinion of such counsel based on the provisions of the ITA, the Notes will not constitute foreign property under the ITA for trusts governed by Registered Plans or for certain other persons to whom Part XI of the ITA is applicable. In addition, the February 23, 2005 federal budget proposes that the foreign property rules be repealed effective for months ending in 2005 and subsequent calendar years. This proposal is reflected in a Notice of Ways and Means Motion dated March 21, 2005.

## SUMMARY OF THE OFFERING

*The following is a summary of more detailed information appearing elsewhere in this Information Statement. Capitalized terms not defined in this summary are defined elsewhere in this Information Statement. See "Definitions". In this Information Statement, "\$" refers to Canadian dollars, unless otherwise specified.*

<b>Issue:</b>	Abria Guaranteed Alternative Income Notes, Series 1, due May 31, 2015 (the "Notes")
<b>Issuer:</b>	BNP Paribas (Canada) ("BNP" or "Bank")
<b>Principal Amount:</b>	\$100 per Note
<b>Minimum Subscription:</b>	\$5,000 (50 Notes) per Holder
<b>Currency:</b>	Canadian dollars
<b>Issue Size:</b>	Up to \$100,000,000 (1,000,000 Notes).
<b>Closing Date:</b>	On or about May 26, 2005, subject to the Bank's right to elect at any time prior to the Closing Date, in its entire discretion, not to proceed, in whole or in part, with the issue of the Notes.
<b>Maturity Date:</b>	May 31, 2015
<b>Quarterly Capital Repayment:</b>	From the Closing Date to, and including, the Maturity Date, each Holder will receive, in respect of each Note held by such Holder, a quarterly repayment of capital in an amount of \$1.75 on the last Business Day of each of February, May, August and November (the "Quarterly Capital Repayment"). The initial Quarterly Capital Repayment will be payable on August 31, 2005.
<b>Payment at Maturity:</b>	<p>At Maturity, each Holder will receive in respect of each Note held by such Holder, in addition to the final Quarterly Capital Repayment, the Redemption Price, being the sum of:</p> <ul style="list-style-type: none"><li>i) the portion of the Principal Amount then remaining unpaid, being \$30.00 (the "Final Capital Repayment"); and</li><li>ii) the Final Basket Value.</li></ul> <p>If an Extraordinary Event occurs, a Holder will receive at Maturity, in addition to the Final Capital Repayment, an amount determined by the Calculation Agent as set forth below under "Description of the Notes – Extraordinary Event".</p>
<b>The Basket:</b>	<p>The return on the Notes, if any, will be linked to the economic performance of a basket (the "Basket") of leveraged notional investments in Class A shares (the "Shares") of the Abria Alternative Strategies Fund Ltd. (the "Fund") managed by Abria Capital Management Inc. ("Abria" or the "Investment Manager") and will be equal to the Final Basket Value, being the Basket Value on the last Fund Dealing Day of March 2015 (the "Final Basket Valuation Day"). To create leverage, the Basket will (i) notionally borrow funds (bearing interest at an annual rate equal to the One Month CAD-BA-CDOR plus 1.5%) and (ii) use such borrowed funds to notionally purchase additional Shares. The Basket's notional investment in the Shares will be based on the Leverage Factor, being the quotient of (i) the value of the Basket's notional investments in the Shares, and (ii) the Basket Value. The Leverage Factor will initially be 4 (the "Target Leverage Factor") and will thereafter be monitored on a monthly basis by the Calculation Agent during the term of the Notes. If on a Basket Valuation Day, the Leverage Factor differs from the Target Leverage Factor by 12% or more, the outstanding borrowings of the Basket will either be reduced (by the Basket notionally selling Shares and applying the proceeds to repay outstanding borrowings) or increased (in which case the Basket will notionally purchase additional Shares), in order that the Leverage Factor correspond as closely as possible to the Target Leverage Factor. Interest on notional borrowings will reduce the Final Basket Value and, therefore, the return on the Notes. See "Risk Factors".</p>
<b>Basket Value:</b>	<p>The Basket Value will be determined by the Calculation Agent as at the last Fund Dealing Day of each month (a "Basket Valuation Day") during the term of the Notes (for purposes of monitoring the Leverage Factor) as well as at the Final Basket Valuation Day (for purposes of determining the Redemption Price).</p> <p>The Basket Value as at a Basket Valuation Day (as well as at the Final Basket Valuation Day) will be equal to (i) the NAV as at such date multiplied by the number of Shares in which the Basket is notionally invested on such date, less (ii) the outstanding amount, in principal and interest accrued</p>

to such date, of funds notionally borrowed by the Basket to create leverage and purchase additional Shares.

The Calculation Agent will calculate the Basket Value as at each Basket Valuation Day as soon as practicable after the NAV becomes available, which generally will not occur until 30 days after such Basket Valuation Day.

The Initial Basket Value is \$12. See “Risk Factors”.

**The Fund:**

Abria Alternative Strategies Fund Ltd.

**Investment Manager:**

Abria Capital Management Inc.

**Investment Objective of the Fund:**

The Fund is a fund of hedge funds the objective of which is to deliver consistent capital appreciation with low volatility and low correlation to traditional markets by investing on a global basis in alternative strategy funds (the “Underlying Funds”) managed by managers utilizing specialized investment strategies (the “Managers”).

**Investment Strategy of the Fund:**

To achieve the Fund’s objective, Abria, as investment manager of the Fund, will utilize a multi-manager, multi-strategy, diversified approach on behalf of the Fund and will invest the assets of the Fund in accordance with the investment strategy of the Fund. See “The Fund – Investment Strategies”.

**Rank:**

The Notes will be direct unconditional deposit obligations of BNP. The Notes will be issued on an unsubordinated basis and will rank *pari passu* as among themselves and with all other outstanding direct, unsecured and unsubordinated, present and future obligations (except as otherwise prescribed by law) of BNP, and will be payable rateably without any preference or priority. **The Notes will be evidences of deposit of BNP but will not constitute deposits that are insured under the Canada Deposit Insurance Corporation Act or under any other deposit insurance regime.**

**Credit Rating:**

As of the date hereof, the long-term debt obligations of BNP are rated AA (low) by Dominion Bond Rating Service Limited (“DBRS”). There can be no assurances that, if the Notes were specifically rated by DBRS, they would have the same rating as long-term debt obligations of BNP. **A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.**

**Guarantee:**

All payments due under the Notes will be guaranteed by BNP Paribas S.A. BNP Paribas S.A. currently has long term senior debt ratings of “Aa2” with stable outlook from Moody’s Investors Services, “AA” with stable outlook from Standard & Poor’s Rating Services and “AA” with stable outlook from Fitch Ratings. **A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.**

**Subscriptions through Registered Dealers or FundSERV:**

The closing of this offering is scheduled to occur on or about May 26, 2005 (the “Closing Date”), provided that the Bank may at any time prior to the Closing Date, in its entire discretion, elect not to proceed, in whole or in part, with the issue of the Notes. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Subscriptions for Notes will be accepted until the Closing Date and may be made through registered dealers either directly or electronically through the mutual fund order system FundSERV under either of the following mutual fund order codes, depending on the dealer through which the Notes are purchased: (i) “ABR451” for purchases with a deferred sales charge, investors purchasing under this code not having to pay a charge when they purchase the Notes but having to pay an early sales charge to the Note Administrator upon selling the Notes on or before May 31, 2010, and (ii) “ABR450” for purchases with a sales charge, investors purchasing under this code having to pay a charge to the dealer when they purchase the Notes but not having to pay an early sales charge upon selling the Notes after November 30, 2005. See “Description of the Notes – Secondary Market”. Funds in respect of all subscriptions shall be paid by an investor within one Business Day of the investor having placed a subscription order. See “Plan of Distribution”. Subscription amounts received on or before the Closing Date, less amounts due by the Bank to AAI on the Closing Date as compensation for selling commissions, servicing fees, start-up costs and administration expenses incurred by AAI in connection with the Notes, will be deposited in an account with Concentra Trust and held for the benefit of subscribers.

For a description of fees payable to registered dealers by AAI in connection with the sale of the

Notes under the FundSERV codes “ABR450” and “ABR451”, see “Plan of Distribution”.

**Book-Entry Only System:**

The Notes will be evidenced by a single nominative global note held by CDS, or on its behalf, as registered holder of the Notes. Subject to certain exceptions, no Holder will be entitled to any certificate or other instrument from the Bank or CDS evidencing the ownership thereof and no Holder will be shown on the records maintained by CDS except through an agent who is a CDS Participant. See “Description of the Notes – Book-Entry Only System”.

**Roles of BNP:**

BNP is the issuer of the Notes and BNP Paribas S.A. guarantees all payments due under the Notes. BNP Affiliates act as Fund Administrator and Custodian to the Fund, for which they receive a fee, as well as Calculation Agent. See “BNP Paribas (Canada) and BNP Paribas Group”, “Description of the Notes – Calculation Agent” and “The Fund”. See also “Risk Factors – General Risk Factors – Conflict of Interest” and “Plan of Distribution”.

BNP (directly or through an affiliate) intends to hedge its exposure to the Notes by subscribing for Shares. See “Risk Factors – General Risk Factors – Hedging by the Bank”.

**Roles of Abria Financial Group:**

Abria is the Investment Manager of the Fund, for which it receives a fee. Pursuant to the Marketing Services and Administration Agreement, AAIL, an affiliate of Abria, will assist in the marketing of the Notes and act as Note Administrator, for which it will receive compensation. AAIL will also receive an early sales charge from investors who sell Notes in the secondary market in certain circumstances. See “Abria Financial Group”, “Description of the Notes – The Note Administrator”, “The Fund – Fees and Expenses of the Fund” and “Investment Strategies” and “Plan of Distribution”.

**Eligibility:**

The Notes will be qualified investments under the ITA for trusts governed by Registered Plans and may be held in such plans subject to the terms of the plans. The Notes will not constitute “foreign property” for purposes of the ITA. In addition, the February 23, 2005 federal budget proposes that the foreign property rules be repealed effective for months ending in 2005 and subsequent calendar years. This proposal is reflected in a Notice of Ways and Means Motion dated March 21, 2005. See “Eligibility for Investment”.

**Income Tax Considerations:**

The excess, if any, of the Redemption Price which is payable to a Holder at the Maturity Date over the Final Capital Repayment, will ordinarily be included in the Holder's income as interest in the taxation year in which the Maturity Date occurs.

Generally, an amount received by a Holder on a disposition of a Note, other than a disposition resulting from a repayment by the Bank, should give rise to a capital gain (or a capital loss) to the extent such amount exceeds (or is less than) such Holder's adjusted cost base.  **Holders who dispose of a Note within a short period of time prior to the Maturity Date should consult their tax advisors with respect to their particular circumstances.**

In the case of Notes held by trusts governed by Registered Plans, such trusts are generally exempt from tax such that the tax consequences described above will not apply to such trusts.

See “Income Tax Considerations”.

