

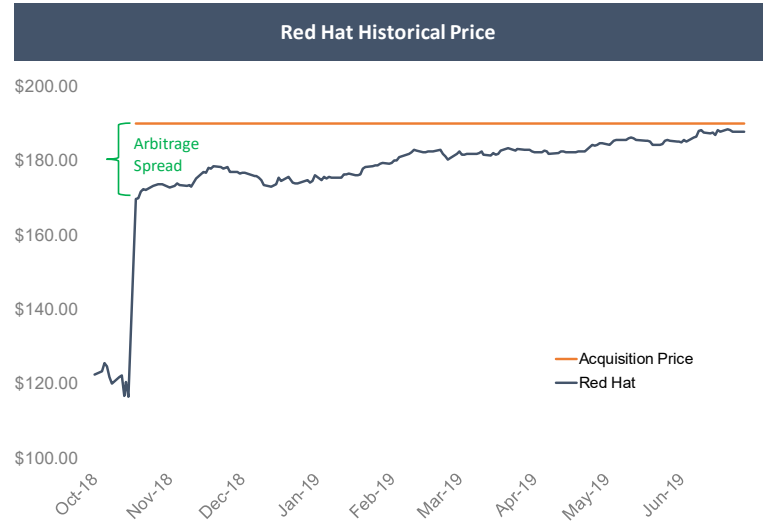
The Accelerate Arbitrage Fund (TSX: ARB) provides exposure to a merger arbitrage investment strategy. The Fund aims to generate consistent, low-volatility returns by investing in listed equity, debt or derivative securities of target companies involved in mergers or corporate actions, while selling short certain listed equity, debt or derivative securities of acquiror companies involved in mergers or corporate actions, where applicable. ARB has obtained exemptive relief to permit the fund to sell securities short up to an aggregate market value of 100% of ARB's NAV.

What is Merger Arbitrage?

It is an investment strategy that capitalizes on the spread between a company's current share price and the consideration paid for its acquisition in light of an announced merger transaction. The **merger risk premium**— or the spread between the acquisition price and the trading price of a stock—compensates the arbitrageur for the risk of the acquisition failing to close.

The **merger arbitrageur's** goal is to "lock in" the spread earned upon deal closing and profits from buying a takeover stock at a discount to its acquisition price.

Merger Arbitrage Example



Disclaimer: This example is for illustrative purposes and is not intended to imply or guarantee that a merger arbitrage strategy will be successful.

Why Invest in ARB



Stable, low-risk profile



Low correlation to traditional asset classes



Consistent returns



Protection from rising interest rates



Tax efficient yield



Lower fees



Better liquidity

Fund Details

Fund Ticker	ARB
Investment Manager	Accelerate Financial Technologies Inc.
Management Fee	0.95%
Performance Fee	0.00%
Distribution	3% Distributed Quarterly
Risk Rating	Low

Meet the People's Hedge Fund Manager

Julian Klymochko, CEO & CIO, Accelerate Financial Technologies Inc. has a decade of experience running alternative investment strategies. Julian founded and managed a top performing Canadian alternative fund in 2017. Julian also managed a 6-time award winning market neutral fund and founded an award winning event driven arbitrage fund.



Deal Evaluation & Selection

Accelerate uses digital media, proprietary data screens, and sell-side analyst reports to source outstanding merger opportunities. The deals are then placed into the merger database where the team conducts a review of the data through; press releases, merger agreements, and proxy statements. A proprietary "AlphaRank" risk rating is then assigned to each merger transaction. Furthermore, Accelerate calculates 2 key factors in the selection process; the merger yield and the implied odds of success to determine the securities' risk rating. If the merger yield is attractive, and exceeds the investor's cost of capital, the team will move forward with the next step in the investment process.



Risk Management

Five key factors are considered to ensure that risks are appropriately managed:

- Does the buyer lack credibility?
- Does the financing source lack credibility?
- Is the deal non-definitive?
- What is the extent of the regulatory risk?
- Is there a buy-side vote?

Buy-side votes allow shareholders to vote against the original proposed deal in order to get a premium from a hostile interloper offering more, causing losses for an arbitrageur.

Position Sizing & Portfolio Management

This process aims to limit the risk of loss on a deal break to a -2% NAV decline. "AlphaRank" risk ratings are also considered when allocating position sizes. Riskier deals will represent smaller allocations in the portfolio.

Execution

Merger arbitrage is typically conducted on a company's common shares. However, there may be other opportunities to earn a merger spread, including through a company's preferred shares or bonds, or through derivative securities such as options or warrants. If one is trading the common shares of a target in an all-cash deal, then the trade is fairly simple: the trader places their bid for the target at the desired price and waits to get hit. If the deal includes stock consideration, the trader first has to ensure the short borrow is secured in order to short the acquirer's stock. Once short borrow has been secured, the trader can set up the spread. To implement this type of trade, one should use a pair trader. Pair traders work by trading both legs of a merger arbitrage spread, being the target and acquirer, at the same time. The trader sets the desired merger spread into the pair trading system, based on the merger consideration, and gets filled on both legs long and short.

Deal Monitoring

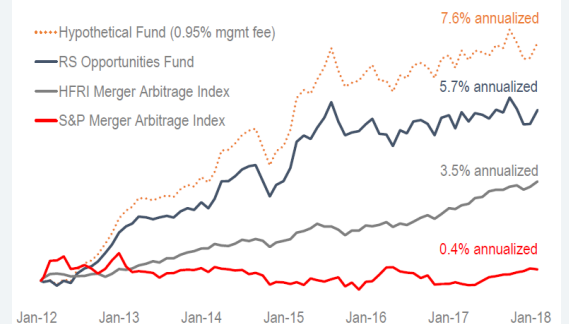
After successful deal analysis, risk mitigating, position sizing, and execution, the arbitrageur goes into monitor-mode. In the case of tender offers or takeover bids, shareholders must tender shares to receive the consideration amount, whereas in mergers, a vote must be cast and the type of consideration (cash or shares) elected. Shareholder votes and regulatory approvals need to be settled prior to the deal completion.

Accelerate Has Done this Before

The Accelerate team ran an arbitrage strategy for 6 years which won them the Barclay Hedge Top 10 global event-driven performance award. The strategy produced consistent returns through a wide range of market environments and generate positive monthly returns nearly two-thirds of the time.



Historical Track Record



Historical performance exceeds both average fund (HFRI Merger Arbitrage Index) and passive benchmark (S&P Merger Arbitrage Index).

Disclaimer: Historical data for the Merger Arbitrage Strategy is derived from the Ross Smith Opportunities Fund and Hypothetical Fund adjusts for a 0.95 management fee model This does not constitute investment, legal or tax advice Data provided should not be viewed as a recommendation or solicitation of an offer to buy or sell any securities or investment strategies No representation or warranty, expressed or implied, is made on behalf of Accelerate as to the accuracy or completeness of the information contained herein Accelerate does not accept any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on all or any part of this research and any liability is expressly disclaimed Past performance is not indicative of future results Visit AccelerateShares.com for more information.