**Risk Factors:**

Prospective purchasers should take into account various risk factors associated with the ownership of the Notes offered hereunder, including: (I) the following general risk factors: (i) this type of investment is not suitable for all investors; (ii) the Notes are generally more suitable for purchasing and holding up to the Maturity Date; (iii) although the return on the Notes is linked to the economic performance of the Fund, which is a hedge fund, an investment in the Notes is not a direct investment in a hedge fund. Unlike a direct investment in a hedge fund, principal repayment of this Notes is guaranteed. Consequently, the fees related to an investment in the Notes differ from, and are generally higher than, a comparable direct investment in a hedge fund; (iv) to the extent that interest rates rise during the term of the Notes, the price at which the Notes may be sold on the secondary market will likely be negatively impacted, all other factors being equal; (v) except for the Quarterly Capital Repayment, no return, income stream or distribution is provided to Holders prior to Maturity and there is no assurance that the investment strategies and restrictions of the Fund and the investment decisions made by the Investment Manager will generate a return on the Notes or that an investor will receive at Maturity any payment beyond repayment of the Principal Amount; (vi) the Notes will be new securities for which there is currently no trading market; despite the fact that AAIL and BNP (through an affiliate company in the BNP Paribas Group) intend to facilitate from June 30, 2005, under normal market conditions, a monthly

secondary market for the sale of Notes, neither AAIL nor BNP is under any obligation to facilitate such a secondary market for the sale of the Notes and such a secondary market, once commenced, may be suspended or discontinued at any time without notice; should there be such a secondary market, it is not possible to predict, due to several factors, at what price the Notes will be sold or whether such market will be liquid or illiquid; (vii) the notional borrowing by the Basket based on the Target Leverage Factor of 4 will increase the overall expected volatility of the Basket in comparison to the volatility of the Fund and such leverage will magnify any gain or losses that the Fund may have; (viii) the Bank (directly or indirectly through an affiliate) expects to hedge some or all of its anticipated exposure in connection with the Notes by, among other things, direct investment in the Shares, which may have a material impact on the overall performance of the Fund; (ix) if an Extraordinary Event occurs, a Holder will receive at Maturity, in addition to the final Quarterly Capital Repayment and Final Capital Repayment, an amount determined by the Calculation Agent, which may be \$0. See “Description of the Notes – Extraordinary Event”; (x) a potential conflict of interest may exist between the Calculation Agent and the Holders, as well as between the Fund Administrator and the Holders, since the Calculation Agent and the Fund Administrator are both affiliates of the Bank; and (xi) the Notes are not qualified by prospectus or registered under any securities laws; and (II) the following risk factors related to the Fund: (i) an investment in the Fund involves a high degree of risk and there is no guarantee that the Fund will achieve its investment objective; (ii) the success of the Fund’s investment activities and the success of the Underlying Funds are affected by general economic conditions; (iii) the value of the Fund’s assets may be affected by political uncertainties and developments in the laws and regulations of the countries in which the Fund’s assets are invested; (iv) the hedging techniques employed by the Underlying Funds may not always be effective; (v) exchange rate fluctuations may lead to a depreciation of the value of the assets attributable to the Shares; (vi) the prices of securities tend to be sensitive to interest rate fluctuations; (vii) the securities in which the Underlying Funds invest may be illiquid; (viii) some Underlying Funds will acquire leveraged trading positions; (ix) the markets in which the Underlying Funds invest may be highly volatile; (x) the Fund’s multi-manager approach exposes holders of Shares to several layers of fees and expenses; (xi) the success of the Fund depends on the Investment Manager’s ability to select and allocate between individual investment strategies and Underlying Funds; (xii) the Fund and the Underlying Funds may invest in derivatives which are subject to risks such as interest rate risk, market risk and credit risk; (xiii) certain Underlying Funds may invest in futures contracts under which gains and losses are marked-to-market daily; (xiv) the Underlying Funds may purchase or sell options which expose them to risks related to the price of the underlying instrument; (xv) certain Underlying Funds may invest in derivative instruments that are not traded on organized exchanges; (xvi) the securities purchased by the Underlying Funds may be suspended from trading; (xvii) the Fund has a short operating history, having begun its operations in February 2004; (xviii) the cash required in order for the Fund to meet operating expenses may exceed the income on the assets; (xix) the Investment Manager is not in a position to confirm the completeness or accuracy of the public information filed by Underlying Funds with governmental or regulatory agencies; (xx) the calculation of the NAV is based on the most recent available values of the units or shares of the Underlying Funds; (xxi) no assurance can be given that the Fund’s investment portfolio will generate any income or appreciate in value; (xxii) the Investment Manager does not guarantee that the implementation of its strategy will not result in losses to holders of Shares; (xxiii) the Fund and many of the Underlying Funds are not and will not be regulated by any securities or governmental authority; (xxiv) the fact that any trading advisor or investment manager was successful in the past may largely be irrelevant to its prospects for future profitability; and (xxv) all assets of the Fund are available to its creditors and not only the assets attributable to the Shares. **See “Risk Factors” for a more complete description of the risk factors associated with an investment in the Notes.**

**Fees and Expenses Affecting  
the NAV of the Fund:**

For providing its investment management services to the Fund, the Investment Manager will be paid by the Fund a monthly fee of one-twelfth of 1.0% of the gross asset value of the Fund attributable to the Shares. The Investment Manager is also entitled to receive from the Fund a monthly performance fee equal to 10% of the increase during the month in the gross asset value of the Fund attributable to the Shares, subject to a “perpetual high water mark”. See “The Fund – Fees and Expenses of the Fund”.

The Fund is responsible for the payment of all fees and expenses relating to its on-going operation, including registrar and transfer agent fees and expenses, audit, accounting, administration, record keeping and legal fees and expenses, custody and safekeeping charges, all costs and expenses associated with the qualification and offering for sale of shares of the Fund, providing financial

reports and other communications reports to shareholders, and convening and conducting meetings of shareholders, all taxes, interest and all brokerage and other fees relating to the purchase and sale of the assets of the Fund.

**All such management and performance fees and all such operating expenses will affect the Redemption Price of the Notes by reducing the Final Basket Value.**

**Secondary Market:**

Beginning June 30, 2005 and under normal market conditions, AAI and BNP (through an affiliate company in the BNP Paribas Group) intend to facilitate a monthly secondary market for the Notes through FundSERV on the last trading day of each month on which both the Toronto Stock Exchange and New York Stock Exchange are open for business (a “Secondary Market Trading Day”) based, *inter alia*, on the latest available Basket Value. In order to sell a Note, a Holder must arrange through his or her registered dealer to give notice to AAI by either a written request or an electronic order made through the FundSERV system at least 35 days prior to the relevant Secondary Market Trading Day. **Requests to sell a Note will not be processed until the last Business Day one month after the relevant Secondary Market Trading Day.** Should there be a secondary market for the sale of the Notes, BNP generally intends to limit its purchases of Notes to the amount it receives from unwinding its hedging position. In such case, sales requested in excess of such amount may be processed on a pro rata basis, and a Holder may have to submit another sales request for the remaining portion in a subsequent month. **However, neither AAI nor BNP are under any obligation to facilitate such a secondary market for the Notes, and such a secondary market, once commenced, may be suspended or discontinued at any time without notice.**

The Notes are intended to be instruments held to Maturity. Sale of the Notes prior to the Maturity Date may result in a market price that is less than the initial purchase price of the Note and which does not necessarily reflect the increase in the Basket Value up to the date of such sale.

For Notes purchased under the mutual fund code “ABR451”, an early sales charge equal to the following percentages of the Principal Amount will be charged by AAI to the seller of a Note on the secondary market as follows: 5% until May 31, 2006, falling to 4% until May 31, 2007, falling to 3% until May 31, 2008, falling to 2% until May 31, 2009, falling to 1% until May 31, 2010 and thereafter nil. See “Description of the Notes – Secondary Market – Early Sales Charge”

For Notes purchased under the mutual fund code “ABR450”, an early sales charge of 5% of the Principal Amount will be charged by AAI to the seller of a Note on the secondary market until November 30, 2005. See “Description of the Notes – Secondary Market – Early Sales Charge”.

## DEFINITIONS

In this Information Statement, unless the context otherwise requires:

“**Abria**” means Abria Capital Management Inc.;

“**AII**” means Abria Alternative Investments Inc.;

“**Bank**” or “**BNP**” means BNP Paribas (Canada);

“**Basket**” has the meaning set forth on the front page;

“**Basket Reallocation Date**” means the first Fund Dealing Day following the calculation of the Leverage Factor in respect of a Basket Valuation Day;

“**Basket Valuation Day**” means the last Fund Dealing Day of each month;

“**Basket Value**” has the meaning set forth under “Description of the Notes – The Basket Value”;

“**Book-Entry Only System**” means the record entry securities transfer and pledge system established and governed by one or more agreements between CDS and CDS Participants pursuant to which the operating rules and procedures for such system are established and administered by CDS;

“**Business Day**” means any day, other than a Saturday or a Sunday or a day on which commercial banks in Toronto or Montreal are required or authorized by law to remain closed;

“**Calculation Agency Agreement**” means the agreement between the Calculation Agent and the Bank to be executed on or prior to the Closing Date;

“**Calculation Agent**” means BNP Paribas Arbitrage SNC or any of its affiliates or successors;

“**CDS**” means The Canadian Depository for Securities Limited;

“**CDS Participant**” means a broker, dealer, bank or other financial institution or other person for whom CDS effects book-entry transfers and pledges of Notes under the book-entry only system;

“**Closing Date**” means on or about May 26, 2005, or such later date as may be agreed by the Bank and AII;

“**Extraordinary Event**” means, as determined by the Calculation Agent, (i) the winding-up, dissolution, liquidation or cessation of trading of the Fund (ii) the material breach by the Investment Manager of the investment strategies and restrictions as set forth in the Offering Memorandum, (iii) the impossibility, for a reasonable period of time, of calculating the NAV (iv) a material change to the Fund as described in the Offering Memorandum or the Memorandum and Articles of Association establishing the Fund (including in particular a modification to the investment objectives, the investment strategies or the investment restrictions of the Fund or to the frequency and method of calculating the NAV, or the replacement of any of the Fund’s service providers, including the auditor, unless such service provider is replaced by a reputable firm acceptable to BNP) (v) the Fund is no longer qualified to do business in a relevant jurisdiction through the cancellation of any necessary registration, license, permit or otherwise, or (vi) a material change is made to any of the material contracts referred to in the Offering Memorandum;

“**Final Basket Valuation Day**” means the last Fund Dealing Day of March 2015;

“**Final Basket Value**” means the Basket Value as of the Final Basket Valuation Day;

“**Final Capital Repayment**” means \$30.00, being the portion of the Principal Amount remaining unpaid at Maturity that each Holder will receive on the Maturity Date;

“**Fund**” means Abria Alternative Strategies Fund Ltd.;

“**FundSERV**” means the facility maintained and operated by FundSERV Inc. for electronic communication with participating companies, including the receiving of orders, order matching, contracting, registrations, settlement of orders, transmission of confirmation of purchases, and the redemption of investments or instruments;

“**Fund Administrator**” means BNP Paribas Fund Services;

“**Fund Dealing Day**” means a day on which Shares of the Fund may be redeemed or subscribed for, as set forth in the Offering Memorandum;

“**Global NAV**” means the net asset value of the Fund attributable to the Shares in CAD dollars, being the value of the assets attributable to the Shares less the related liabilities;

“**Guarantor**” means BNP Paribas S.A.

“**Holder**” means a beneficial owner of a Note;

“**IAS**” means The Investment Administration Solution Inc.;

“**Initial Basket Value**” means the Basket Value as at the Closing Date, being \$12;

“**Investment Advisor**” means AAI;

“**Investment Manager**” means Abria Capital Management Inc.;

“**ITA**” means the *Income Tax Act* (Canada);

“**Leverage Factor**” means the quotient of (i) the value of the notional investment in the Shares and (ii) the Basket Value;

“**Managers**” means the investment managers or portfolio advisors of the Underlying Funds;

“**Marketing Services and Administration Agreement**” means the agreement between BNP and AAI relating to, *inter alia*, the administration of the Notes;

“**Maturity**” or “**Maturity Date**” means May 31, 2015;

“**NAV**” means the Global NAV divided by the number of Shares outstanding, as calculated from time to time by BNP Paribas Fund Services;

“**Notes**” means the Abria Guaranteed Alternative Income Notes, Series 1 and individually, each is a “**Note**”;

“**Offering Memorandum**” means the offering memorandum of the Fund with respect to the Shares dated February 16, 2004;

“**One Month CAD-BA-CDOR**” means the average rate for Canadian dollar bankers’ acceptances for one month periods which appears on the Reuters Screen CDOR Page as of 10:00 AM, Toronto time, two Business Days prior to a Fund Dealing Day;

“**Principal Amount**” means the principal amount of a Note, being \$100;

“**Quarterly Capital Repayment**” means the quarterly repayment of capital in an amount of \$1.75 per Note on the last Business Day of each of February, May, August and November from the Closing Date to, and including, the Maturity Date. The initial Quarterly Capital Repayment will be payable on August 31, 2005;

“**Quarterly Capital Repayment Day**” means a day on which a Quarterly Capital Repayment is payable;

“**Redemption Price**” means the payment to be made at Maturity by the Bank to redeem a Note and equal to the sum of (i) the Final Capital Repayment; and (ii) the Final Basket Value;

“**Registered Plans**” means registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit-sharing plans (other than deferred profit-sharing plans under which the Bank or a person with which the Bank does not deal at arm’s length within the meaning of the ITA, is an employer);

“**Secondary Market Trading Day**” has the meaning set forth under “Description of the Notes – Secondary Market”;

“**Share**” means a Class A share in the Fund denominated in Canadian dollars;

“**Target Leverage Factor**” means the number 4;

“**Underlying Funds**” means the alternative strategy funds in which the Fund invests from time to time;

“**US\$**” means U.S. dollar; and

“**\$**” means Canadian dollar, unless otherwise specified.

## **BNP PARIBAS (CANADA) AND BNP PARIBAS GROUP**

### **BNP Paribas (Canada)**

BNP Paribas (Canada) is a Schedule II bank under the *Bank Act* (Canada) with its head office located at 1981, McGill College Avenue, Montreal, Quebec, H3A 2W8. BNP Paribas (Canada) is licensed to operate as a bank in Canada with full banking powers and is incorporated as a foreign bank subsidiary. BNP Paribas (Canada) is a wholly-owned subsidiary of BNP Paribas S.A., the parent company of the BNP Paribas group of companies (the “BNP Paribas Group”). As at December 31, 2003, BNP Paribas (Canada) had total consolidated assets of \$3,457,540,000 and shareholder’s equity of \$278,802,000.

### **BNP Paribas Group**

As of December 2004, the BNP Paribas Group is the Euro zone's largest banking group in terms of market capitalization. The BNP Paribas Group is one of the top global players in financial services, conducting retail, corporate and investment banking, private banking, asset management, insurance and specialized and other financial activities throughout the world. According to rankings published in July 2004 by *The Banker* (based on 2003 figures):

- based on total assets, the BNP Paribas Group was the second largest banking group in France, the fifth largest in Europe, and the seventh largest in the world; and
- based on Tier 1 capital, the BNP Paribas Group was the second, fourth and tenth largest banking group in France, Europe and the world, respectively.

The BNP Paribas Group is a leading European provider of corporate and investment banking and asset management products and services and a leading provider of private banking and asset management products and services throughout the world. In the French retail banking segment, the BNP Paribas Group has significant market shares in consumer lending and in corporate lending and savings management. It is a leading provider of retail banking and financial services in Europe, with over 20 million individual customers in Europe.

The BNP Paribas Group has offices in more than 85 countries. At December 31, 2004, the BNP Paribas Group had consolidated assets of Euro 905.9 billion, consolidated gross total customer items of Euro 266.8 billion, consolidated customer deposits (including retail and negotiable certificates of deposit) of Euro 328.3 billion and stockholders’ equity (BNP Paribas Group share including income for the 2004 fiscal year) of Euro 30.2 billion. Net income, before taxes, non-recurring items and amortization of goodwill, for the year ended December 31, 2004 was Euro 6.9 billion. Net income, BNP Paribas Group share, for the year ended December 31, 2004 was Euro 4.7 billion.

BNP Paribas S.A. currently has long-term senior debt ratings of “Aa2” with a stable outlook from Moody’s Investors Services, “AA” with a stable outlook from Standard & Poor’s Rating Services and “AA” with a stable outlook from Fitch Ratings.

## **ABRIA FINANCIAL GROUP**

The Abria Financial Group (“AFG”), which includes Abria Capital Management Inc. (the Investment Manager) and AAIL, is a group of companies which specializes in financial products, with expertise in alternative investments, arbitrage trading, derivative securities, traditional investing, operational due diligence and domestic and international tax structuring. AFG offers investment funds and structured products that aim to provide stable, incremental and tax efficient returns. AFG was founded in July 1999 by Henry Kneis, a former senior partner in First Marathon Financial Products, a proprietary arbitrage trading group which, while Mr. Kneis was a partner, grew to 200 employees in four different countries and managed balance sheet assets of over \$15 billion.

AAIL is the Canadian investment management firm in the group that specializes in providing access to high quality multi-manager, multi-strategy alternative investment funds to a wide range of clients including family offices, institutions and high net worth individuals. AAIL is registered with the Ontario Securities Commission as an investment counsel, portfolio manager, and a limited market dealer. AAIL acts as an investment advisor to Abria in respect of the management of the portfolio of the Fund. AAIL is headquartered in Toronto with representative offices in Vancouver, Calgary and St. Catharines. AAIL currently manages in excess of \$300 million in alternative strategy funds.

Mr. Kneis, the founder, CEO and Chief Investment Officer of AFG, has over seventeen years of securities industry experience, specializing in alternative investments, proprietary equity derivatives, and market neutral arbitrage trading. The investment portfolios managed by Mr. Kneis have generated profits in 17 consecutive years, dating back to 1987. From 1997 to 1999, he was the CEO of a member firm of the Toronto Stock Exchange and the Investment Dealers Association of Canada, capitalized at \$100 million. He managed proprietary trading portfolios for the firm and its affiliates with aggregate balance sheet assets of \$3 billion.

Mr. Kneis has served on various derivative and index committees of the Toronto Stock Exchange, and developed regulatory capital rules for derivative securities that currently exist as industry regulations. Mr. Kneis is also a regular speaker at conferences on alternative investments and has been featured on both Investment Television and Mutual Fund Television. Mr. Kneis is a past Chairman of the Board of Governors of the Toronto Futures Exchange and a member of the editorial board of CanHedge, a Rogers Media publication focusing on the alternative investment fund industry in Canada. He is also a member of the Advisory Board of the Certified Hedge Fund Specialist Course and is an instructor for the course's Relative Value Strategies module. Mr. Kneis sits on the Investor Risk Committee of the International Association of Financial Engineers.

Michael Doran, B.Sc. MBA CFA, Senior Vice-President of AFG, has over 20 years of experience in finance and investment management. Prior to joining AAI, Mr. Doran was a Managing Director at University of Toronto Asset Management Corp. where he was responsible for all investments in North American equities, as well as hedge fund and commodities investments. Prior to that, he managed a wide range of domestic and global equity, bond, and currency portfolios at YMG Capital Management Inc. ("YMG"), an institutional quantitative investment firm in Toronto. Strategies managed included tactical asset allocation, bond immunization, currency overlays, index-plus funds, replicated index funds, and synthetic indexing of foreign equity benchmarks. Mr. Doran also developed and implemented an active Canadian equity management process that was ranked an "All Star Fund" as of the end of 1998 by Investor's Digest of Canada. During his 12-year tenure at YMG, the assets directly under Mr. Doran's management reached \$4 billion, or roughly one-third of the firm's total assets. Mr. Doran joined AAI in May 2004.

Dominic Staniscia, BBA CA CFA, Chief Financial Officer of AFG, has 14 years of experience in accounting, regulatory, finance and operational roles. Prior to joining AAI in August 2004, Mr. Staniscia spent the previous seven years working in progressively more responsible roles at the Ontario Teachers' Pension Plan Board and was most recently responsible for all Investment Finance Operations of the Board's \$75 billion net investment portfolio. One of his responsibilities was the management of the Board's operational risks. In that capacity, he designed and implemented an operational due diligence review of external money managers, focusing particularly on the hedge funds and funds-of-funds in the Board's multi-billion dollar alternative investment portfolio. Mr. Staniscia also has significant experience reviewing the operations of, and conducting due diligence on, key service providers to the hedge fund industry such as prime brokers and administrators. As a supporter of continuing education, he established and supervised an in-house CFA Exam Preparation and Investment Training Program at the Board. Mr. Staniscia spent the first seven years of his career with Deloitte & Touche in Toronto providing audit and advisory services to public and private clients, primarily in the financial services industry.

Michael Ding, B.Sc. MBA CGA CPA CFA, Vice-President of AFG, has over 15 years experience in the investment and consulting industry. Most recently, Mr. Ding was a senior hedge fund analyst responsible for portfolio construction and manager research at a Canadian chartered bank in Montreal. Prior to that, he worked as an analyst in hedge fund manager research and performance/risk monitoring for Northern Trust and the Caisse de dépôt et placement du Québec (Canada largest institutional investor). Previously, Mr. Ding was involved in an equity market, fixed income and private investment consulting business. Mr. Ding joined AAI in June 2003.

## **ALTERNATIVE STRATEGY FUNDS (HEDGE FUNDS)**

Alternative strategy funds (often referred to as "hedge funds") are pooled investment portfolios that are distinguishable from traditional investment funds in a number of ways. Alternative strategy funds are generally privately offered funds that are not open for investment by the general public. As private portfolios, alternative strategy funds usually have a great degree of latitude in terms of investment mandate and may make use of leverage from time to time. Unlike most mutual funds, which are limited to long positions in securities, alternative strategy funds can also engage in the short sale of investments or use other techniques in order to reduce market exposure and enhance the rate of return. Alternative strategy funds are established to pursue a particular trading strategy or series of strategies. The alternative strategy fund industry dates back to 1949. Historically they have been termed "hedge funds" because certain managers have constructed their portfolios with long and short positions with the goal of lessening the sensitivity of the fund to broad market fluctuations. The initial focus of the industry was to hedge away market risk in a common stock portfolio. As the industry has grown, the range of securities contemplated for alternative strategy funds has greatly expanded. Today, there is great diversity in the range of alternative strategy fund strategies that are available to investors. With over 8,000 alternative strategy funds and worldwide assets of close to US\$1 trillion, the industry is a significant factor in world capital markets.

Hedged investing encompasses a wide variety of investment strategies. Many of these strategies seek to exploit securities mispricings without taking an overall directional position in the markets. Hedged strategies are also distinguished by their low correlation to the returns and direction of debt, equity and other markets and by their absolute return focus. Within the alternative strategy fund universe, there are a broad range of styles and methodologies which the Investment Manager believes can be grouped into one of the following general categories:

### **Relative Value Strategies**

Relative value based strategies are typically "market neutral" strategies, i.e. they seek to neutralize certain market risks by taking offsetting long and short positions in securities (bonds, stocks, etc.) with actual or theoretical relationships. Generally, relative value

strategies have low correlation to stock and bond markets. Therefore, market neutral type strategies do not eliminate risk entirely but rather allow managers to reduce or eliminate unwanted risk and replace it with the risk exposures they wish to maintain. Because relative value strategies are generally dependent on relationships between securities to generate returns, the stability, or lack thereof, in those relationships determines returns. Examples of relative value strategies include the following strategies:

#### *Convertible Bond Arbitrage*

This strategy attempts to take advantage of relative pricing discrepancies between a convertible bond and the underlying equity of the issuing firm. The value of the inherent option of a convertible bond is hedged with a short position in the stock (or a corresponding option position on the stock). Positive cash flows are generated from the convertible bond coupon and the rebate earned on the proceeds of the equity short sale. Profits can be enhanced by volatility in the underlying stock and trading profits. As the equity exposure inherent in the convertible bond is hedged, this arbitrage strategy is generally less risky than investing in convertible bonds on a stand-alone basis. However, convertible bond arbitrage may have default risk, interest rate risk and equity risk.

#### *Equity Market Neutral*

Equity market neutral strategies generate consistent returns from being simultaneously long and short in a relatively large number of positions which offer equal amounts of capital (“dollar neutral”) for a negligible total net exposure. Many equity market neutral managers extend the idea of neutrality to include concepts such as beta, sector, style, market capitalization and price neutrality to eliminate most sources of market or systemic risks. In essence, equity market neutral managers attempt to generate absolute returns regardless of the direction of equity markets. The key risks associated with this strategy are model risk and trading costs. As leverage is typically two to three times equity, the manager must demonstrate an ability to handle the many risk factor exposures present in these strategies.

#### *Statistical Arbitrage*

Statistical arbitrage is a model-driven equity market-neutral strategy. Usually, positions are not held very long. The models normally use a “mean reversion” technique to garner profits. Observed relationships are modelled using technical inputs and statistical probabilities. Typically, a large number of positions are traded to minimise the volatility or risk of any one position to the portfolio.

#### *Fixed Income Arbitrage*

This strategy involves the purchase and short sale of different fixed income securities and seeks to profit from the yield spreads between different classes of fixed income securities while simultaneously creating a position that is relatively insensitive to interest rate fluctuations. Spreads between federal, provincial, municipal, corporate bond and mortgage-backed securities yields may be exploited. Derivative securities may be used to hedge interest rate exposure and leverage is frequently used to enhance returns.

#### *Mortgage-Backed Securities Arbitrage*

Mortgage-backed funds look to capitalize on security-specific mispricings in the mortgage-backed securities market.

#### *Asset-Backed Securities Arbitrage*

Asset-backed securities are similar to mortgage-backed securities in that the loans secured by the underlying assets are securitised and sold off in tranches or classes of securities allowing the issuers of the securities to package and sell securities having different relative degrees of credit exposure.

#### *Long Volatility*

This strategy involves investing in options as the main force for generating profits and hedging risk. Hence, this strategy looks for erratic markets and attempts to capitalise not on whether the market will move up or down, but on whether the market will swing in either direction. Options volatility strategy can include buying call options and put options, or buying an option and delta hedging with the underlying security.

#### *Capital Structure Relative Value*

This strategy is an arbitrage pricing strategy that seeks to profit from inefficiencies within the capital structure of a company (i.e. pricing mismatches between different securities of the same company).

#### *Energy Hedge Trading*

This strategy is based on the relative value trading of power, natural gas, crude oil and refined products, weather derivatives and energy securities.

### *Index Arbitrage*

Index arbitrage is a method of trading whereby the intent is to capture discrepancies in valuation between different instruments of the same underlying asset. For example, stock index arbitrage seeks to capture the spread between the underlying stocks of an index and the futures or options on the index.

### **Event Driven Strategies**

Event driven strategies focus on exploiting the mispricing of securities that are the result of extraordinary transactions or situations in the market. These corporate events typically include mergers and acquisitions, liquidations, bankruptcies or special situations. The dynamics of the transactions create strategies that generally exhibit returns that are not market dependent and are often structured to be market neutral. However, the correlation of these strategies to equity markets is generally higher than relative value strategies. Examples of event driven strategies include risk or merger arbitrage and distressed/high yield securities.

### *Risk or Merger Arbitrage*

This strategy usually focuses on companies involved in a merger or acquisition. Merger arbitrage managers are typically long the stock of the company being acquired and short the stock of the acquiring company. This position is hedged to profit from the convergence of the stocks to the same value at the time of the merger. The key risk in merger arbitrage is that the deal may not be consummated.

### *Distressed/High Yield Securities*

Alternative strategy funds which invest in distressed securities invest in the debt, equity or trade claims of companies that are in financial distress or bankruptcy. These securities generally trade at substantial discounts to fair value due to the market's overreaction to initial news of the distressed situation. High yield alternative strategy funds are similar to distressed securities strategies with the important difference that the debt purchased by the fund is usually not in bankruptcy. As there tends to be better liquidity and a public market (although often very thin), returns are generally less than for alternative strategy funds which invest in distressed securities, but volatility is also reduced.

### *Equity Credit Line Arbitrage*

Equity credit line arbitrage is a unique form of private placement arbitrage. The manager enters into a stand-by equity distribution agreement with a public company. The agreement allows the issuer to sell a given dollar value of stock to the manager over a preset term, usually at a discount based on a future pricing period. The manager hedges his position by selling stock short during the pricing period. Individual transactions under the equity credit line will be limited in size based on the liquidity of the issuer's stock.

### **Equity Hedge (Long/Short Equity) Strategies**

Equity hedge strategies involve the combining of long stock holdings with short sales of stock or indices. Equity long/short fund managers use a number of different technical and fundamental measures to determine security selection. In contrast to equity market neutral strategies, equity hedge managers will maintain either net long or net short positions. Typically these portfolios are net long biased with a range of net long exposures between 10% and 100% depending on market conditions. On the other hand, some managers will maintain much higher net long exposures (>70% net long) and could be classified in a different category of equity non-hedge.

### **Global Macro**

Global macro strategies involve investing by making leveraged investments on anticipated price movements of stock markets, interest rates, foreign exchange and physical commodities. Macro managers employ a "top-down" global approach and may invest in any market using any instrument to participate in expected market movements. These movements may result from forecasted shifts in world economies, political fortunes or global supply and demand for resources, both physical and financial. Exchange-traded and over-the-counter derivatives are often used to magnify these price movements.

### **Managed Futures**

Commodity trading advisors (CTAs) use proprietary trading methods and money management techniques to establish market positions in commodity, financial futures and foreign currency markets around the world. This broad geographic exposure allows for participation in market trends and economic events worldwide. Managed futures strategies can be either discretionary or systematic.

### *Discretionary*

This class is characterized by proprietary approaches employing technical and/or fundamental analysis in a specific combination. The strategies are usually either short-term based or consist of spread trading approaches.

## *Systematic*

Proprietary computer models generate buy and sell decisions. The models utilize quantitative analysis of different technical factors. The most typical examples of this class are trend following or counter-trend models. The trading can be almost 100% systematic, i.e. no human interference with the trading decision.

### **Multi-Strategy Funds**

A multi-strategy fund is diversified across strategies and traders, or portfolio managers, within the same organization. Such funds typically have a senior portfolio manager with ultimate responsibility for the portfolio, as well as centralized risk management, accounting and client service.

The above list is not intended to be a comprehensive list of alternative investment strategies, nor are the descriptions necessarily the only ways in which such strategies are employed.

## **DESCRIPTION OF THE NOTES**

The following describes the attributes and characteristics of the Notes offered hereby.

### **Offering**

The Notes are being issued by BNP at a price of \$100 per Note and a minimum subscription of \$5,000 (50 Notes). The currency of the offering is Canadian dollars. There is no minimum issue size and the maximum issue size is \$100,000,000.

The return on the Notes, if any, will be linked to the economic performance of the Basket of leveraged notional investments in the Shares and will be equal to the Final Basket Value. To create leverage, the Basket will (i) notionally borrow funds (bearing interest at an annual rate equal to the One Month CAD-BA-CDOR plus 1.5%) and (ii) use such borrowed funds to notionally purchase additional Shares.

No interest or other return will be paid on the Notes, except at Maturity if and to the extent that Final Basket Value is greater than \$0. The Initial Basket Value is \$12.

A global note for the full amount of the offering will be issued by BNP in registered form to CDS on the Closing Date. Except in limited circumstances, certificates evidencing Notes will not be available to Holders. See "Description of the Notes – Book-Entry Only System".

The Notes may not be called for redemption by BNP prior to Maturity.

The Principal Amount was determined by BNP. Orders for purchases of the Notes may be accepted in whole or in part, and the right to allot the Notes to investors in an amount less than that subscribed for by the investor is reserved by BNP. BNP reserves the right to discontinue accepting subscriptions at any time without notice.

BNP may from time to time issue additional series of Notes (which may or may not resemble the Notes), or any other debt securities or deposit notes.

The closing of this offering is scheduled to occur on or about May 26, 2005, provided that the Bank may at any time prior to the Closing Date, in its entire discretion, elect not to proceed, in whole or in part, with the issue of the Notes.

### **Purchases subject to a deferred sales charge**

For Notes purchased under the mutual fund code "ABR451", no sales charge is payable on the purchase of Notes. AAI will pay a selling commission of up to 4% to the investor's registered dealer in respect of Notes purchased on this basis, as well as an annual servicing fee to registered dealers of 0.5% of the market value of such Notes outstanding held by clients of the sales representatives of such dealers. Sales on or before May 31, 2010 on the secondary market of Notes purchased under this mutual fund code will be subject to an early sales charge. See "Plan of Distribution" and "Description of the Notes – Secondary Market".

### **Purchases subject to an initial sales charge**

For Notes purchased under the mutual fund code "ABR450", an initial sales charge may be payable to the investor's registered dealer. Initial sales charges are negotiable between investors and their registered dealers. The maximum sales charge for the Notes is 5% of the total amount invested. Abria will pay an annual servicing fee to registered dealers of 1% of the market value of the outstanding Notes purchased on this basis held by clients of the sales representatives of such dealers. Sales on or before November 30, 2005 on the secondary market of Notes purchased under this mutual fund code will be subject to an early sales charge. See "Plan of Distribution" and "Description of the Notes – Secondary Market".

## **The Note Administrator**

BNP and AAI, an affiliate of Abria, will, on or before the closing of this offering, enter into the Marketing Services and Administration Agreement pursuant to which AAI will agree, *inter alia*, to provide various administrative services in connection with the Notes, including keeping books and records relating to the Notes and communicating with Holders. As permitted under the Marketing Services and Administration Agreement, AAI will delegate certain administrative services to The Investment Administration Solution Inc. (“IAS”) and Concentra Trust.

## **Quarterly Capital Repayment**

From the Closing Date to, and including, the Maturity Date, each Holder will receive, in respect of each Note held by such Holder, on the last Business Day of each of February, May, August and November, a Quarterly Capital Repayment. The initial Quarterly Capital Repayment will be payable on August 31, 2005.

## **Payment at Maturity**

The Notes will mature on May 31, 2015.

At Maturity, each Holder will receive in respect of each Note held by such Holder, in addition to the final Quarterly Capital Repayment, the Redemption Price, being the sum of: i) the Final Capital Repayment and ii) the Final Basket Value.

The Final Basket Value is the Basket Value on the Final Basket Valuation Day, being the last Fund Dealing Day of March 2015.

If an Extraordinary Event occurs, a Holder will receive at Maturity, in addition to the final Quarterly Capital Repayment and Final Capital Repayment an amount, if any, determined by the Calculation Agent as set forth below under “Description of the Notes – Extraordinary Event”.

## **The Basket / Leverage**

The return on the Notes, if any, will be linked to the economic performance of the Basket of leveraged notional investments in the Shares and will be the Final Basket Value. To create leverage, the Basket will (i) notionally borrow funds (bearing interest at an annual rate equal to the One Month CAD-BA-CDOR plus 1.5%) and (ii) use such borrowed funds to notionally purchase additional Shares. The Basket’s notional investment in the Shares will be based on the Leverage Factor. The Leverage Factor will initially be 4, the Target Leverage Factor, and will thereafter be monitored on a monthly basis by the Calculation Agent during the term of the Notes. If on a Basket Valuation Day, the Leverage Factor differs from the Target Leverage Factor by 12% or more, the outstanding borrowings of the Basket will either be reduced (by the Basket notionally selling Shares and applying the proceeds to repay outstanding borrowings) or increased (in which case the Basket will notionally purchase additional Shares), in order that the Leverage Factor correspond as closely as possible to the Target Leverage Factor. Interest on notional borrowings will reduce the Final Basket Value and, therefore, the return on the Notes. See “Risk Factors”.

## **The Basket Value**

The Basket Value will be determined by the Calculation Agent as at each Basket Valuation Day during the term of the Notes (for purposes of monitoring the Leverage Factor) as well as at the Final Basket Valuation Day (for purposes of determining the Redemption Price).

The Basket Value as at a Basket Valuation Day (as well as at the Final Basket Valuation Day) will be equal to (i) the NAV as at such date multiplied by the number of Shares in which the Basket is notionally invested on such date, less (ii) the outstanding amount, in principal and interest accrued to such date, of funds notionally borrowed by the Basket to create leverage and purchase additional Shares.

The Calculation Agent will calculate the Basket Value as at each Basket Valuation Day as soon as practicable after the NAV becomes available, which generally will not occur until 30 days after such Basket Valuation Day.

The Initial Basket Value is \$12. See “Risk Factors”.

## **Example of changes in the Basket due to Leverage Factor**

The following examples are illustrative only and should not be considered or relied on as any indication of actual changes in the Basket or the Basket Value which may occur during the term of the Notes. For simplification purposes, all numbers have been rounded to the nearest whole number and interest which would be charged to the Basket has not been taken into account.

Assuming that the Initial Basket Value is \$15, then at Closing, in order for the Leverage Factor to be equal to the Target Leverage Factor, the Basket's notional investment in the Shares will be \$60 and the Basket's notional borrowings will be \$45.

If, as at the following Basket Valuation Day:

- 1) the value of notional investments in the Shares has increased from \$60 to \$65, then the Basket Value will have increased from \$15 to \$20 and the Leverage Factor will be equal to 3.25:

$$\text{Leverage Factor} = \frac{65}{20} = 3.25$$

In such case, the Leverage Factor differs from the Target Leverage Factor (4) by more than 12% and, consequently, the level of the notional investment in the Shares will be increased from \$65 to \$80 and the notional borrowings will increase from \$45 to \$60 on the relevant Basket Reallocation Date, such that the Leverage Factor equals the Target Leverage Factor.

- 2) the value of the notional investments in the Shares has decreased from \$60 to \$55, then the Basket Value will have decreased from \$15 to \$10 and the Leverage Factor will be equal to 5.5:

$$\text{Leverage Factor} = \frac{55}{10} = 5.5$$

In such case, the Leverage Factor differs from the Target Leverage Factor by more than 12% and, consequently, the Basket will notionally sell Shares and apply the proceeds to repay a portion of the outstanding borrowings on the relevant Basket Reallocation Date, such that the Leverage Factor equals the Target Leverage Factor.

## Rank

The Notes will be direct unconditional deposit obligations of BNP. The Notes will be issued as evidences of deposit by BNP and will be issued on an unsubordinated basis and will rank *pari passu* as among themselves and with all other outstanding direct, unsecured and unsubordinated, present and future obligations (except as otherwise prescribed by law) of BNP, and will be payable rateably without any preference or priority. **The Notes will be evidences of deposit of BNP but will not constitute deposits that are insured under the Canada Deposit Insurance Corporation Act or under any other deposit insurance regime.**

## Credit Rating

As of the date hereof, the long-term debt obligations of BNP are rated AA (low) by Dominion Bond Rating Service Limited ("DBRS"). There can be no assurances that, if the Notes were specifically rated by DBRS, they would have the same rating as long-term debt obligations of BNP. **A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.**

## Guarantee

All payments due under the Notes will be guaranteed by BNP Paribas S.A. BNP Paribas S.A. currently has long term senior debt ratings of "Aa2" with stable outlook from Moody's Investors Services, "AA" with stable outlook from Standard & Poor's Rating Services and "AA" with stable outlook from Fitch Ratings. A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.

## Settlement on Quarterly Capital Repayment Day and at Maturity

The Bank will make available to CDS, five Business Days prior to each Quarterly Capital Repayment Day, and no later than at 10:00 a.m. (Montréal time) on the Maturity Date, funds in an amount sufficient to pay each Holder, respectively, the Quarterly Capital Repayment and, as the case may be, the Redemption Price. It is expected that payments by CDS Participants to owners of beneficial interests in the global note held through such CDS Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such CDS Participants. The responsibility and liability of the Bank or the Guarantor in respect of the Notes represented by the global note is limited to making payment of any amount due on the global note to CDS or its nominee. Holders will generally receive payment of the Redemption Price within four Business Days of the Maturity Date and will receive the Quarterly Capital Repayment on each Quarterly Capital Repayment Day through the FundSERV system.

## **Deferred Payment**

Federal laws of Canada preclude payments of interest or other amounts for the advancing of credit at effective rates in excess of 60% per annum. When any payment is to be made by BNP to a Holder on account of the Redemption Price of a Note, payment of a portion of such payment may be deferred to ensure compliance with such laws.

## **Calculation Agent**

The Bank has appointed BNP Paribas Arbitrage SNC as Calculation Agent with regard to the Notes. In accordance with the terms of the Calculation Agency Agreement, the Calculation Agent will be solely responsible for (i) the calculation of the Leverage Factor; (ii) the calculation of accrued interest on the notionally borrowed funds; (iii) the determination and calculation of the Redemption Price; and (iv) the determination as to the occurrence of an Extraordinary Event and the calculation of the amount payable to a Holder upon the occurrence of an Extraordinary Event as set forth under “Description of the Notes – Extraordinary Event”. All determinations and calculations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding on the Bank and the Holders. The Calculation Agent is obligated to carry out its duties and functions honestly, in good faith and in the best interests of the Holders and, in connection therewith, must exercise the care, diligence and skill that a reasonably prudent professional would exercise in comparable circumstances. See “Risk Factors – Risk Factors Related to the Fund – Conflicts of Interest”.

## **Extraordinary Event**

Upon the occurrence of an Extraordinary Event, the Calculation Agent will determine, as soon as reasonably practicable thereafter (the “Basket Liquidation Value Calculation Date”), the value of the Basket on such date based on the estimated liquidation value of Shares (the “Basket Liquidation Value”). The Basket Liquidation Value will be deemed to accrue interest from the Basket Liquidation Value Calculation Date to the Maturity Date at the prime lending rate of a Canadian chartered bank as at the Basket Liquidation Value Calculation Date (the Basket Liquidation Value plus the said accrued interest being referred to as the “Basket Liquidation Amount”). On the Maturity Date, Holders will receive in respect of each Note held, in addition to the final Quarterly Capital Repayment, the sum of the Final Capital Repayment and, if any, the Basket Liquidation Amount.

## **Book-Entry Only System**

On the Closing Date, the Bank will cause all Notes in the form of a single global note to be delivered to, and registered in the name of CDS. Subject to the exception mentioned hereinafter, no Holder will be entitled to any certificate or other instrument from the Bank or CDS evidencing the ownership thereof, and no Holder will be shown on the records maintained by CDS, except through a CDS Participant. All rights of a Holder must be exercised, and all payments or other property to which such Holder is entitled will be made or delivered, through CDS to the CDS Participants through which the Holder holds the Notes. Upon purchase of any Notes, a Holder will receive only the customary confirmation that will be sent to such Holder by his or her investment dealer or other qualified sales agent from whom and through whom such Notes are purchased for nominee accounts.

Definitive certificates in relation to the Notes will be issued to CDS Participants if (i) the Bank advises the Holders that CDS is no longer willing or able to properly discharge its responsibilities as depositary with respect to Notes and the Holders and the Bank are unable to locate a qualified successor depositary system, or (ii) the Bank, at its option, advises the Holders that it elects to terminate the use of the “book-entry only system” with respect to the Notes.

Upon the surrender by CDS of the global note representing the Notes and instructions from CDS for registration, the Bank will issue definitive certificates to CDS Participants appearing on the records maintained by CDS at the time of or as soon as practicable prior to such delivery, which definitive certificates will thereafter evidence Notes previously evidenced by the global note.

At Maturity, the Redemption Price under the global note will be paid to applicable CDS Participants to those participants’ CDS accounts in amounts proportionate to their respective beneficial interests in the aggregate of the Principal Amounts of the Notes as shown on the records of CDS or its nominee. It is expected that payments by CDS Participants to owners of beneficial interests on the global note held through such CDS Participants will be governed by standing instructions and customary practices, as in the case with the securities held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility of such CDS Participants. The responsibility and liability of the Bank in respect of the Notes represented by the global note is limited to making payment of any amount due on the global note to CDS or its nominee.

## Secondary Market

Beginning June 30, 2005 and under normal market conditions, AAI and BNP (through an affiliate company in the BNP Paribas Group) intend to facilitate a monthly secondary market for the Notes through FundSERV on the last trading day of each month on which both the Toronto Stock Exchange and New York Stock Exchange are open for business (a “Secondary Market Trading Day”) based, inter alia, on the latest available Basket Value. In order to sell a Note, a Holder must arrange through his or her registered dealer to give notice to AAI by either a written request or an electronic order made through the FundSERV system at least 35 days prior to the relevant Secondary Market Trading Day. **Requests to sell a Note will not be processed until the last Business Day one month after the relevant Secondary Market Trading Day.** Should there be a secondary market for the sale of the Notes, BNP generally intends to limit its purchases of Notes to the amount it receives from unwinding its hedging position. In such case, sales requested in excess of such amount may be processed on a pro rata basis, and a Holder may have to submit another sales request for the remaining portion in a subsequent month. **However, neither AAI nor BNP are under any obligation to facilitate such a secondary market for the Notes, and such a secondary market, once commenced, may be suspended or discontinued at any time without notice.**

The Notes are intended to be instruments held to Maturity. Sale of the Notes prior to the Maturity Date may result in a market price that is less than the initial purchase price of the Note and which does not necessarily reflect the increase in the Basket Value up to the date of such sale.

Order and settlement of the Notes following closing will be through a registered dealer either directly or electronically through the mutual fund order system FundSERV. See “FundSERV”.

### *Early Sales Charge*

For Notes purchased under the mutual fund code “ABR451”, an early sales charge equal to the following percentages of the Principal Amount will be charged by AAI to the seller of a Note on the secondary market as follows: 5% until May 31, 2006, falling to 4% until May 31, 2007, falling to 3% until May 31, 2008, falling to 2% until May 31, 2009, falling to 1% until May 31, 2010 and thereafter nil.

For Notes purchased under the mutual fund code “ABR450”, an early sales charge of 5% of the Principal Amount will be charged by AAI to the seller of a Note on the secondary market until November 30, 2005.

## Notices to Holders

All notices to the Holders regarding the Notes will be validly given if (i) given through CDS to CDS Participants, or (ii) published once in a French language Canadian newspaper of general circulation in Montréal and once in the national edition of an English language Canadian newspaper of general circulation in Canada. The Bank will give notice as aforesaid to the Holders of any material change or material fact relating to the Notes.

## Amendments to the Notes

The global note may be amended without the consent of the Holders by agreement between the Bank and AAI if, in the reasonable opinion of the Bank and AAI, the amendment would not materially and adversely affect the interests of the Holders. In other cases, the global note may be amended if the amendment is approved by a resolution passed by the favourable votes of the Holders of not less than  $66\frac{2}{3}\%$  of the aggregate Principal Amount of the Notes represented and voting thereon at a meeting convened for the purpose of considering the resolution at which Holders of more than 10% of the aggregate outstanding Principal Amount of the Notes were present in person or by proxy, or by written resolution signed by Holders representing not less than  $66\frac{2}{3}\%$  of the aggregate Principal Amount of the Notes. The Notes do not carry the right to vote in any other circumstances.

## FUNDSERV

Subscription for Notes may be made through dealers and other firms that facilitate purchase and related settlement through a clearing and settlement service operated by FundSERV Inc. The following information about FundSERV is pertinent for such Holders. Holders should consult with their financial advisors as to whether their Notes have been purchased through FundSERV and to obtain further information on FundSERV procedures applicable to those Holders.

## General Information

FundSERV is owned and operated by both fund sponsors and distributors and provides distributors of funds and certain other financial products with online order access to such financial products. FundSERV was originally designed and is operated as a mutual fund communications network facilitating members in electronically placing, clearing and settling mutual fund orders. In addition, FundSERV is currently used in respect of other financial products or obligations that may be sold by financial planners, such as the Notes.

FundSERV enables its participants to clear certain financial product transactions between participants, to settle the payment obligations arising from such transactions, and to make other payments between themselves.

### **Purchase of Notes through FundSERV**

In order to purchase Notes through FundSERV, the subscription price must be delivered to AAIL in immediately available funds at least one business day prior to the Closing Date. Despite delivery of such funds, AAIL reserves the right not to accept any offer to purchase Notes through FundSERV. If Notes purchased through FundSERV are not issued to the Holder for any reason, such funds will be returned forthwith to the Holder. In any case, whether or not the Notes purchased through FundSERV are issued, no interest or other compensation will be paid to the Holder on such funds.

Holders and their securities or mutual fund dealer may also subscribe for Notes directly through AAIL if they do not have access to FundSERV. Throughout the term of the Notes, Holders and their securities or mutual fund dealers may also sell the Notes through FundSERV, subject to the secondary market terms and conditions. See “Description of the Notes – Secondary Market for the Notes”.

## **THE FUND**

The Fund is an exempted open-ended limited liability company incorporated on February 10, 2004 under the laws of the Cayman Islands.

### **Investment Objective**

The Fund is a fund of hedge funds the objective of which is to deliver consistent capital appreciation with low volatility and low correlation to traditional markets by investing on a global basis in alternative strategy funds (the “Underlying Funds”) managed by managers utilizing specialized investment strategies (the “Managers”). Abria, as investment manager of the Fund, will utilize a multi-manager, multi-strategy, diversified approach on behalf of the Fund and will invest the assets of the Fund in accordance with the investment strategy and restrictions of the Fund.

### **Investment Strategies**

To achieve its objective, the Fund will invest in a variety of alternative strategy funds (the “Underlying Funds”) that employ a variety of strategies, including in particular (but not limited to) the following: equity market neutral, statistical arbitrage, convertible bond arbitrage, fixed income arbitrage, mortgage and asset-backed-securities arbitrage, event driven, merger arbitrage, long volatility, capital structure relative value, distressed, equity hedged, index arbitrage, global macro, managed futures, and multi-strategy funds. The Fund’s investments may include funds managed by the Investment Manager. The Underlying Funds may invest in a wide range of investments in a variety of countries and markets (including, without limitation, Europe, North America, Japan, the Far East and various emerging markets) and in a variety of securities (including, without limitation, listed equities, investment grade bonds and notes) and derivatives (such as options, futures, warrants, swaps, forward contracts and combinations of the foregoing). The Underlying Funds may employ a range of trading techniques and invest in equities, debt products and derivatives in spot and futures markets, exchanges or over the counter markets.

The Fund may from time to time also hold cash and/or money market instruments. The Fund aims to reduce its volatility by diversification across fund managers and the alternative strategies employed. Allocation to Underlying Funds will be closely monitored by the Investment Manager in an attempt to optimize the Fund’s risk and return characteristics.

At the date of this Information Statement, the Investment Manager expects the Fund to be invested in approximately 25 Underlying Funds in the following strategies: convertible arbitrage, fixed income arbitrage, mortgage-backed-securities arbitrage, statistical arbitrage, event driven, equity hedge, energy hedge, equity credit line arbitrage, multi-strategy funds, long volatility, high yield, global macro and managed futures.

Prior to the Fund making an investment, the Investment Advisor conducts thorough and extensive research and due diligence. Numerous quantitative and qualitative factors are considered, including the background and experience of the Managers, their track record, investment process, risk management systems, the infrastructure and organization of the Managers, the size and growth of the assets under management, hedging techniques and the Managers’ use of leverage. The Investment Advisor presents its recommendations to the Investment Manager, who makes the final investment decisions for the Fund. BNP Paribas Arbitrage SNC monitors the compliance of the Fund with its investment guidelines and reports on its findings to the Directors of the Fund.

Since it is expected that the majority of the Underlying Funds will be denominated in US dollars, the Fund will use its best efforts, on an on-going basis, to hedge its currency exposure to the fluctuation of the Underlying Funds’ currency compared to the Canadian dollar by using over-the-counter foreign exchange forward contracts and foreign exchange spot transactions.

The Fund has no geographic, industry sector or market capitalization restrictions. In allocating its assets, certain investment restrictions shall apply to the Fund as described in the Offering Memorandum which will be provided to Holders by AAI upon request at the following address and phone number: 20 Adelaide Street East, Suite 300, Toronto, Ontario, M5C 2T6, (416) 367-4777.

### **Net Asset Value**

BNP Paribas Fund Services (the “Fund Administrator”) will determine the net asset value of the Fund attributable to each class of shares (including the Shares) on the last Business Day of each month or such other day or days as the directors of the Fund may determine (the “Fund Valuation Date”). The NAV is calculated by aggregating the value of the assets of the Fund attributable to the Shares, deducting therefrom the liabilities of the Fund attributable to the Shares (including relevant management fees and advisory fees) as well as the Shares’ proportionate share of the liabilities of the Fund that are not specifically related to any class of shares of the Fund, and dividing the resulting sum by the number of Shares outstanding. The NAV will be denominated in Canadian dollars. See “Risk Factors – Risk Factors Related to the Fund – Conflicts of Interest”

### **Fees and Expenses of the Fund**

#### *Management and Performance Fees*

For providing its investment management services to the Fund, the Investment Manager will be paid by the Fund a monthly fee of one-twelfth of 1.0% of the gross asset value of the Fund attributable to the Shares. The Investment Manager is also entitled to receive from the Fund a monthly performance fee equal to 10% of the increase during the month in the gross asset value of the Fund attributable to the Shares, subject to a “perpetual high water mark”. The high water mark is the highest net asset value of the Fund upon which performance fees have been accrued or paid. Only increases in the gross asset value of the Fund above the high water mark are subject to a performance fee. Underlying Funds charge their own management and performance fees, typically 1% and 20% respectively.

#### *Operating Expenses*

The Fund is responsible for the payment of all fees and expenses relating to the Fund’s initial organization and its on-going operation, including registrar and transfer agent fees and expenses, audit, accounting, administration, record keeping and legal fees and expenses, custody and safekeeping charges, all costs and expenses associated with the qualification and offering for sale of shares of the Fund, providing financial reports and other communications reports to shareholders, and convening and conducting meetings of shareholders, all taxes, interest and all brokerage and other fees relating to the purchase and sale of the assets of the Fund. BNP Paribas Fund Services, as administrator of the Fund, will receive a fee equal to 0.12% per annum of the gross asset value of the Shares subject to a minimum of US\$30,000 per annum. BNP Paribas Securities Services Luxembourg Branch, as custodian of the Fund, will receive a fee equal to 0.05% per annum of the gross asset value of the Shares.

All such management and performance fees and all such operating expenses will affect the Redemption Price of the Notes by reducing the Final Basket Value.

### **PLAN OF DISTRIBUTION**

The notes are being offered by the bank through registered dealers either directly or electronically through the mutual fund order system FundSERV. Subscriptions for notes will be accepted until the Closing Date and may be made through FundSERV or through a registered dealer under the following mutual fund order codes, depending on the dealer through which the Notes are purchased: (i) “ABR451” for purchases with a deferred sales charge, investors purchasing under this code not having to pay a charge when they purchase the Notes but having to pay an early sales charge to the Note Administrator upon selling the Notes on or before May 31, 2010, and (ii) “ABR450” for purchases with a sales charge, investors purchasing under this code possibly having to pay a charge to the dealer when they purchase the Notes but not having to pay an early sales charge upon selling the Notes after November 30, 2005. Funds in respect of all subscriptions shall be paid by an investor within one Business Day of the investor having placed a subscription order. Subscription amounts received on or before the Closing Date, less amounts due by the Bank to AAI on the Closing Date as compensation for selling commissions, servicing fees, start-up costs and administration expenses incurred by AAI in connection with the Notes, will be deposited in an account with Concentra Trust and held for the benefit of subscribers.

AAI and BNP will, on or before the Closing Date of this offering, enter into the Marketing Services and Administration Agreement pursuant to which Abria will agree, *inter alia*, to assist in the marketing of the Notes and the identification of sales channels of the Notes through registered dealers. In connection therewith, AAI may form a selling group of registered dealers and other qualified sales agents to offer and sell the Notes.

For Notes purchased under the mutual fund code “ABR451”, the Note Administrator will pay a selling commission of up to \$4.00 per Note (4%) to the members of the selling group upon the closing of this offering. In addition, the Note Administrator will pay a servicing

fee to dealers in an amount equal to 0.50% per annum of the market value of the Notes held by clients of the sales representatives of such dealers. For Notes purchased under the mutual fund code “ABR450”, an initial sales charge may be payable to the investor’s registered dealer. Initial sales charges are negotiable between investors and their registered dealers. The maximum sales charge is \$5.00 per Note (5%) of the total amount invested in Notes. In addition, the Note Administrator will pay a servicing fee to dealers in an amount equal to 1.00% per annum of the market value of the Notes held by clients of the sales representatives of such dealers.

The Bank will compensate AAI for start-up costs incurred in relation to the offering of the Notes in an amount equal to 0.1% of the aggregate Principal Amount of the Notes sold. The Bank will also compensate AAI for its expenses related to the administration of the Notes in an amount equal to 0.22% per annum of the aggregate market value of the Notes sold. See “Description of the Notes – Note Administrator”.

The Bank will compensate AAI for the above fees and expenses on the Closing Date in cash or in Notes, or in a combination of cash and Notes, in accordance with the terms of the Marketing Services and Administration Agreement.

In connection with the issue and sale of the Notes by BNP, no person is authorized to give any information or to make any representation not expressly contained in this Information Statement or the global note and BNP does not accept responsibility for any information not contained herein. This Information Statement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

### **USE OF PROCEEDS**

The net proceeds of the offering (after payment by BNP of expenses related to this offering, including amounts to compensate AAI) will be used by the Bank for general banking purposes.

BNP (directly or through an affiliate) intends to hedge its exposure to the Notes by subscribing for Shares. See “Risk Factors – Hedging by the Bank”.

### **RISK FACTORS**

Investment in the Notes is subject to certain risk factors. Prospective investors should carefully consider the risks associated with acquiring and holding Notes, including the following factors:

#### **General Risk Factors**

##### *Suitability of Notes for Investment*

An investor should reach a decision to invest in the Notes after carefully considering, in conjunction with his or her advisors, the suitability of the Notes in light of his, her or its investment objectives and the other information set out in this Information Statement. For instance, an investment in the Notes is not suitable for a person seeking a guaranteed interest yield. The Bank makes no recommendation as to the suitability of the Notes for investment.

##### *Comparison to Other Debt Securities*

The Notes are not conventional notes or debt securities in that, except for the Quarterly Capital Repayment, they do not provide investors with a return or income stream prior to Maturity, or a return at Maturity calculated by reference to a fixed or floating rate of interest that is determinable prior to Maturity. Investors in Notes will not be able, prior to Maturity, to determine the amount of the return, if any, that they will receive on their Notes at Maturity. The Notes are generally more suitable for purchasing and holding up to the Maturity Date.

The terms of the Notes differ from those of ordinary debt securities in that interest is payable on the Notes only if and to the extent that the Final Basket Value exceeds \$0. This will be contingent on events that are inherently difficult to predict and beyond the Bank’s control and there can be no assurance that the Final Basket Value will exceed \$0. Accordingly, there can be no assurance that any such increase will occur or, therefore, that more than the Principal Amount will ever be payable with respect to each Note. Moreover, the value of an investment in the Notes may diminish over time owing to inflation and other factors that adversely affect the present value of a future payment. Accordingly, an investment in the Notes may result in a lower return when compared to other investments.

The Fund may have to support significant transaction costs. In addition, as a result of diversification, some of the Managers may receive management and incentive fees, even though the Fund as a whole may not have realized any gains. All such cost and fees will reduce directly or indirectly the NAV and therefore the Redemption Price.

Furthermore, the fees and expenses paid by the Fund during such period will reduce the Final Basket Value.

#### *Comparison to Direct Investments in Hedge Funds*

Although the return on the Notes is linked to the economic performance of the Fund, which is a hedge fund, an investment in the Notes is not a direct investment in a hedge fund. Unlike a direct investment in a hedge fund, principal repayment of this Notes is guaranteed. Consequently, the fees related to an investment in the Notes differ from, and are generally higher than, a comparable direct investment in a hedge fund.

#### *Interest Rate Fluctuations*

To the extent that interest rates rise during the term of the Notes, the price at which the Notes may be sold on the secondary market will likely be negatively impacted, all other factors being equal.

#### *Secondary Market for the Notes / Possible Illiquidity*

The Notes will be new securities for which there is currently no trading market. The Notes are more suitable for purchasing and holding up to the Maturity Date. The Bank does not intend to apply for listing of the Notes on any securities exchange.

Despite the fact that AAI and BNP (through an affiliate company in the BNP Paribas Group) intend to facilitate, from June 30, 2005, under normal market conditions, a monthly secondary market for the Notes by Holders through FundSERV on the last trading day of each month on which both the Toronto Stock Exchange and New York Stock Exchange are open for business based, *inter alia*, on the latest available Basket Value, neither AAI nor BNP is under any obligation to facilitate such a secondary market for the Notes, and, such a secondary market, once commenced, may be suspended or discontinued at any time without notice. Furthermore, should there be such a secondary market, it is not possible to predict, due to several factors, at what price the Notes will trade in the secondary market or whether such market will be liquid or illiquid. Furthermore, even if there is a secondary market for the Notes, there will be a delay of at least 35 days from the date a Holder gives written notice of a request to sell and the closing of such trade and there is no assurance that all the Notes requested for sale by the Holder will in fact be sold.

Holders choosing to sell their Notes prior to the Maturity Date will receive a price which is not necessarily equal to 100% of the Principal Amount (taking into account the Quarterly Capital Repayment) and which does not necessarily reflect any increase in the Basket Value up to the date of such sale.

In addition, the selling price of a Note at any time will be dependent on, among other things, (i) the Quarterly Capital Repayment, (ii) the latest available Basket Value, (iii) how much the Basket Value has risen or fallen since the Closing Date, and (iv) a number of other interrelated factors, including, without limitation, the volatility of the Basket Value, prevailing interest rates, the time remaining to the Maturity Date, correlation of returns between the different investment strategies and market demand for the Notes. The relationship among these factors is complex and may also be influenced by various political, economic and other factors that can affect the trading price of a Note. Although the Notes are generally more suitable for purchasing and holding up to the Maturity Date, the Holder may wish to consult his, her or its investment advisor on whether it would be more appropriate in the circumstances at any time to sell or to hold the Note until Maturity.

For Notes purchased under the mutual fund code "ABR451", an early sales charge equal to the following percentages of the Principal Amount will be charged by AAI to the seller of a Note on the secondary market as follows: 5% until May 31, 2006, falling to 4% until May 31, 2007, falling to 3% until May 31, 2008, falling to 2% until May 31, 2009, falling to 1% until May 31, 2010 and thereafter nil.

For Notes purchased under the mutual fund code "ABR450", an early sales charge of 5% of the Principal Amount will be charged by AAI to the seller of a Note on the secondary market until November 30, 2005.

#### *Volatility*

The notional borrowing by the Basket based on the Target Leverage Factor of 4 will increase the overall expected volatility of the Basket in comparison to the volatility of the Fund and such leverage will magnify any gain or losses that the Fund may have.

#### *Hedging by the Bank*

The Bank (directly or through an affiliate) intends to hedge some or all of its anticipated exposure in connection with the Notes by, among other things, direct investment in the Shares. The Bank and/or one of its affiliates is likely to modify its direct investment by purchasing or selling Shares throughout the life of the Notes pursuant to its hedging strategy. Any sales of Shares by the Bank and/or one

of its affiliates may create liquidity issues for the Fund and may force the Fund to sell its investments at less favorable terms and at less favorable times than it otherwise would. Such sales may also have a negative impact on the overall diversification of the Fund. These hedging activities may have a material impact on the overall performance of the Basket, which in turn would affect the overall return on the Notes, if any, at Maturity.

#### *Extraordinary Event*

If an Extraordinary Event occurs, Holders will receive at Maturity an amount determined as set forth above under “Description of the Notes - Extraordinary Event”; in such event, Holders will no longer benefit from potential returns from the investment strategies that would otherwise have been utilized by the Fund from that date to Maturity. See “Description of the Notes – Extraordinary Event”. Furthermore, there may be adverse tax consequences. See “Income Tax Considerations – Extraordinary Event”.

#### *Conflicts of Interest*

Because the Calculation Agent is an affiliate of the Bank, potential conflict of interest may exist between the Calculation Agent and the Holders, including with respect to certain determinations and judgments that the Calculation Agent must make, including the calculation of the Leverage Factor, the calculation of the accrued interest on the notional borrowings, the Redemption Price, the amount payable to a Holder upon the occurrence of an Extraordinary Event and the determination of the occurrence of an Extraordinary Event. Similarly, as the Fund Administrator who is responsible for calculating the NAV is also an affiliate of the Bank, a potential conflict of interest may also exist between the Fund Administrator and the Holders.

#### *Not Registered Securities*

The Notes are not qualified by prospectus or registered under any securities laws. No Canadian or other regulatory authority has recommended or approved the Notes, nor has any such regulatory authority reviewed or passed upon the accuracy or adequacy of this Information Statement.

#### **Risk Factors Related to the Fund**

The following risk factors related to the Fund must be considered because the return on the Notes at Maturity, if any, will generally be linked to the economic performance of the Basket which will include, except in the case of an Extraordinary Event, Shares of the Fund. See “Description of Notes – Basket”. Holders of Notes will have no direct interest in the Fund.

#### *General*

In the normal course of the business of the Underlying Funds, the Managers trade various financial instruments and enter into various investment activities with different risk profiles. With respect to the investment strategy utilised by the Investment Manager and the Underlying Funds, there is always some and occasionally a significant degree of market risk. There can be no assurance that the Fund’s investment objective of delivering consistent capital appreciation with low volatility and low correlation to traditional markets will be achieved.

#### *Economic Conditions*

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the equity markets. Unexpected volatility or illiquidity in the markets in which the Underlying Funds hold positions could impair the Underlying Funds’ ability to carry out their business or cause them to incur losses. None of these conditions is within the control of the Investment Manager and no assurances can be given that the Investment Manager will anticipate these developments.

#### *Political and/or Regulatory Risks*

The value of the Fund’s assets may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries in which the Fund’s assets are invested.

#### *Limitations of Hedging Techniques*

The Underlying Funds may in certain cases employ various hedging techniques to reduce the risk of investment positions. A substantial risk remains, nonetheless, that such techniques will not always be available and when available, will not always be effective in limiting

losses. Depending on the strategy adopted by the Underlying Funds and its method of implementation, the Underlying Funds may take substantial unhedged positions.

#### *Currency Risk*

Assets of the Fund will likely be denominated in a currency other than the Canadian dollar. Changes in the exchange rates between the Canadian dollar and the currency of any asset may lead to a depreciation of the value of the assets attributable to the Shares as expressed in the Canadian dollar. The Investment Manager may try to mitigate this risk by using financial instruments and other techniques. A risk remains, nonetheless, that such techniques will not always be available and when available, will not always be effective in limiting losses.

#### *Interest Rate Fluctuations*

The prices of securities tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs to the Fund and/or the Underlying Funds of borrowed securities and leveraged investments.

To the extent that interest rate assumptions underlie the hedge ratios implemented in hedging a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose the Fund to losses.

#### *Illiquidity, Liquidation of Securities and "Hold-Back" of Redemption Proceeds*

The method and timing of the liquidating of investments and exit strategies are critical elements of maximising portfolio return. The Managers may liquidate their investments through sales on public exchanges, underwritten registered offerings and sales in the public market pursuant to exemptions from registration. A substantial portion of any securities may be subject to transfer restrictions imposed by law because they are acquired in private placement transactions.

It may not always be possible to execute a buy or sell order at the desired price or to liquidate an open position, either due to market conditions on exchanges or due to restrictions on the transferability of the securities in which the Underlying Funds may invest, such as a minimum holding period required prior to the Underlying Funds reselling a particular security. It is also possible that an exchange or governmental authority may suspend or restrict trading on an exchange or in particular securities or other instruments traded on the exchange.

The Underlying Funds in which the Fund invests may hold back redemption proceeds until the relevant Underlying Funds' annual audit and this may result in the inability of the Fund to make redemptions.

#### *Leverage*

Some Underlying Funds in which the Fund will be invested will acquire leveraged trading positions. As a result, relatively minor movements in price may result in a significant drawdown in assets of the Underlying Funds. Any purchase or sale of a leveraged investment may result in losses in excess of the amount initially deposited as margin for the investment. However, leverage as expressed solely in terms of margin/equity ratio is not a true reflection of risk. For example, an arbitrage position designed to take advantage of a temporary pricing anomaly may require margin to be placed on both sides of the trades, implying a high leverage profile, but the actual risk assumed in acquiring two offsetting highly correlated financial instruments is comparatively low.

#### *Market Risks*

The markets in which the Managers invest may prove to be highly volatile from time to time as a result of, for example, sudden changes in government policies on taxation and currency repatriation or changes in legislation relating to the level of foreign ownership in companies, and this may affect the price at which the Managers may liquidate positions to meet repurchase requests or other funding requirements. Moreover, many emerging markets are undergoing a period of rapid growth and are less regulated than many of the world's leading stock markets. In general, such stock markets are less liquid and the purchase and sale of investments may take longer than may otherwise be expected on developed markets and transactions may need to be conducted at unfavourable prices.

Any investment made in specific securities is exposed to the universal risks of the securities market. However, there can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in individual stocks.

### *Multi-Manager Concept*

The Fund expects to invest substantially all of the Fund's assets in Underlying Funds. While providing holders of Shares with diversification, this multi-manager approach also exposes holders of Shares to several layers of fees and expenses. In addition to the management fees payable to the Investment Manager, each Underlying Fund may charge a management fee and/or a performance fee and may bear expenses. These fees and expenses reduce the returns generated by the Fund and may, in the aggregate, be higher than fees charged by investment funds with a single manager.

### *Investment Strategies*

The success of the Fund depends on the Investment Manager's ability to select and allocate between the Underlying Funds and on each Underlying Funds' ability to select individual securities, to correctly interpret market data, predict future market movements and otherwise implement its investment strategy.

Although the Investment Manager will perform due diligence with respect to each Underlying Fund, the Fund's investment mandate does not include the same standard of due diligence performed for typical discretionary asset management funds and clients. The Investment Manager will track position-level data to the extent provided by a Manager; however, an independent risk assessment will not be performed on the investments held by each Underlying Fund.

The Investment Manager will actively allocate assets to, and from time to time reallocate assets among, various Underlying Funds. There can be no assurance that the Fund will always be able to invest in a particular Underlying Fund. No assurance can be given that the investment strategies to be used by the Fund will be successful under all or any market conditions.

### *Derivatives Risks*

The Fund and certain Underlying Funds may invest in derivatives, including, without limitation, options, futures, swaps, warrants, forward contracts and combinations of the foregoing. Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. Investors may use derivatives for any number of purposes including, among other things, as a substitute for taking a position in an underlying asset or as part of a strategy designed to reduce or increase exposure to other risks, such as interest rate or currency risk. The use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this section, such as interest rate risk, market risk and credit risk. They also involve the risk of mispricing or inaccurate valuation and the risk that changes in the value of the derivative may not correlate perfectly with changes in the price or level of the underlying asset, rate or index. If the Fund or an Underlying Fund invests in a derivative, it could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that the Fund or an Underlying Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial.

### *Futures Cash Flow*

Certain Underlying Funds may invest in futures contracts under which gains and losses are marked-to-market and cash settled daily for purposes of determining margin requirements. Option positions generally are not treated in the same manner, although short option positions will require additional margin if the market moves against the position. Due to these differences in margin treatment between futures and options, there may be periods in which positions on both sides must be closed down prematurely due to short-term cash flow needs. Were this to occur during an adverse move in the spread or straddle relationships, a substantial loss could occur.

### *Option Transactions*

The purchase or sale of an option by an Underlying Fund involves the payment or receipt of a premium payment and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument does not change price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent that any relevant movement in the value of the underlying asset, rate or index exceeds any premium payment the investor received.

### *OTC Transactions*

Certain Underlying Funds may invest in derivative instruments that are not traded on organized exchanges and, as such, are not standardized. These transactions, among others, are known as over-the-counter ("OTC") transactions. In general, there is less governmental regulation and supervision in OTC markets than of transactions entered into on an organized exchange. In addition, many

of the protections afforded to participants on some organized exchanges, such as the interposition of an exchange clearinghouse as a party to a futures contract, will not be available in connection with OTC transactions. This exposes an Underlying Fund to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. In addition, an Underlying Fund will be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy, governmental prohibition or other causes, which could subject the Underlying Fund, and thus the Fund, to losses.

#### *Suspension of Trading*

Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchanges. A suspension could render it impossible for the Managers to liquidate positions and thereby expose the Fund to losses.

#### *Short Operating History*

There can be no assurance that the Fund will achieve its investment objectives as the Fund has a short operating history, having started its operations in February 2004.

#### *Operating Deficits*

The cash required in order to meet its expenses of operating (including the Investment Manager's fees and other fees payable to the Fund Administrator, registrar & transfer agent, custodian, domicile agent and auditors) may exceed the income on assets, thereby requiring that the difference be paid out of the capital, reducing the value of the Fund and affecting potential for profitability.

#### *Investment Selection*

The Investment Manager will select Underlying Funds on the basis of information and data filed by such Underlying Funds with various government and international agencies or through sources other than the Underlying Funds themselves. Although it intends to evaluate all such information and data and to seek independent corroboration when it considers it appropriate and when it is reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data.

#### *Calculation of Net Asset Value*

For the purpose of calculating the NAV, the calculation will be based on the most recent available values of the units or shares of the Underlying Funds in which the Fund is invested.

#### *Business Risks*

The various stock exchanges on which investments of the Underlying Funds are listed and investments themselves may be extremely volatile.

While money market or fixed income instruments are traded in global markets, the markets for such instruments in general are subject to fluctuations and the market value of any particular investment may be subject to substantial variation.

Investments of the Fund may be considered speculative. No assurance can be given that the Fund's investment portfolio will generate any income or appreciate in value.

#### *No Guarantee*

The Investment Manager does not guarantee that implementation of its strategy with respect to the assets under its management will not result in losses to the Fund.

#### *Absence of Regulation*

Both the Fund and many of the Underlying Funds invested in by the Fund are not and will not be registered with, or regulated by, any securities or governmental authority. Accordingly, the benefits of such registrations and regulations are not, and will not be, applicable to the Fund.

### *Past Performance Information*

Market conditions and trading approaches are continually changing and the fact that any Manager happened to be successful in the past may largely be irrelevant to its prospects for future profitability.

### *Losses on one Separate Account Affecting Others*

Although as a matter of internal accounting each separate account attributable to a class of shares of the Fund is kept separate, all the assets of the Fund are available to its creditors and not only the assets attributable to the Shares. If the assets of a separate account are insufficient to meet a liability incurred in relation to it, the balance of such liability may have to be met out of the assets of the Fund, including the assets attributable to the Shares.

## **INCOME TAX CONSIDERATIONS**

The following is a summary of the principal Canadian federal income tax considerations generally applicable to a Holder who acquires Notes pursuant to this Information Statement and who, for purposes of the ITA and at all relevant times, is or is deemed to be a resident of Canada, holds such Notes as capital property and deals at arm's length with the Bank. Notes will generally constitute capital property to a Holder thereof unless the Holder holds such Notes in the course of carrying on a business or has acquired such Notes in a transaction or transactions considered to be an adventure in the nature of trade.

This summary is based upon the current provisions of the ITA and the regulations thereunder (the "Regulations"), and upon the current published administrative practices and policies of the Canada Customs and Revenue Agency ("CCRA"), all in effect as of the date hereof. This summary also takes into account all specific proposals to amend the ITA and regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof ("Tax Proposals") and assumes all Tax Proposals will be enacted substantially as proposed. However, no assurance can be given that the Tax Proposals will be enacted as proposed, or at all.

The ITA contains provisions relating to securities held by certain financial institutions (the "Mark-to-Market Rules"). This summary does not take into account the Mark-to-Market Rules. Holders of Notes that are "financial institutions" for purposes of the Mark-to-Market Rules should consult their own tax advisors.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law either by legislative, governmental or judicial decision or action, or any changes in the administrative practices of the CCRA. This summary does not take into account tax legislation of any province, territory or foreign jurisdiction. Provisions of provincial income tax legislation vary from province to province in Canada and may differ from federal income tax legislation.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors for advice with respect to the income tax consequences to them of acquiring, holding and disposing of Notes having regard to their particular circumstances.**

The excess of the Redemption Price over the Final Capital Repayment in respect of a Note cannot be ascertained prior to the date on which the Final Basket Value is determined, and the right to such excess arises only at Maturity. The amount of such excess, if any, will ordinarily be included in the Holder's income, as interest, in the taxation year in which the Maturity Date occurs.

On a disposition of a Note resulting from the repayment by the Bank at Maturity, a Holder will realize a capital gain (or a capital loss) to the extent that the proceeds received at such time, less reasonable costs of disposition, exceed (or are less than) the Holder's adjusted cost base of the Note.

It is unclear whether amounts received or deemed to be received by a Holder on a disposition or deemed disposition of a Note, other than a disposition resulting from a repayment by the Bank, will be considered as giving rise to a capital gain or a capital loss, or to income or an ordinary loss. CCRA has not expressed any opinion on this issue. Generally, an amount received or deemed to be received by a Holder on such disposition or deemed disposition of a Note should give rise to a capital gain (or a capital loss) to the Holder to the extent such amount, less reasonable costs of disposition, exceeds (or is less than) the Holder's adjusted cost base of the Note. **However, Holders who dispose of a Note within a short period of time prior to the Maturity Date should seek the advice of their own tax advisor as to the tax consequences resulting therefrom.**

For the purposes of computing a capital gain or a capital loss, the adjusted cost base to a Holder of a Note will generally be equal to the amount paid by the Holder to acquire the Note, reduced by the amount of each Quarterly Capital Repayment to the Holder and increased by the amount, if any, required to be included in computing the Holder's income as interest in the year of disposition.

Generally, one-half of any capital gain constitutes a taxable capital gain which must be included in the Holder's income and one-half of any capital loss constitutes an allowable capital loss, which is deductible against taxable capital gains, subject to and in accordance with the provisions of the ITA. A Holder that is a Canadian-controlled private corporation may be subject to a refundable tax of 6 2/3% on investment income, including taxable capital gains.

Capital gains realized by an individual or trust, other than certain trusts, may give rise to alternative minimum tax under the ITA.

#### *Extraordinary Event*

If an Extraordinary Event occurs, some of the tax considerations described above may not apply. In particular, Holders may be required to include in income on an accrual basis imputed interest calculated in accordance with the Regulations in respect of a Note for taxation years that end after the date on which the amount payable by the Bank at Maturity is determined. On a disposition of a Note resulting from the repayment by the Bank at Maturity, a Holder will realize a capital gain (or a capital loss) to the extent that the proceeds received at such time, less reasonable costs of disposition, exceed (or are less than) the Holder's adjusted cost base of the Note. For that purpose, the adjusted cost base of the Notes is increased by the amount, if any, required to be included in computing the Holder's income as interest in the year of disposition or in a previous year, and is reduced by the amount of each Quarterly Capital Repayment to the Holder.

Where a Holder assigns or otherwise transfers a Note, the amount of interest accrued on the Note to that time but unpaid, if any, will be excluded from the proceeds of disposition of the Note for purposes of computing a gain or loss and will be required to be included as interest in computing the Holder's income for the taxation year in which the transfer occurs, except to the extent it has been otherwise included in income for that year or a preceding year. In general, the Holder may deduct in computing income for the year of transfer the amount, if any, by which the aggregate amount of interest included in the Holder's income exceeds the total interest actually received.

**If an Extraordinary Event occurs, Holders should consult their own tax advisor as to the tax consequences resulting therefrom.**

#### *Notes held by Registered Plans*

In the case of Notes held by trusts governed by Registered Plans, such trusts are generally exempt from tax such that the tax consequences described above will not apply to such trusts. However, the annuitant or beneficiary under a trust governed by a Registered Plan will generally be required to include in income all amounts received from the trust in the year of receipt.

### **LEGAL MATTERS**

Certain legal matters pertaining to the Notes offered by this Information Statement will be passed upon on the Closing Date on behalf of the Bank by McCarthy Tétrault LLP.

If there is a misrepresentation in this Information Statement, Holders resident in Nova Scotia may have, subject to various defences, a statutory right to sue: (a) the Bank to cancel their agreement to buy these Notes, or (b) for damages against the Bank and every director of the Bank at the date of the Information Statement. These rights are in addition to and without derogation from any other right or remedy which Holders may have at law. If Holders resident in Nova Scotia intend to rely on the rights referred to in (a) or (b) above, they must do so no later than 120 days after the date payment was made for the Notes.